

# **Act on Insurance**

Act No. 8/2008 Coll. of 28 November 2007 on Insurance and on amendments and supplements to certain laws as amended by Act No. 270/2008 Coll.

The National Council of the Slovak Republic has adopted the following Act:

## **SECTION I**

### **PART ONE GENERAL PROVISIONS**

#### **Article 1 Subject of the Amendment**

(1) This Act amends

- a) some relationships related to the establishment, organization, management, operation, and termination of the legal existence of insurance and reinsurance companies,
- b) some relationships related to the operation of insurance companies from other Member States, reinsurance companies from other Member States, foreign insurance companies and foreign reinsurance companies in the territory of the Slovak Republic,
- c) exercise of supervision.

(2) This Act does not apply to

- a) performance of public health insurance, social insurance<sup>1)</sup> and to the performance of reinsurance activity by the State in the interest of the public, if required by the market situation,
- b) provision of assistance at the breakdown or accident of a motor vehicle which shall happen in the territory of the Slovak Republic, if the assistance provider is not an insurance company and if the assistance means
  1. provision of on-site repair, if the assistance provider provides this activity mainly by means of its own employees and of its own equipment,
  2. transport of the motor vehicle to the nearest or the most suitable repair site and transport of a driver and passengers to the nearest place from which they may continue in travel in a different way,
  3. transport of the motor vehicle, eventually together with the driver and passengers, to the place of their permanent residence, to the starting point of their journey if it is different from the place of their permanent residence or to the final destination within the same Member State,
- c) provision of assistance under subparagraph b) first and second point at the breakdown or accident of a motor vehicle that shall occur out of the territory of the Slovak Republic, provided that the assistance provider is not an insurance company and the person to whom this assistance shall be provided is a member of the assistance provider, and the assistance provider has concluded a contract with another provider of such assistance from another State,
- d) a legal person that meets the following conditions:

1. it performs activity stated in Annex No. 1 part B point 18,
2. it pursues the activity only in the territory of the Slovak Republic and provides only with material performance,
3. total annual incomes from the activity stated in the first point does not exceed EUR 200,000.00 for the preceding year.

## **Definition of basic terms**

### **Article 2**

(1) 'Insurance company' shall mean a legal entity being a joint stock company with its registered office in the territory of the Slovak Republic that pursues insurance activity upon the authorisation to pursue insurance activity granted by the National Bank of Slovakia within the proceedings under a special regulation;<sup>2)</sup> the insurance company may also have a legal form of a European Company.<sup>3)</sup>

(2) 'Insurance company from another Member State' shall mean a legal entity with its registered office in the territory of another Member State having a licence to pursue insurance activity granted to it in its home Member State.

(3) 'Branch of an insurance company from another Member State' shall mean a structural component of an insurance company from another Member State located in the territory of the Slovak Republic; also establishment of an office managed by an employee of the insurance company from another Member State or by another person having authorisation to perform insurance activity on behalf of an insurance company from another Member State without time limitation is considered to be a branch.

(4) 'Foreign insurance company' shall mean a legal entity with its registered office in the territory of the State not being a Member State having a licence to pursue insurance activity granted to it in the State of its registered office.

(5) 'Branch of a foreign insurance company' shall mean a structural component of a foreign insurance company located in the territory of the Slovak Republic.<sup>4)</sup>

(6) 'Reinsurance company' shall mean a legal entity that is a joint stock company with its registered office in the territory of the Slovak Republic performing reinsurance activity upon the authorisation to pursue reinsurance activity granted by the National Bank of Slovakia within the proceedings under a special regulation;<sup>2)</sup> the reinsurance company may also have a legal form of a European Company.<sup>3)</sup>

(7) 'Captive reinsurance company' shall mean a reinsurance company that is in ownership of a financial institution other than an insurance company, reinsurance company, group of insurance companies or a group of reinsurance companies or that is in ownership of other institution than a financial institution the aim of which is to provide with reinsurance solely for the risks of the institution or institutions that control it or a part of which it forms.

(8) 'Reinsurance company from another Member State' shall mean a legal entity with its registered office in the territory of another Member State having a licence to pursue reinsurance activity granted to it in its home Member State.

(9) 'Branch of a reinsurance company from another Member State' shall mean a structural component of a reinsurance company from another Member State located in the territory of the Slovak Republic; also establishment of an office managed by an employee of the reinsurance company from another Member State or by another person having authorisation to pursue reinsurance activity on behalf of the reinsurance company from another Member State without time limitation is considered to be a branch.

(10) 'Foreign reinsurance company' shall mean a legal entity with its registered office in the territory of the State not being a Member State having a licence to perform reinsurance activity granted to it in the State of its registered office.

(11) 'Branch of a foreign reinsurance company' shall mean a structural component of a foreign reinsurance company located in the territory of the Slovak Republic.<sup>4)</sup>

(12) 'Insurance activity' shall mean underwriting of insurance risks by an insurance company, insurance company from other Member State, foreign insurance company or their branches, assessment and management of risks, administration of insurance contracts, creation of technical reserves and maintenance of required solvency margin and administration of placement of the means from technical reserves and a guarantee fund, settlement of insurance claims, provision of claims payment upon insurance contracts, provision of assistance services, assignment of insurance risks of the insurance company, insurance company from another Member State, foreign insurance company or their branches upon a contract of reinsurance (hereinafter referred as the 'passive reinsurance') and activity to prevent damages.

(13) 'Reinsurance activity' shall mean assuming of insurance risks by a reinsurance company, reinsurance company from another Member State, foreign reinsurance company or their branches assigned by an insurance company, insurance company from another Member State, foreign insurance company or their branches or by other reinsurance company, reinsurance company from another Member State, foreign reinsurance company or their branches, assessment and management of risks, administration of reinsurance contracts, creation of technical reserves and maintenance of required solvency margin and administration of placement of the means technical reserves and a guarantee fund, provision of claims payment upon reinsurance contracts and provision of consultancy activity in the field of insurance industry.

(14) 'Administration of insurance contracts' shall mean a set of activities aimed at updating of the state of insurance contracts, including activities related to the control of the concluded insurance contracts, their archiving, recording of premium payment and its accounting, and related to recording of changes in insurance up to the termination of an insurance contract.

(15) 'Reinsurance contracts administration' shall mean a set of activities aimed at updating of the state of reinsurance contracts, including activities related to the control of the concluded reinsurance contracts, their archiving, recording of payment of the contractually agreed part of the premium from the insurance contracts which are the subject of a reinsurance contract and its accounting, and related to recording of changes in reinsurance up to the termination of the reinsurance contract.

(16) 'Insurance risk' shall mean the risk that may lead to an insurance event occurrence.

(17) 'Insurance portfolio' shall mean a set of concluded insurance contracts as well as the set of liabilities and receivables resulting from these contracts.

(18) 'Reinsurance portfolio' shall mean a set of concluded reinsurance contracts as well as the set of liabilities and receivables resulting from these contracts.

(19) 'Adjustment of an insurance claim' is a set of activities related to the settlement of an insurance claim.

(20) 'Person under this Act' shall mean a natural person and a legal person, unless in the individual provisions of this Act it is stated as only a natural person or only a legal person.

(21) 'Technical interest rate' shall mean the interest rate used by the insurance company and branch of a foreign insurance company to calculate the premium and the technical reserve for life assurance by means of actuarial methods. The technical interest rate forms part of the insurance rate and represents such rate of investment yield when the present value of future liabilities resulting from insurance calculated by actuarial methods equals to the present value of future premium.

### Article 3

For the purposes of this Act

a) 'credible person' shall mean a natural person who

1. has not been lawfully sentenced for a criminal offence against the right of property or offence in relation to business, for a criminal offence committed in relation to a management function performance or for a wilful criminal offence; these facts are proved by means of a copy of an entry in the Criminal Record <sup>5)</sup> presented no more than three months after it was issued; in the case of a foreigner, these facts are proved by a similar certificate issued by the competent authority of the State of the habitual residence of the foreigner,
2. did not work in the last ten years in a position referred to in Article 5 paragraph 2 subparagraph d) in an insurance company, insurance company from another Member State or foreign insurance company whose authorisation to pursue insurance activity or a similar authorisation issued by the competent authority in the State of its registered office has been withdrawn, or in a position referred to in Article 7 paragraph 2 subparagraph d) in a reinsurance company, reinsurance company from another Member State or a foreign reinsurance company whose authorisation to pursue reinsurance activity or a similar authorisation issued by the competent authority in the State of its registered office has been withdrawn, or in a position of a member of the Board of Directors, proctor, chief executive in direct managing competence of the Board of Directors, chief executive managing an internal control department or an internal audit department in a financial institution whose authorisation to pursue its activity has been withdrawn, or in a position referred to in Article 8 paragraph 2 subparagraph d) in a foreign insurance company whose authorization to pursue insurance activity by means of its branch has been withdrawn, or in a position referred to in Article 9 paragraph 2 subparagraph c) in a foreign

reinsurance company whose authorization to pursue reinsurance activity by means of its branch has been withdrawn, or in a legal person whose authorisation to pursue insurance intermediation by an insurance agent <sup>6)</sup>, authorisation to pursue insurance intermediation by an insurance broker <sup>7)</sup> or authorisation to pursue reinsurance by a reinsurance intermediary has been withdrawn, <sup>8)</sup> or did not operate in the last ten years as an exclusive insurance intermediary, <sup>9)</sup> subordinate insurance intermediary, <sup>10)</sup> insurance agent or insurance broker whose relevant authorisation has been withdrawn at any time in the period of one year before the withdrawal of the authorisation concerned; this shall not apply if the nature of the matter proves that with regard to the position referred to in Article 5 paragraph 2 subparagraph d) such person could not have affected the activity of the insurance company, insurance company from another Member State, foreign insurance company, or in the position referred to in Article 7 paragraph 2 subparagraph d) such person could not have affected the activity of the reinsurance company, reinsurance company from another Member State, foreign reinsurance company, or in a position of a member of the Board of Directors, proctor, chief executive in direct managing competence of the Board of Directors, chief executive managing an internal control department or an internal audit department such person could not have affected the activity of the financial institution, insurance agent, insurance broker or insurance intermediary or reinsurance intermediary and could not have caused the effects which resulted in the withdrawal of such authorisation and if within the proceedings to grant an authorisation under this Act the National Bank of Slovakia has recognised such person as a credible person,

3. did not work in the last ten years in a position referred to in Article 5 paragraph 2 subparagraph d) in an insurance company from another Member State, foreign insurance company, or in the position referred to in Article 7 paragraph 2 paragraph d) in a reinsurance company from another Member State, in a foreign reinsurance company or in a position of a member of the Board of Directors, proctor, chief executive in direct managing competence of the Board of Directors, chief executive managing an internal control department or an internal audit department in a financial institution which was placed under compulsory receivership, at any time in the period of one year before it was placed under the compulsory receivership; this shall not apply if the nature of the matter proves that with regard to the position referred to in Article 5 paragraph 2 subparagraph d) such person could not have affected the activity of the insurance company, insurance company from another Member State, foreign insurance company, or in the position referred to in Article 7 paragraph 2 subparagraph d) such person could not have affected the activity of the reinsurance company, reinsurance company from another Member State, foreign reinsurance company, or in a position of a member of the Board of Directors, proctor, chief executive in direct managing competence of the Board of Directors, chief executive managing an internal control department or an internal audit department such person could not have affected the activity of the financial institution and could not have caused the effects which resulted in the establishment of the compulsory receivership, and if within the proceedings to grant an authorisation under this Act the National Bank of Slovakia has recognised such person as a credible person,
4. did not work in the last ten years in a position referred to in Article 5 paragraph 2 subparagraph d) in an insurance company, insurance company from another Member State, foreign insurance company, or in the position referred to in Article 7 paragraph 2 subparagraph d) in a reinsurance company, reinsurance company from another Member State, foreign reinsurance company, in a position of a member of the Board of Directors, proctor, chief executive in direct managing competence of the Board of

Directors, chief executive managing an internal control department or an internal audit department in a financial institution or was not a statutory body, member of a statutory body or a chief executive of an insurance agent, insurance broker or reinsurance intermediary who entered into liquidation or went bankrupt, a petition in bankruptcy was filed, restructuring was permitted, a petition for bankruptcy was rejected because of lack of property or bankruptcy proceedings were discontinued because of lack of property or proceedings were cancelled because of lack of property, <sup>11)</sup> namely anytime during the period of one year before the occurrence of such event; this shall not apply if the nature of the matter proves that with regard to the position referred to in Article 5 paragraph 2 subparagraph d) such person could not have affected the activity of the insurance company, insurance company from another Member State, foreign insurance company, or in the position referred to in Article 7 paragraph 2 subparagraph d) such person could not have affected the activity of the reinsurance company, reinsurance company from another Member State, foreign reinsurance company, or in the position of a member of the Board of Directors, proctor, chief executive in direct managing competence of the Board of Directors, chief executive managing an internal control department or an internal audit department such person could not have affected the activity of the financial institution, insurance agent, insurance broker or reinsurance intermediary and could not have caused the effects which resulted in a petition in bankruptcy or entering into liquidation, and if within the proceedings to grant an authorisation under this Act the National Bank of Slovakia has recognised such person as a credible person,

5. was not fined more than 50 % of the amount which he/she could have been imposed according to Article 67 paragraph 6 or under special legislation, <sup>12)</sup>
  6. is not considered to be an untrustworthy person under special legislation <sup>13)</sup> in the area of the financial market,
  7. carried out his/her function in the last ten years or pursued business activities reliably, honestly and without breaking any generally binding legal regulations, and with regard to these facts offers a guarantee that he/she will perform the proposed function reliably, honestly and without breaking generally binding legal regulations, including the fulfilment of duties arising from generally binding legal regulations, from the charter of the insurance company or from the charter of the reinsurance company, eventually from other internal management acts,
- b) 'financial institution' shall mean a bank and a branch of a foreign bank, <sup>14)</sup> supplementary pension company, <sup>15)</sup> securities dealer and a branch of a foreign securities dealer, <sup>16)</sup> asset management company, <sup>17)</sup> pension management company, <sup>18)</sup> mixed financial holding company pursuant to Article 53 paragraph e) and entities with their registered office outside the territory of the Slovak Republic with a similar line of business,
- c) 'group with close links' shall mean at least two persons where one person has at least 20 % direct or indirect holding of the registered capital or the voting rights of the other person or controls this person directly or indirectly, or any relationship of two or more persons controlled by the same person,
- d) 'qualified holding' shall mean a direct or indirect holding or their aggregate which represents 10 % or more of the registered capital of a legal person or of the voting rights in a legal person or ability to exert influence on the management of this legal person which is comparable with the contribution corresponding to this holding (hereinafter referred as the 'significant influence'),
- e) 'indirect holding' shall mean a holding held through intermediation, namely by means of a legal person or more legal persons which is or are under the control of the person,
- f) 'control' shall mean

1. direct holding or indirect holding or their sum exceeding 50 % in the registered capital of a legal person or in the voting rights in a legal person,
  2. the right to appoint or otherwise designate or remove a statutory body, majority of members of the statutory body, majority of members of the Supervisory Board or of other managing, supervisory or control body of a legal person, even in the case when such right could have been applied anytime during two preceding years,
  3. the capacity to exert influence on the management of a legal person
    - 3a. which is comparable with the influence corresponding to the holding under point 1 (hereinafter referred as the 'decisive influence') on the basis of a charter of the legal person or a contract concluded between the legal person and its partner, shareholder or member,
    - 3b. on the basis of relationship of the partner or the member of the legal person to majority of members of the statutory body, majority of members of the Supervisory Board or other persons forming other managing, supervisory or control body of a legal person, created upon their designation by the appropriate partner, shareholder or a member of the legal person, whereas such relationship of the control shall last to the earliest consolidated financial statement after termination of the right under point 2 to the appropriate partner, shareholder or member of the legal person,
    - 3c. which is comparable with the influence corresponding to the holding under point 1 on the basis of an agreement with partners of the legal person, or
  4. the capacity to exert directly or indirectly decisive influence in a different way,
- g) 'subsidiary' shall mean a legal person subject to the control under subparagraph f), as well as any other subsidiary of a subsidiary,
  - h) 'parent company' shall mean a legal person which performs control under subparagraph f),
  - i) 'policyholder' shall mean a person which has concluded an insurance contract and is obliged to pay a premium,
  - j) 'significant risk' shall mean the insurance risk concerning the non-life insurance classes
    1. referred to in Annex No. 1 part B points 4, 5, 6, 7, 11 and 12,
    2. referred to in Annex No. 1 part B points 14 and 15 if this insurance risk is concerned the activity of a policyholder in the field of industry, business, or the performance of activities according to special regulations,<sup>19)</sup>
    3. referred to in Annex No. 1 part B points 3, 8, 9, 10, 13 and 16 provided that at least two of the following conditions are met:
      - 3a. the total sum of insured property exceeds EUR 6,200,000.00,
      - 3b. net turnover of the policyholder exceeds EUR 12,800,000.00,
      - 3c. average calculated annual state of the employees of the policyholder for the period of taxation is more than 250,
  - k) 'Member State' shall mean a Member State of the European Communities or a Member State of the European Free Trade Agreement which has signed the European Economic Area Act,
  - l) 'Member State of a branch' shall mean a Member State in which an insurance company or insurance company from another Member State pursues insurance activities through a branch, or in which a reinsurance company or reinsurance company from another Member State pursues reinsurance activities through a branch,
  - m) 'Member State of the commitment' shall mean a Member State in which a person which has concluded an insurance contract within life assurance has its habitual residence or a registered office in the case that the policyholder is a legal entity, a Member State in which the person has its business premises that are covered by the insurance contract, or if

the concerned insurance contract is an insurance contract within non-life insurance it shall mean a Member State

1. in whose territory the insured buildings, their parts, appurtenance and objects situated inside of them are located, if they are insured in the same insurance contract,
  2. in which the means of transport is registered, if the insurance applies to means of transport of all kinds,
  3. in which the policyholder concluded an insurance contract with a duration of cover no more than four months, which covers insurance risks related to travelling or vacation without regard to the insurance class,
  4. in which the policyholder has its habitual residence, and if the policyholder is a legal person then a Member State in which are situated the premises covered by the insurance contract; the premises are understood as the registered office of a legal person or the place in which a legal person pursues its activities,
- n) 'home Member State' shall mean a Member State in which is situated the head office
1. of the insurance company which covers the obligations from the insurance, or
  2. of the insurance company from another Member State which covers the obligations from the insurance, or
  3. of the reinsurance company which covers the obligations from reinsurance, or
  4. of the reinsurance company from another Member State which covers the obligations from reinsurance,
- o) 'host Member State' shall mean a Member State in which an insurance company or insurance company from another Member State pursues insurance activities through a branch or upon the right of the free provision of services, or in which a reinsurance company or reinsurance company from another Member State pursues reinsurance activities through a branch or upon the right of the free provision of services,
- p) 'Member State of the provision of services' shall mean the Member State of the commitment, if this commitment is covered by an insurance company or an insurance company from another Member State or their branches situated in the territory of another Member State,
- q) 'competent supervisory authority of another Member State' shall mean the body that performs supervision over an insurance company or a reinsurance company upon a legal regulation of the appropriate Member State,
- r) 'regulated market' shall mean a market with financial instruments which meets the conditions of the legal norm of the European Union regulating investment services and which is situated in a Member State, or a market with financial instruments which is situated in a State which is not a Member State and which meets equal requirements as a regulated market with financial instruments in a Member State, if it was recognized by the home Member State; the financial instruments dealt in on this market with financial instruments must be of a quality comparable to that of the financial instruments dealt in on the regulated market of the Member State in question,
- s) 'head office' shall mean the place from which is managed the activity of the insurance company or the activity of an insurance company from another Member State, the activity of the reinsurance company or the activity of a reinsurance company from another Member State, or the place in which the documents on the activity of the insurance company or on the activity of an insurance company from other Member State, the documents on the activity of a reinsurance company or on the activity of a reinsurance company from other Member State necessary for the exercise of supervision are located,
- t) 'matching assets' shall mean liabilities from insurance, where the option of the payment of insurance claims has been agreed in a concrete currency by means of assets expressed or realizable in this currency,

- u) 'system of internal control and management' shall mean a set of processes performed by the company management and the company employees that ensures operations effectiveness, financial and non-financial information reliability, adequate risk management, circumspect approach to enterprise and observance of legal regulations as well as internal rules and procedures and which is regularly evaluated by the internal audit according to international standards,
- v) 'risk management' shall mean prevention of possible losses by means of timely and adequate risk identification, measurement of risk size, monitoring of risks and their size and reduction of the risk size,
- w) 'special purpose instrument' shall mean the company another than the insurance company or reinsurance company that assumes risks of insurance companies or reinsurance companies and finances them fully from revenues from issue of debt securities or other financial mechanisms when the right of investors to pay these financial instruments is subordinated to reinsurance obligations of such company,
- x) 'finite reinsurance' shall mean reinsurance in which the maximal possible loss expressed as a maximal transferred economic risk resulting from a significant insurance risk or from timing of payments resulting from the transferred risk has exceeded the sum of transferred premium for the period of validity of a contract concerned by a limited, but sizeable sum, together with at least one of the following two conditions:
  1. clear and significant considering of money time value,
  2. contractual provisions with aim to reduce balance between contracting parties in course of time so that the target transfer of risk would be reached,
- y) 'assistance services' shall mean the assistance in the form of pecuniary consideration or material consideration provided to the persons who has got into troubles during travelling or stay out of the place of their permanent residence; it consists in obligation of the insurance company, branch of the insurance company from another Member State and branch of a foreign insurance company that pursue the insurance activities referred to in Annex No. 1 part B point 18 to provide the beneficiary with immediate assistance upon the premium paid in advance according to the insurance contract when such person has occurred in a serious situation as a result of an insurance event.

## **PART TWO**

### **PURSUIT OF INSURANCE ACTIVITY AND REINSURANCE ACTIVITY**

#### **Terms and conditions for pursuing of insurance activity**

#### **Article 4**

(1) Under conditions specified by this Act, an authorisation to pursue insurance activity authorises the establishment of an insurance company or the establishment of a branch of a foreign insurance company and the pursuing of insurance activity of this insurance company or branch of a foreign insurance company within the scope specified in such authorisation.

(2) The commercial name of the insurance company must contain the expression 'insurance company'. Only a legal person having the authorisation to pursue insurance activities may use the expression 'insurance company', its foreign-language translation or the expression the base of which contains such expression or its foreign-language translation. Other persons cannot use this specification within their commercial name, except of insurance companies established under special regulations.<sup>1)</sup> In the case that confusion could occur, the National bank of Slovakia may request detailing of the name of the insurance company or the branch of a foreign insurance company or another legal person; the insurance company, branch of a foreign insurance company or other legal person are obliged to comply with this request.

(3) No other person than an insurance company, insurance company from another Member State or branch of a foreign insurance company can pursue insurance activity, unless otherwise stipulated by this Act or a special Act<sup>20)</sup>.

(4) A foreign insurance company can only pursue insurance activity in the territory of the Slovak Republic through its branch and only if it has been granted an authorisation to pursue insurance activity under Article 8.

(5) An insurance company or a branch of a foreign insurance company may pursue only the activities for which it was granted the authorisation under Article 5 paragraph 1 or Article 8 paragraph 1 and activities connected with them. An insurance company or branch of a foreign insurance company may, after prior approval by the National Bank of Slovakia, pursue insurance intermediation or other intermediation activities for financial institutions in accordance with special legislation.<sup>12)</sup>

(6) The National Bank of Slovakia grants the authorisation to pursue insurance activity for the insurance types

- a) life assurance according to the individual assurance classes specified in Annex No. 1,
- b) non-life insurance according to the individual insurance classes or a group of insurance classes specified in Annex No. 1.

(7) 'Insurance type' shall mean a separate group of insurance classes divided according to the equivalence of the insurance risk. The classification of insurance classes according to the insurance types is specified in Annex No. 1.

(8) An insurance company cannot pursue life assurance and non-life insurance at the same time, with the exception of insurance companies which

- a) pursue life assurance; these insurance companies can also be granted an authorisation to provide accident insurance and illness insurance,
- b) provide life assurance and non-life insurance at the same time in accordance with legal regulations existing prior to effective date of this Act.

(9) The registered capital of an insurance company required to pursue insurance activity must be

- a) for life assurance at least EUR 4,000,000.00;
- b) for the insurance classes of non-life insurance specified in Annex No. 1 part B
  1. points 1, 2, 3, 4, 5, 6a, 6b, 7, 8, 9, 16, 17 and 18 at least EUR 3,000,000.00;
  2. points 6c, 10b, 11, 12, 13, 14 and 15 at least EUR 4,000,000.00;

3. point 10a at least EUR 5,000,000.00.

(10) If an insurance company pursues insurance activity for a number of insurance classes of non-life insurance with various registered capital requirements, the highest amount of registered capital under paragraph 9 is the decisive amount.

(11) If an insurance company pursues insurance activity under paragraph 8 subparagraph a) or subparagraph b), the amount of the registered capital for non-life insurance under paragraph 9 subparagraph b) and paragraph 10 shall be increased by the amount of registered capital for life assurance under paragraph 9 subparagraph a).

(12) An insurance company may pursue also reinsurance activity upon the authorisation to pursue reinsurance activity granted by the National Bank of Slovakia. The national Bank of Slovakia may grant the authorisation to pursue reinsurance activity only for such insurance type for which the authorisation to pursue insurance activity has been granted.

(13) In the case that the insurance activity and reinsurance activity are pursued at the same time, the registered capital must be at least in the amount under Article 6 paragraph 8. The registered capital of an insurance company must be at least in the amount under paragraphs 9 and 10 or paragraph 11 if the insurance company meets the conditions as follows:

- a) received reinsurance premium does not exceed 10 % from the total received insurance premium,
- b) received reinsurance premium does not exceed EUR 50,000,000.00 and
- c) technical reserves created from the received reinsurance premium do not exceed 10 % from the total created technical reserves.

(14) The registered capital of an insurance company in the amount stipulated in paragraph 9 may be paid only in the form of a monetary contribution.

## **Article 5**

(1) The National Bank of Slovakia shall decide on the granting of an authorisation to pursue insurance activity. The application for granting an authorisation to pursue insurance activity shall be submitted by the establishing members of the insurance company to the National Bank of Slovakia, unless otherwise stipulated by this Act.

(2) To be granted an authorisation under paragraph 1, the fulfilment of the following conditions must be proved:

- a) paid registered capital of the insurance company under Article 4,
- b) a transparent and trustworthy origin of the registered capital and other financial resources of the insurance company,
- c) suitability of persons with qualified holding in the insurance company and transparency of relationships of these persons with other persons, especially transparency of holdings in the registered capital and in the voting rights,
- d) professional qualification and trustworthiness of persons which are proposed for members of the Board of Directors, proctors, chief executives of the insurance company in direct managing competence of the Board of Directors, for a responsible actuary and for a chief executive managing the department of internal audit,

- e) transparency of the group with close links, which also includes a shareholder with a qualified holding in the insurance company,
- f) the exercise of supervision is not obstructed by close links within a group under subparagraph e),
- g) the exercise of supervision is not obstructed by the legal order and the manner in which it is exercised in the State in whose territory a group under subparagraph e) has close links,
- h) the insurance company must have its registered office and head office in the territory of the Slovak Republic,
- i) technological and organizational preparedness for pursuing of insurance activity, existence of managing and control system of internal control, including the department of internal audit, and existence of risk management system.

(3) The application under paragraph 1 shall contain

- a) the commercial name and the registered office of the future insurance company,
- b) the identification number of the future insurance company, if it has been already assigned,
- c) the amount of the registered capital of the future insurance company,
- d) the list of shareholders with qualified holdings in the future insurance company and the list of persons close <sup>21)</sup> to the shareholders with qualified holdings that in the time of submission of the application for authorisation to pursue insurance activity are in the labour-law relationship or similar employment relationship to the insurance company, insurance company from another Member State, foreign insurance company, branch of a foreign insurance company, reinsurance company, reinsurance company from another Member State, foreign reinsurance company, branch of a foreign reinsurance company or a financial institution; the list shall contain the name, surname, permanent residence and birth registration number of natural persons or the commercial name, registered office and identification number of legal persons and the amount of qualified holding,
- e) a proposal regarding the scope within which the future insurance company shall pursue insurance activity,
- f) the material, personnel-related and organizational conditions for the pursuit of insurance activity,
- g) the name and surname, permanent residence and birth registration number of the natural persons proposed for members of the Board of Directors, members of the Supervisory Board, proctors, chief executives of the insurance company in direct managing competence of the Board of Directors, the chief executive managing the department of internal audit and for a responsible actuary,
- h) a statement by the applicants that the submitted data are complete and accurate,
- i) the name and surname, permanent residence or the commercial name and registered office of the liquidation representative,<sup>22)</sup> if the future insurance company shall pursue insurance activity listed in Annex No. 1 part B point 10a,
- j) proof of credibility and professional competence of natural persons that are members of a statutory body or shareholders controlling a mixed financial holding company, and proof of the suitability of the shareholders controlling a mixed financial holding company if the insurance company, insurance company from other Member State, foreign insurance company, including their branches, is part of a financial conglomerate involving also a mixed financial holding company; the suitability of the shareholders controlling a mixed financial holding company means the ability to ensure proper and safe pursuit of the activities of regulated persons constituting a financial conglomerate controlled by such mixed financial holding company in the interest of the stability of financial market.

(4) Annex of the application under paragraph 1 involves

- a) Deed of Incorporation or Memorandum of Association,
- b) a proposal of the Articles of Association of the insurance company,
- c) a proposal of the organisational structure of the insurance company, of the rules of the activities of the insurance company, and a proposal of the business strategy of the insurance company,
- d) short professional CVs, documents of achieved education and professional experience of the persons proposed for members of the Board of Directors, members of the Supervisory Board, responsible actuary and chief executives of the insurance company in direct managing competence of the Board of Directors and chief executive managing the department of internal audit,
- e) copies of an entry in the Criminal Record of the natural persons referred to in paragraph 3 subparagraph g) no older than three months and their affirmations that they meet the requirements established by this Act,
- f) a written statement of the founding members that their properties have not been subjected to a petition in bankruptcy, no restructuring proceedings or proceedings to discharge from debts have been conducted, no supervisory trusteeship has been imposed and no compulsory composition has been authorised either,<sup>11)</sup>
- g) a proposal of the business and financial plan of the insurance company, which must contain
  - 1. character of risks resulting from the planned activity,
  - 2. principles for assignment of risks to reinsurance companies,
  - 3. items forming a guarantee fund under Article 34,
  - 4. estimation of establishing costs, financial resources for coverage of establishing costs and the manner of guarantee of the activity,
  - 5. estimation of costs for the insurance company management for first three years of its operation, except of establishing costs,
  - 6. estimation of insurance premium and insurance benefits for first three years of its operation,
  - 7. expected balance sheet and expected profit and loss statement for first three years of its operation,
  - 8. expected financial resources for first three years of its operation intended to cover underwriting liabilities and required solvency margin,
  - 9. financial and technical resources intended for provision of assistance services in the case of pursuing of the insurance activity referred to in Annex No. 1 part B point 18,
- h) a document that proves that the registered capital has been paid,
- i) documents of trustworthy origin of monetary and non-monetary contributions put into the registered capital of the future insurance company by founding members and documents of origin of further financial resources of the future insurance company, for example in the case of a natural person summaries of his/her property and financial situation, statements of bank accounts, transcripts of entries in the real estate register, in the case of a legal person statements of balances verified by an auditor together with a statement of the auditor, records on economy submitted to the general assembly for last three years; in the case that the legal person was established less than three years before proving the fulfilment of the condition under Article 5 paragraph 2 subparagraph b), the aforementioned documents shall be submitted only for the period from the date of its establishment.

(5) Národná banka Slovenska shall decide on the application under paragraph 1 within the time limit under a special law<sup>23)</sup> upon consideration of the entire application, annex to the application and pursuant to assessment of material, personnel-related and organizational

conditions with respect to the proposed scope of insurance activity.

(6) Národná banka Slovenska shall dismiss the application under paragraph 1 if the applicant fails to meet the conditions referred to in paragraph 2, fails to state the data under paragraph 3 or fails to submit the annex to the application according to paragraph 4, or if the submitted data are not complete or provable. The economic needs of the market cannot constitute a reason for the dismissal of the application. The National Bank of Slovakia may accept the application under paragraph 1 partially if the applicant has met the conditions under paragraph 2, has stated the data under paragraph 3 and submitted the annex to the application according to paragraph 4 only for some of the required activities and if these data are complete and provable.

(7) The terms and conditions under paragraph 2 must be met continuously throughout the entire period of validity of the authorisation to pursue insurance activity.

(8) The manner of proving the fulfilment of the conditions under paragraph 2 for granting of the authorisation to the insurance company to pursue insurance activity shall be determined in the Decree to be issued by Národná banka Slovenska and published in the Collection of Laws of the Slovak Republic (hereinafter referred as the 'Collection of Laws').

(9) Professional qualifications in the case of natural persons proposed for members of the Board of Directors of the insurance company, for proctors, chief executives in direct managing competence of the Board of Directors and for a chief executive managing the department of internal audit shall mean completed full university education and at least three years of practice in the area of the financial market. A natural person can also be recognized as professionally qualified by Národná banka Slovenska if he/she has full secondary education, or other professional foreign education and at least seven years of practice in the area of financial market, from that at least three years must be in a managing position. The applicant is also obliged to prove that at least one natural person proposed for a member of the Board of Directors of the insurance company and that at least one natural person proposed for a chief executive in direct managing competence of the Board of Directors has five years of practice in the area of insurance industry. In the case of a natural person proposed for a responsible actuary, the applicant shall be obliged to prove the fulfilment of the conditions under Article 46 paragraph 5.

(10) When assessing the fulfilment of conditions under paragraph 2 subparagraph c), a suitable person is defined as a person who reliably proves the fulfilment of the conditions under paragraph 2 subparagraph b) and it is obvious under any circumstances that the person shall ensure proper pursuit of insurance activity in the interest of the stability of the financial market.

(11) Details on the scope and content, structure, form and composition of the business and financial plan, including the methodology for its drawing up, for the insurance company or branch of a foreign insurance company may be determined in the Decree to be issued by the National Bank of Slovakia and published in the Collection of Laws.

(12) Article 16 shall apply to the insurance company that decided to pursue insurance activity in the territory of the Swiss Confederation by means of a branch or that has already been pursuing the insurance activity for the insurance type other than the life assurance in the territory of the Swiss Confederation by means of a branch, unless otherwise stipulated in the

international agreement <sup>24)</sup>.

## **Terms and conditions for pursuing of reinsurance activity**

### **Article 6**

(1) Under conditions specified by this Act, an authorisation to pursue reinsurance activity authorises the establishment of a reinsurance company or the establishment of a branch of a foreign reinsurance company or a branch of a foreign reinsurance company within the scope specified in such authorisation.

(2) The commercial name of the reinsurance company must contain the expression 'reinsurance company'. Only a legal person having the authorisation to pursue reinsurance activities may use the expression 'reinsurance company', its foreign-language translation or the term whose base contains such expression or its foreign-language translation in the commercial name. Other persons may not use this expression in their commercial names. In the case that confusion could occur, the National bank of Slovakia may request detailing of the name of the reinsurance company or the branch of a foreign reinsurance company or another legal person; the reinsurance company, branch of a foreign reinsurance company or another legal person are obliged to comply with this request.

(3) No other person than a reinsurance company, reinsurance company from another Member State or a branch of a foreign reinsurance company can pursue reinsurance activity, unless stipulated otherwise by this Act.

(4) A foreign reinsurance company can only pursue reinsurance activity in the territory of the Slovak Republic through its branch and only if it has been granted an authorisation to pursue reinsurance activity under Article 9 paragraph 1.

(5) A reinsurance company or branch of a foreign reinsurance company may pursue only the activities for which it was granted the authorisation under Article 7 paragraph 1 or Article 9 paragraph 1 and activities connected with them. A reinsurance company or branch of a foreign reinsurance company may, after prior approval by the National Bank of Slovakia, pursue reinsurance intermediation and other intermediation activities for financial institutions in accordance with special legislation.<sup>12)</sup>

(6) The National Bank of Slovakia grants the authorisation to pursue reinsurance activity for the insurance types

- a) life assurance,
- b) non-life insurance,
- c) life assurance and non-life insurance.

(7) The National Bank of Slovakia may grant the authorisation to the insurance company to pursue reinsurance activity only for the insurance type for which it was granted the authorisation to pursue insurance activity.

(8) A registered capital of a reinsurance company having its registered office in the

territory of the Slovak Republic must be at least EUR 25,000,000.00.

(9) A registered capital of a reinsurance company in the amount stipulated in paragraph 8 may be paid only in the form of a monetary contribution.

## **Article 7**

(1) The National Bank of Slovakia shall decide on the granting of an authorisation to pursue reinsurance activity. The application for granting an authorisation to pursue reinsurance activity shall be submitted by the establishing members of the reinsurance company to the National Bank of Slovakia, unless stipulated otherwise by this Act.

(2) To be granted an authorisation under paragraph 1, the fulfilment of the following conditions must be proved:

- a) paid registered capital of the reinsurance company under Article 6,
- b) a transparent and trustworthy origin of the registered capital and other financial resources of the reinsurance company,
- c) suitability of persons with qualified holding in the reinsurance company and transparency of relationships of these persons with other persons, especially transparency of holdings in the registered capital and in the voting rights,
- d) professional qualification and trustworthiness of persons who are proposed for members of the Board of Directors, proctors, chief executives of the reinsurance company in direct managing competence of the Board of Directors, for the responsible actuary and for the chief executive managing an internal audit department,
- e) transparency of the group with close links, which also includes a shareholder with a qualified holding in the reinsurance company,
- f) the exercise of supervision is not obstructed by close links within the group under subparagraph e),
- g) the exercise of supervision is not obstructed by the legal order and the manner in which it is exercised in the State in whose territory a group under subparagraph e) has close links,
- h) the reinsurance company must have its registered office and head office in the territory of the Slovak Republic,
- i) technological and organizational preparedness for pursuing of reinsurance activity, existence of the system of internal control and management, including an internal audit department and risk management system.

(3) The application under paragraph 1 shall contain

- a) the commercial name and the registered office of the future reinsurance company,
- b) the identification number of the future reinsurance company, if it has already been assigned,
- c) the amount of the registered capital of the future reinsurance company,
- d) the list of shareholders with qualified holdings in the future reinsurance company and the list of persons close <sup>21)</sup> to the shareholders with qualified holdings that are in the labour-law relationship or similar employment relationship to the reinsurance company, reinsurance company from another Member State, foreign reinsurance company, branch of a foreign reinsurance company, insurance company, insurance company from another Member State, foreign insurance company, branch of a foreign insurance company or to a financial institution in the time of submission of the application for authorisation to pursue reinsurance activity; the list shall contain the name, surname, permanent residence

- and birth registration number of natural persons or the commercial name, registered office and identification number of legal persons and amount of qualified holdings,
- e) a proposal regarding the scope within which the future reinsurance company will pursue reinsurance activity,
  - f) the material, personnel-related and organisational conditions for the pursuit of reinsurance activity,
  - g) the name and surname, permanent residence and birth registration number of natural persons proposed for members of the Board of Directors, members of the Supervisory Board, proctors, chief executives of the reinsurance company in direct managing competence of the Board of Directors, the chief executive managing the department of internal audit and for the responsible actuary,
  - h) a statement by the applicants that the submitted data are complete and accurate,
  - i) proof of credibility and professional competence of natural persons that are members of a statutory body or shareholders controlling a mixed financial holding company, and proof of the suitability of the shareholders controlling a mixed financial holding company if the reinsurance company, reinsurance company from other Member State, foreign reinsurance company, including their branches, is a part of a financial conglomerate involving also a mixed financial holding company; the suitability of the shareholders controlling a mixed financial holding company means the ability to ensure proper and safe pursuit of activities of the regulated persons constituting a financial conglomerate controlled by such mixed financial holding company in the interest of stability of the financial market.

(4) Annex of the application under paragraph 1 involves

- a) Deed of Incorporation or Memorandum of Association,
- b) a proposal of the Articles of Association of the reinsurance company,
- c) a proposal of an organizational structure of the reinsurance company, principles for activities of the reinsurance company, and a proposal of the business strategy of the reinsurance company,
- d) short professional CVs, documents of achieved education and professional experience of the persons proposed for members of the Board of Directors, members of Supervisory Board, for the responsible actuary and for the chief executives of the reinsurance company in direct managing competence of the Board of Directors and for the chief executive managing an internal audit department,
- e) copies of an entry in the Criminal Record of the natural persons under paragraph 3 subparagraph g) no older than three months and their affirmations that they meet the requirements established by this Act,
- f) a written statement of the founding members that their properties have not been subjected to a petition in bankruptcy and no compulsory composition has been authorised either,<sup>11)</sup>
- g) a proposal of a business and financial plan of the reinsurance company, which must contain
  1. character of risks resulting from the planned activity,
  2. types of the reinsurance contracts that the reinsurance company plans to realise,
  3. principles for assignment of risks to reinsurance companies,
  4. items forming a guarantee fund under Article 34,
  5. estimation of establishing costs, financial resources for coverage of establishing costs and the manner of the guarantee of the activity,
  6. estimation of costs for the reinsurance company management for first three years of its operation other than the establishing costs,
  7. estimation of reinsurance premium and reinsurance benefits for first three years of its operation,

8. expected balance sheet and expected profit and loss statement for first three years of its operation,
  9. expected financial resources intended for first three years of its operation to cover underwriting liabilities resulting from reinsurance and required solvency margin,
- h) a document that proves that the registered capital has been paid,
- i) documents of trustworthy origin of monetary and non-monetary contributions put into the registered capital of the future reinsurance company by founding members and documents of origin of further financial resources of the future reinsurance company, for example in the case of a natural person summaries of his/her property and financial situation, statements of bank accounts, transcripts of entries in the real estate register, in the case of a legal person statements of balances verified by an auditor together with a statement of the auditor, records on economy submitted to the general assembly for last three years; in the case that the legal person was established less than three years before proving the fulfilment of the condition under Article 7 paragraph 2 subparagraph b), the aforementioned documents shall be submitted only for the period from the date of its establishment.

(5) The National Bank of Slovakia shall decide on the application under paragraph 1 within the time limit under a special regulation<sup>23</sup>) upon consideration of the entire application, annex to the application and pursuant to assessment of material, personnel-related and organizational conditions with respect to the proposed scope of reinsurance activity.

(6) The National Bank of Slovakia shall dismiss the application under paragraph 1 if the applicant fails to meet the conditions referred to in paragraph 2, fails to state the data under paragraph 3 or fails to submit the annex to the application according to paragraph 4, or if the proposed data are not complete or provable. The economic needs of the market cannot constitute a reason for the dismissal of the application. The National Bank of Slovakia may accept the application partially if the applicant has met the conditions under paragraph 2, has stated the data under paragraph 3 and submitted the annex to the application according to paragraph 4 only for some of the required activities and if these data are complete and provable.

(7) The terms and conditions under paragraph 2 must be met continuously throughout the entire period of validity of the authorisation to pursue reinsurance activity.

(8) The manner of proving the fulfilment of the conditions under paragraph 2 for granting of the authorisation to the reinsurance company to pursue reinsurance activity shall be determined in the Decree to be issued by the National Bank of Slovakia and published in the Collection of Laws.

(9) Professional qualifications in the case of natural persons proposed for members of the Board of Directors of the reinsurance company, proctors, chief executives in direct managing competence of the Board of Directors and for a chief executive managing the department of internal audit shall mean completed full university education and at least three years of practice in the area of the financial market. A natural person can also be recognized as professionally qualified by the National Bank of Slovakia if he/she has full secondary education, or other professional foreign education and at least seven years of practice in the area of financial market, from that at least three years must be in a managing position. The applicant is also obliged to prove that at least one natural person proposed for a member of the Board of Directors and that at least one natural person proposed for a chief executive in

direct managing competence of the Board of Directors has five years of practice in the area of reinsurance. In the case of a natural person proposed for a responsible actuary, the applicant shall be obliged to prove the fulfilment of the conditions under Article 46 paragraph 5.

(10) When assessing the fulfilment of conditions under paragraph 2 subparagraph c), a suitable person is defined as a person who reliably proves the fulfilment of the conditions under paragraph 2 subparagraph b) and it is obvious under any circumstances that the person shall ensure proper pursuit of reinsurance activity in the interest of the stability of the financial market.

(11) Details on the scope and content, structure, form and composition of the business and financial plan, including the methodology for its drawing up, for the reinsurance company or the branch of a foreign reinsurance company may be set in the Decree to be issued by the National Bank of Slovakia and published in the Collection of Laws.

## **Article 8**

### **Pursuing of insurance activity by a foreign insurance company through a branch**

(1) The National Bank of Slovakia shall decide on the granting of an authorisation to pursue insurance activity to a foreign insurance company through its branch. The application for authorisation to pursue insurance activity by the foreign insurance company shall be submitted to the National Bank of Slovakia by the foreign insurance company.

(2) To be granted an authorisation under paragraph 1, the fulfilment of the following conditions must be proved:

- a) assets in the territory of the Slovak Republic cannot be less than one half of the guarantee fund under Article 34 and financial means in the amount of one quarter of the guarantee fund under Article 34 must be deposited on a separate account in a bank; <sup>14)</sup> the financial means must be deposited on this account throughout the entire period of operation of the branch of the foreign insurance company,
- b) actual solvency margin resulting from the scope of the insurance activity pursued in the territory of the Slovak Republic shall be in accordance with Article 34,
- c) credibility of the foreign insurance company and its financial capacity adequate to the scope of the insurance activity pursued through its branch,
- d) professional qualifications and credibility of the persons proposed by the foreign insurance company to manage its branch, for a proctor and for a responsible actuary,
- e) transparency of the group with close links, which includes the foreign insurance company,
- f) the exercise of supervision is not obstructed by close links within the group under subparagraph e),
- g) the exercise of supervision is not obstructed by the legal order and the manner in which it is exercised in the State in whose territory a group under subparagraph e) has close links,
- h) the foreign insurance company that has decided to pursue insurance company through its branch pursues a significant part of insurance activity in the State of its registered office.

(3) The application of the foreign insurance company under paragraph 1 shall contain, except of the data according to Article 5 paragraph 3 subparagraphs d) and e) the following:

- a) the commercial name and registered office of the foreign insurance company and intended

- location of its branch in the territory of the Slovak Republic,
- b) the material, personnel-related and organizational conditions for the pursuit of the activity under paragraph 1 in the territory of the Slovak Republic,
  - c) the name, surname and permanent residence of the head of the branch of the foreign insurance company and the proctor, responsible actuary, data on their professional qualification and the place of their residence in the territory of the Slovak Republic.
  - d) the name and surname, permanent residence or the commercial name and registered office of the liquidation representative,<sup>22)</sup> if the branch of the foreign insurance company shall pursue insurance activity listed in Annex No. 1 part B point 10a.

(4) Annex of the application under paragraph 1 involves

- a) an authorisation to pursue activity granted to the foreign insurance company in accordance with the legal order of the State in which the foreign insurance company has its registered office, in the latest full version,
- b) financial statements verified by an auditor or an auditorial company for the last three years before submitting the application for granting an authorisation to pursue insurance activity; if the foreign insurance company is part of a group, also consolidated financial statements for the past three years,
- c) copies of an entry in Criminal Record of natural persons referred to in paragraph 3 subparagraph c) no older than three months; a foreign natural person shall submit a document of a similar character issued by the appropriate body of the State of its permanent residence, in the State of which it is a citizen, and in the States in which this person lived permanently in the last five years for a period of more than six months; if the relevant States do not issue these documents they shall be replaced by the natural person's affirmation,
- d) short professional CV, documents on achieved education and professional experience of the persons proposed for the head of the branch of the foreign insurance company and for the proctor and the responsible actuary,
- e) a written consent of the appropriate body of the State in which the foreign insurance company has registered office with the establishment of the branch of the foreign insurance company, if such consent is issued under the legal order of the State in which the foreign insurance company has its registered office,
- f) a statement of the supervisory authority of the State, in which the foreign insurance company has its registered office, on the establishment of the branch in the territory of the Slovak Republic, as well as a written promise of this authority to timely notify in writing the National Bank of Slovakia of any changes of adequacy of own resources of the foreign insurance company and of other facts which might have a negative impact on the ability of the foreign insurance company and its branch to fulfil its obligations, if the competent supervisory bodies issue such documents,
- g) a proposal of a business and financial plan of the foreign insurance company in the scope under Article 5 paragraph 4 subparagraph g).

(5) The National Bank of Slovakia shall decide on the application under paragraph 1 within the time limit under a special law<sup>23)</sup> upon consideration of the application, annex to the application and pursuant to assessment of material, personnel-related and organizational conditions with respect to the proposed scope of insurance activity.

(6) The National Bank of Slovakia shall dismiss the application under paragraph 1 if the applicant fails to meet the conditions referred to in paragraph 2, fails to state the data under paragraph 3 or fails to submit the annex to the application according to paragraph 4, or

if the proposed data are not complete or provable. The economic needs of the market cannot constitute a reason for the dismissal of the application. The National Bank of Slovakia may accept the application partially if the applicant has met the conditions under paragraph 2, has stated the data under paragraph 3 and submitted the annex to the application according to paragraph 4 only for some of the required activities and if these data are complete and provable.

(7) The fact that the legal form of the foreign insurance company does not correspond with the legal form of a joint-stock company cannot be a reason for dismissing the application under paragraph 1.

(8) The terms and conditions under paragraph 2 must be met continuously throughout the entire period of validity of the authorisation to pursue insurance activity.

(9) The manner of proving the fulfilment of the conditions under paragraph 2 for granting of the authorisation to the foreign insurance company to pursue insurance activity through its branch shall be determined in the Decree to be issued by the National Bank of Slovakia and published in the Collection of Laws.

(10) Professional qualification in the case of persons proposed for the head of the branch of the foreign insurance company is understood as completed full university education and at least three years of practice in the area of the financial market. A person can also be recognized as professionally qualified by the National Bank of Slovakia if he/she has full secondary education, or other professional foreign education and at least seven years of practice in the area of financial market, from that at least three years must be in a managing position. In the case of a natural person proposed for a responsible actuary, the applicant shall be obliged to prove the fulfilment of the conditions under Article 46 paragraph 5.

(11) The foreign insurance company can be granted an authorisation under paragraph 1 for one insurance type only, at the most in the scope of activities for which it was granted an authorisation in this insurance type in the State of its registered office. This does not apply if the foreign insurance company performs life assurance; in this case an authorisation can also be granted for performing accident insurance and illness insurance. Insurance activity for other insurance type can be pursued in the territory of the Slovak Republic by the foreign insurance company only through a subsidiary; this does not affect provision of Article 4 paragraph 1.

(12) A foreign insurance company, which has applied for an authorisation under paragraph 1 with the National Bank of Slovakia and which has applied for an authorisation to pursue insurance activity through its branch in another Member State, or such authorisation has been granted to it in another Member State, may ask the National Bank of Slovakia for the granting of the advantages consisting in the following:

- a) the financial means under paragraph 2 subparagraph a) can be deposited on an independent account with a bank only in one Member State in which it has a branch,
- b) the calculation of the required solvency margin under Article 34 is carried out in relation to the entire scope of insurance activity which it pursues in Member States; for the purposes of this calculation only the activities pursued by all branches of the foreign insurance company established in Member States are taken into account,
- c) the assets that form the guarantee fund can be located in the Member State in which the foreign insurance company pursues insurance activity.

(13) The advantages under paragraph 12 can only be granted simultaneously. The application for the granting of these advantages is submitted to the competent supervisory authority of the Member States in whose territory the foreign insurance company wants to pursue insurance activity. In the application for the granting of advantages under paragraph 12 it is necessary to designate the competent supervisory authority of the Member State which will exercise supervision over maintaining solvency of the branches of the foreign insurance company pursuing insurance activity in the territory of Member States and the reason for designation of the competent supervisory authority of the Member State must be specified.

(14) The advantages under paragraph 12 can only be granted if the granting is approved by all competent supervisory authorities of the Member States in which the application for the granting of these advantages was submitted. The advantages under paragraph 12 can be used from the date on which the National Bank of Slovakia received information from the competent supervisory authority designated by the foreign insurance company that it will exercise supervision over solvency maintenance under paragraph 13, or from the date when the National Bank of Slovakia as a designated competent supervisory authority informed the relevant authorities of the Member States in which the application for the granting of advantages under paragraph 12 was submitted stating that it will exercise supervision over solvency maintenance under paragraph 13.

(15) The National Bank of Slovakia shall be obliged to provide to the designated competent supervisory authority of the Member State all information necessary for the exercise of supervision over solvency maintenance under paragraph 13. If the National Bank of Slovakia has been designated to be a competent supervisory authority, it shall be entitled to request information necessary for the exercise of supervision over solvency maintenance under paragraph 13 from the competent supervisory authorities of the Member States in which the application for the granting of advantages under paragraph 12 was submitted.

(16) If the advantages under paragraph 12 have been granted, the financial means under paragraph 12 subparagraph a) must be deposited on an independent account with a bank with its registered office in the Member State whose competent supervisory authority exercises supervision over solvency maintenance under paragraph 13.

(17) Based on a request of the competent supervisory authority or of another competent authority of the Member State in which the application for the granting of the advantages under paragraph 12 was submitted, the National Bank of Slovakia shall be obliged to withdraw such advantages and notify the competent supervisory authorities of such withdrawal.

(18) If the National Bank of Slovakia withdraws the advantages under paragraph 12 at its own instance from the foreign insurance company which pursues insurance activity on the basis of an authorisation under paragraph 1, it shall notify thereof the competent supervisory authorities of the Member States in which the application for the granting of such advantages was submitted and at the same time, it shall ask them to withdraw the advantages granted by them.

(19) Article 18 and provisions of this Act governing operation of a branch of an insurance company from another Member State shall apply to the foreign insurance company with its registered office in the Swiss Confederation that decided to pursue insurance activity

in the territory of the Slovak Republic through a branch or that has already been pursuing the insurance activity for the insurance type other than life assurance in the territory of the Slovak Republic through a branch, unless stipulated otherwise by the international agreement<sup>24</sup>).

## **Article 9**

### **Pursuing of reinsurance activity by a foreign reinsurance company through a branch**

(1) The National Bank of Slovakia shall decide on the granting of an authorisation to pursue reinsurance activity to a foreign reinsurance company through its branch. The application for authorisation to pursue reinsurance activity by the foreign reinsurance company shall be submitted to the National Bank of Slovakia by the foreign reinsurance company.

(2) To be granted an authorisation under paragraph 1, the fulfilment of the following conditions must be proved:

- a) the actual solvency margin resulting from the scope of reinsurance activity pursued in the territory of the Slovak Republic shall be in accordance with Article 34,
- b) credibility of the foreign reinsurance company and its financial capacity adequate to the scope of reinsurance activity pursued through its branch,
- c) professional qualifications and credibility of the persons proposed by the foreign reinsurance company to manage its branch, for a proctor and for a responsible actuary,
- d) transparency of the group with close links, which also includes the foreign reinsurance company,
- e) the exercise of supervision is not obstructed by close links within the group under subparagraph d),
- f) the exercise of supervision is not obstructed by the legal order and the manner in which it is exercised in the State in whose territory a group under subparagraph d) has close links,
- g) the foreign reinsurance company that decided to pursue reinsurance activity through its branch pursues a significant part of reinsurance activity in the State of its registered office.

(3) The application of the foreign insurance company under paragraph 1 shall contain, except of the data according to Article 7 paragraph 3 subparagraphs d) and e) the following

- a) the commercial name and registered office of the foreign reinsurance company and intended location of its branch in the territory of the Slovak Republic,
- b) the material, personnel-related and organizational conditions for the pursuit of the activity under paragraph 1 in the territory of the Slovak Republic,
- c) the name, surname and permanent residence of the head of the branch of the foreign reinsurance company, the proctor, responsible actuary, data on their professional qualification and the place of their residence in the territory of the Slovak Republic.

(4) Annex of the application under paragraph 1 involves

- a) an authorisation to pursue activity granted to the foreign reinsurance company in accordance with the legal order of the State in which the foreign reinsurance company has its registered office, in the latest full version,
- b) financial statements verified by an auditor or an auditorial company for the last three years before submitting the application for granting an authorisation to pursue reinsurance activity; if the foreign reinsurance company is part of a group, also consolidated financial

- statements for the past three years,
- c) copies of an entry in Criminal Record of the natural persons referred to in paragraph 3 subparagraph c) no older than three months; a foreign natural person shall submit a document of a similar character issued by the competent authority of the State of its permanent residence, in the State of which it is a citizen, and in the States in which this person lived permanently in the last five years for a period of more than six months; if the relevant States do not issue these documents they shall be replaced by the natural person's affirmation,
  - d) short professional CV, documents on achieved education and professional experience of the natural persons proposed for the head of the branch of the foreign reinsurance company and for the proctor and the responsible actuary,
  - e) a written consent of the competent authority of the State in which the foreign reinsurance company has registered its office with the establishment of the branch of the foreign reinsurance company, if such consent is issued under the legal order of the State in which the foreign insurance company has its registered office,
  - f) a statement of the supervisory authority of the State, in which the foreign reinsurance company has its registered office, on the establishment of the branch in the territory of the Slovak Republic, as well as a written promise of this authority to timely notify in writing the National Bank of Slovakia of any changes of adequacy of own resources of the foreign reinsurance company and of other facts which might have a negative impact on the ability of the foreign reinsurance company and its branch to fulfil its obligations,
  - g) a proposal of a business and financial plan of the foreign reinsurance company in the scope under Article 7 paragraph 4 subparagraph g).

(5) The National Bank of Slovakia shall decide on the application under paragraph 1 within the time limit under a special regulation <sup>23)</sup> upon consideration of the application, annex to the application and pursuant to assessment of material, personnel-related and organizational conditions with respect to the proposed scope of reinsurance activity.

(6) The National Bank of Slovakia shall dismiss the application under paragraph 1 if the applicant fails to meet the conditions referred to in paragraph 2, fails to state the data under paragraph 3 or fails to submit the annex to the application according to paragraph 4, or if the proposed data are not complete or provable. The economic needs of the market cannot constitute a reason for the dismissal of the application. The National Bank of Slovakia may accept the application partially if the applicant has met the conditions under paragraph 2, has stated the data under paragraph 3 and submitted the annex to the application according to paragraph 4 only for some of the required activities and if these data were complete and provable.

(7) The fact that the legal form of the foreign reinsurance company does not correspond with the legal form of a joint-stock company cannot be a reason for dismissing the application under paragraph 1.

(8) The terms and conditions under paragraph 2 must be met continuously throughout the entire period of validity of the authorisation to pursue reinsurance activity.

(9) The manner of proving the fulfilment of the conditions under paragraph 2 for granting of the authorisation to the foreign reinsurance company to pursue reinsurance activity through its branch shall be determined by the Decree to be issued by the National Bank of Slovakia and published in the Collection of Laws.

(10) Professional qualification in the case of persons proposed for the head of the branch of the foreign reinsurance company is understood as completed full university education and at least three years of practice in the area of the financial market. A person can also be recognized as professionally qualified by the National Bank of Slovakia if he/she has full secondary education, or other professional foreign education and at least seven years of practice in the area of financial market, from that at least three years must be in a managing position. In the case of a natural person proposed for a responsible actuary, the applicant shall be obliged to prove the fulfilment of the conditions under Article 46 paragraph 5.

(11) The foreign reinsurance company can be granted an authorisation under paragraph 1 at the most in the scope of activities for which it was granted an authorisation in the State of its registered office.

## **Article 10**

### **Failure to grant the authorisation**

An authorisation under this Act cannot be granted if this were contrary to an international treaty, which has been ratified and promulgated as prescribed by law.

## **Article 11**

### **Cooperation of the National Bank of Slovakia with competent supervisory authorities of other Member States**

(1) The National Bank of Slovakia shall be obliged to consult the granting of an authorisation under Article 5 and 7 with the competent supervisory authority of another Member State if such authorisation is to be granted to a legal person which is

- a) a subsidiary of an insurance company from other Member State or a subsidiary of a reinsurance company from other Member State,
- b) a subsidiary of a parent company of an insurance company from other Member State or a subsidiary of a parent company of a reinsurance company from other Member State,
- c) controlled by the same persons which control an insurance company from another Member State or a reinsurance company from another Member State.

(2) The National Bank of Slovakia shall be obliged to consult the granting of an authorisation under Article 5 and 7 with the competent supervisory authority of another Member State, banking supervision authority of another Member State or capital market supervision authority of another Member State if such authorisation is to be granted to a legal person which is

- a) a subsidiary of a bank or a securities dealer with its registered office in the territory of another Member State,
- b) a subsidiary of a parent company of a bank or a securities dealer with its registered office in the territory of another Member State,
- c) controlled by the same persons which control the bank or securities dealer with its registered office in the territory of another Member State.

(3) The National Bank of Slovakia shall be obliged to consult in particular the suitability of the shareholders, credibility and professional qualifications of chief executives in direct managing competency of the Board of Directors being a subject to the supervision with the supervisory authorities under paragraphs 1 and 2 and to exchange with such authorities all information necessary for granting the authorisation under Article 5 or Article 7 and for the supervision over the activities of persons under paragraphs 1 and 2.

## Article 12

### **Authorisation to pursue insurance activity or reinsurance activity**

(1) An authorisation to pursue insurance activity or an authorisation to pursue reinsurance activity is granted for an indefinite period and cannot be transferred to another person or to a successor. The authorisation to pursue insurance activity granted to an insurance company is valid for all Member States and entitles the insurance company to pursue insurance activity in the territory of another Member State through a branch established in another Member State or on the basis of the right of the free provision of services. The authorisation to pursue reinsurance activity granted to a reinsurance company is valid for all Member States and entitles the reinsurance company to pursue reinsurance activity in the territory of another Member State through a branch established in another Member State or on the basis of the right of the free provision of services.

(2) Apart from the general requirements of the decision under special legislation<sup>25</sup>) the statement of the decision which grants the authorisation to pursue insurance activity or the authorisation to pursue reinsurance activity must contain

- a) the commercial name and registered office of the insurance company or the commercial name and location of the branch of a foreign insurance company, or the commercial name and registered office of the reinsurance company or the commercial name and location of the branch of a foreign reinsurance company,
- b) designation of the insurance type and insurance classes which the insurance company or the branch of a foreign insurance company is authorised to pursue, or designation of the insurance type for which the reinsurance company or the branch of a foreign reinsurance company is authorised to pursue the reinsurance activity.

(3) An authorisation to pursue insurance activity or an authorisation to pursue reinsurance activity can contain also conditions which the insurance company or the foreign insurance company or the reinsurance company or the foreign reinsurance company must meet before it takes up to pursue insurance activity or reinsurance activity, or the conditions which the insurance company or the foreign insurance company or the reinsurance company or the foreign reinsurance company must comply with when pursuing insurance activity or reinsurance activity. The authorisation to pursue insurance activity can restrict performance of some insurance within an insurance class.

(4) Upon request from the insurance company or the foreign insurance company or the reinsurance company or the foreign reinsurance company a decision of the National Bank of Slovakia can modify the authorisation to pursue insurance activity or the authorisation to pursue reinsurance activity. When assessing the request for modification of the authorisation to pursue insurance activity or reinsurance activity, the National Bank of Slovakia shall

proceed in compliance with Article 5 or Article 7, as appropriate. In the case of extending the scope of the authorisation to pursue insurance activity the insurance company or the foreign insurance company shall be obliged to submit to the National Bank of Slovakia a business and financial plan under Article 5 paragraph 4 subparagraph g) or a business and financial plan of the branch of a foreign insurance company under Article 8 paragraph 4 subparagraph g) and prove that it meets the conditions under Article 34. In the case of extending the scope of the authorisation to pursue reinsurance activity the reinsurance company or the foreign reinsurance company shall be obliged to submit to the National Bank of Slovakia a business and financial plan under Article 7 paragraph 4 subparagraph g) or a business and financial plan of the branch of a foreign reinsurance company under Article 9 paragraph 4 subparagraph g) and prove that it meets the conditions under Article 34.

(5) The insurance company or the foreign insurance company or the reinsurance company or the foreign reinsurance company is obliged to submit to the competent court a motion to enter a record of insurance activity or reinsurance activity into the Commercial Register on the basis of an authorisation to pursue insurance activity or an authorisation to pursue reinsurance activity or its modification within thirty (30) days after the effective date of such authorisation or its modification and submit to the National Bank of Slovakia a copy of an entry in the Commercial Register within ten days after the effective date of the court decision on making of an entry into the Commercial Register or modification of an entry in the Commercial Register.

(6) The insurance company or the reinsurance company shall be obliged to notify the National Bank of Slovakia in writing without undue delay of any changes of the facts referred to in Article 5 paragraphs 2 through 4 or in Article 7 paragraphs 2 through 4; the foreign insurance company pursuing insurance activity in the territory of the Slovak Republic through a branch, or the foreign reinsurance company pursuing reinsurance activity in the territory of the Slovak Republic through a branch shall be obliged to notify the National Bank of Slovakia in writing without undue delay of any changes of the facts referred to in Article 8 paragraphs 2 through 4 or in Article 9 paragraphs 2 through 4.

## **Article 13**

### **Termination of the authorisation to pursue insurance activity or reinsurance activity**

(1) The authorisation to pursue insurance activity or the authorisation to pursue reinsurance activity shall terminate

- a) for an insurance company or for a reinsurance company on the date of its dissolution for the reason other than withdrawal of the authorisation to pursue insurance activity or the authorisation to pursue reinsurance activity,
- b) for an insurance company or for a reinsurance company on the date on which the property of the insurance company or the reinsurance company was assigned for bankruptcy under special legislation,<sup>11)</sup>
- c) for a foreign insurance company or for a foreign reinsurance company on the date on which the property of the foreign insurance company or the foreign reinsurance company was assigned for bankruptcy or on the date of the dissolution of the foreign insurance company for the reason other than withdrawal of the authorisation to pursue insurance activity or on the date of dissolution of the foreign reinsurance company for the reason

- other than withdrawal of the authorisation to pursue reinsurance activity,
- d) for an insurance company or a foreign insurance company or a reinsurance company or a foreign reinsurance company on the effective date of the decision of the National Bank of Slovakia on granting prior approval under Article 45 paragraph 1 subparagraph e),
  - e) if the insurance company or the foreign insurance company or if the reinsurance company or the foreign reinsurance company has not submitted a motion to enter a record in the Commercial Register under Article 12 paragraph 5 on the day following the expiry of the period under Article 12 paragraph 5,
  - f) on the date of the sale of the undertaking of the insurance company or of the branch of a foreign insurance company<sup>26)</sup> or of the reinsurance company or of the branch of a foreign reinsurance company,
  - g) for a foreign insurance company or for a foreign reinsurance company on the date of termination of its activity.

(2) The insurance company, foreign insurance company or the reinsurance company, foreign reinsurance company shall be obliged to notify the National Bank of Slovakia in writing of the facts referred to in paragraph 1 subparagraphs a), b), c), e), f) and g) without undue delay after their occurrence.

## **Article 14**

### **Entrusting of activities pursuance**

(1) Upon a contract on entrusting of activities an insurance company, branch of a foreign insurance company, reinsurance company or branch of a foreign reinsurance company may entrust one activity or more activities to other person that is authorised to pursue the entrusted activities. An insurance company, branch of a foreign insurance company, reinsurance company or branch of a foreign reinsurance company may not entrust the following activities:

- a) acceptance or assuming of insurance risks,
- b) assessment of insurance risks and their management,
- c) creation of technical reserves and creation of a guarantee fund, and
- d) passive reinsurance.

(2) An insurance company, branch of foreign insurance company, reinsurance company or branch of a foreign reinsurance company may not entrust pursuance of activities to the person that has not its registered office or does not pursue activity in a Member State. An insurance company, branch of a foreign insurance company, reinsurance company or branch of a foreign reinsurance company may not entrust pursuance of activities to the person whose interests may be in a conflict with interests of the insurance company, branch of a foreign insurance company, reinsurance company or branch of a foreign reinsurance company or their clients.

(3) Pursuance of activity of a responsible actuary upon other than employment relationship with the insurance company shall not be considered as entrusting of activity pursuance.

(4) An insurance company, branch of a foreign insurance company, reinsurance company or branch of a foreign reinsurance company shall be obliged to notify the National

bank of Slovakia on an intention to entrust pursuance of activity in writing. The notification must contain the proposal of a contract on entrusting of activity and documents proving fulfilment of conditions under paragraphs 2 and 5.

(5) The activities may be entrusted only provided that the following conditions have been met:

- a) the contract on entrusting of activity contains provisions upon which the insurance company, branch of a foreign insurance company, reinsurance company or branch of a foreign reinsurance company have the right to effectively control the pursuance of the entrusted activities and to terminate this contract; the notice period may not be longer than one month,
- b) in the case of a discharge of the contract on entrusting of activity, the interests of clients and proper and safe pursuance of insurance activity or reinsurance activity may not be endangered,
- c) entrusting of activity pursuance does not obstruct performance of effective supervision over the insurance company, branch of a foreign insurance company, reinsurance company or branch of a foreign reinsurance company,
- d) entrusting of activity pursuance does not obstruct the insurance company, branch of a foreign insurance company, reinsurance company or branch of a foreign reinsurance company to act in the interest of clients,
- e) considering the character of activities that are to be entrusted, the person has material, personnel-related and organizational preconditions for pursuance of the entrusted activities.

(6) In the case that the insurance company, branch of a foreign insurance company, reinsurance company or branch of a foreign reinsurance company has not proved fulfilment of some of the conditions for entrusting of activity pursuance under paragraphs 2 and 5 in the notification under paragraph 4, the National Bank of Slovakia is entitled to dismiss conclusion of the contract on entrusting of activity within thirty (30) days from delivery of the notification on the intention to entrust pursuing of activity.

(7) An insurance company, branch of a foreign insurance company, reinsurance company or branch of a foreign reinsurance company shall be obliged to inform the National bank of Slovakia about termination of the contract on entrusting of activity pursuance without undue delay. The insurance company, branch of a foreign insurance company, reinsurance company or branch of a foreign reinsurance company shall be obliged to inform the National Bank of Slovakia about each proposal for the modification of the contract on entrusting of activity pursuance in advance within thirty (30) days at least; if the breach of the conditions referred to in paragraphs 2 and 5 occurred, the National Bank of Slovakia is entitled to dismiss the modification of the contract on activity entrusting within thirty (30) days from the date of delivery of the notification about the modification of the contract on activity entrusting.

(8) Entrusting of pursuance of insurance activity or reinsurance activity does not affect the responsibility of an insurance company, branch of a foreign insurance company, reinsurance company or branch of a foreign reinsurance company for damages caused to clients that may arise in connection with pursuance of insurance activity or reinsurance activity. The provision of paragraph 5 shall be without prejudice to the provisions of a special law.<sup>27)</sup>

(9) Entrusting of activities cannot be used to circumvent the duty to pursue insurance activity or reinsurance activity otherwise than on the basis of the authorisation to pursue insurance activity or on the basis of the authorisation to pursue reinsurance activity.

## **Article 15**

### **Establishment of branches abroad**

(1) The insurance company or the reinsurance company that has decided to establish a branch in the territory of other State shall be obliged to notify the National Bank of Slovakia in writing of the following

- a) the country in whose territory it has decided to establish the branch,
- b) supposed address of the branch,
- c) the name and surname of the supposed head of the branch,
- d) the organisational structure of the branch,
- e) the scheme of insurance operations which the insurance company has decided to take up through its branch for first three years, or the scheme of reinsurance operations which the reinsurance company has decided to take up through its branch for first three years.

(2) The insurance company and the reinsurance company shall be obliged to notify the National Bank of Slovakia without undue delay of the granting of a permission to establish a branch in other State; this shall not apply if the branch is established in the territory of other Member State.

## **Cooperation and free movement within Member States**

### **Article 16**

(1) If the insurance company has notified pursuant to Article 15 paragraph 1 of its decision to establish a branch in the territory of another Member State, the National Bank of Slovakia shall, within three months after the delivery of such notification, submit data under Article 15 paragraph 1 and a certificate proving that the actual solvency margin and the guarantee fund is in accordance with Article 34 to the competent supervisory authority of another Member State; it shall notify the insurance company thereof.

(2) The insurance company is entitled to establish a branch and the branch may take up its activity only after the competent supervisory authority of another Member State has provided to the National Bank of Slovakia with the provisions of generally binding legal regulations of the Member State of the branch which are applicable to the insurance activity of the branch of an insurance company, however, within two months at the latest after the date of delivery of the notification under paragraph 1 to the competent supervisory authority of the Member State of the branch.

(3) If the National Bank of Slovakia has reasonable doubts about the data stated in the notification under Article 15 paragraph 1 or about the financial situation of the insurance company with regard to the authorised insurance activity, it shall not submit the data under paragraph 1 to the competent supervisory authority of another Member State; in this case the National Bank of Slovakia shall issue a decision in which it shall give reasons for its

procedure and submit it to the insurance company without undue delay.

(4) The insurance company shall be obliged to notify the National Bank of Slovakia and the competent supervisory authority of the Member State of the branch of the planned changes in the data referred to in Article 15 paragraph 1 subparagraphs b) through e) within thirty (30) days at the latest before their implementation. The reinsurance company shall be obliged to notify the National Bank of Slovakia of the planned changes in the data referred to in Article 15 paragraph 1 subparagraphs b) through e) within thirty (30) days at the latest before their implementation.

(5) The National Bank of Slovakia shall exercise supervision over the branch of the insurance company or over the branch of the reinsurance company established in the territory of another Member State. Such branch is also subject to the measures adopted by the appropriate Member State of the branch within its monetary policy; in the cases of countries which have introduced the Euro as their currency, this branch is subject to the measures adopted by the European Central Bank.

(6) If the competent supervisory authority of the Member State of the branch informs the National Bank of Slovakia that the branch of the insurance company or the branch of the reinsurance company breaches legal regulations while pursuing its activity in the territory of that Member State, the National Bank of Slovakia shall adopt the necessary measures to discontinue such unlawful situation.

(7) If the branch of the insurance company or the branch of the reinsurance company in the territory of the Member State of the branch does not execute remedy within the given period under paragraph 6, it shall be obliged to execute or tolerate measures adopted by the competent supervisory authority of the Member State of the branch.

(8) While exercising supervision under paragraph 7, the competent supervisory authority of the Member State can demand from the branch of the insurance company or from the branch of the reinsurance company information of the same extent as from an insurance company or a reinsurance company with registered office in its territory. The competent supervisory authority of the Member State can demand from the insurance company or from the reinsurance company which has a branch in its territory regular reporting on its activity in the territory of that Member State for statistical purposes. The insurance company or the reinsurance company is obliged to comply with the demand.

(9) If the National Bank of Slovakia withdraws from an insurance company or from a reinsurance company an authorisation for the pursuit of its activity, it shall be obliged to notify the competent supervisory authority of the Member State in which the insurance company or the reinsurance company has a branch thereof without undue delay.

## **Article 17**

(1) An insurance company which has decided to pursue insurance activity or a reinsurance company which has decided to pursue reinsurance activity in another Member State on the basis of the right of free provision of services without having established a branch, shall be obliged to notify the National Bank of Slovakia of such intention in writing before undertaking insurance activity or reinsurance activity for the first time.

(2) The insurance company or the reinsurance company shall be obliged to include in the information under paragraph 1 the following

- a) the Member State in whose territory it has decided to pursue insurance activity or reinsurance activity,
- b) character of risks resulting from supposed insurance activity or reinsurance activity,
- c) scope of liabilities resulting from supposed insurance activity or reinsurance activity for first three years.

(3) Within thirty (30) days after receiving the information under paragraph 1 the National Bank of Slovakia shall send to the competent supervisory authority of the Member State under paragraph 2 subparagraph a) a confirmation proving that the actual solvency margin and the guarantee fund of the insurance company comply with Article 34, the list of insurance classes for which the insurance company was granted the authorisation to pursue insurance activity and data under paragraph 2 subparagraph b); it shall inform the insurance company thereof.

(4) The insurance company is authorised to take up insurance activity upon delivery of the information under paragraph 3 from the National Bank of Slovakia.

(5) If the National Bank of Slovakia fails to send the documents under paragraph 3 to the competent supervisory authority of the Member State under paragraph 2 subparagraph a), it shall issue a decision thereon where it shall give reasons for its procedure and submit it to the insurance company without undue delay.

(6) The insurance company or the reinsurance company shall be obliged to notify the National Bank of Slovakia of any modification of the data submitted under paragraph 2 subparagraph b) within thirty (30) days before making the respective modifications; the provisions of paragraphs 3, 4 and 5 shall apply accordingly.

(7) If the National Bank of Slovakia withdraws from the insurance company the authorisation for the pursuit of its activity, it shall be obliged to notify the competent supervisory authority of other Member State where the insurance company pursues insurance activity or the reinsurance company pursues reinsurance activity based on the right of free provision of services thereof without undue delay.

## **Article 18**

(1) An insurance company from another Member State can pursue insurance activity in the territory of the Slovak Republic through its branch without an authorisation to pursue insurance activity, in the case that it has been granted the authorisation to pursue insurance activity in the appropriate Member State on the basis of an affirmative written statement of the competent supervisory authority of the home Member State submitted to the National Bank of Slovakia.

(2) The National Bank of Slovakia shall notify the insurance company from another Member State of the delivery of the statement under paragraph 1.

(3) The National Bank of Slovakia may, within the time limit of two months of the

delivery of the statement under paragraph 1, communicate to the competent supervisory authority of the home Member State the provisions of generally binding legal regulations applicable to the pursuit of insurance activity by a branch of an insurance company from other Member State in the territory of the Slovak Republic.

(4) A branch of an insurance company from other Member State can take up insurance activity in the territory of the Slovak Republic after the delivery of the communication to the competent supervisory authority under paragraph 3 or after the lapse of two months after the date of delivery of the statement under paragraph 1 to the National Bank of Slovakia.

(5) A branch of an insurance company from other Member State shall be obliged to notify the National Bank of Slovakia in writing of any modification not later than thirty (30) days before making a modification of

- a) the character of risks to be covered by the branch of an insurance company from other Member State in the Member State of the provision of services,
- b) the address of the branch of the insurance company from other Member State,
- c) the name and surname of the head of the branch of the insurance company from other Member State,
- d) the organizational structure of the branch of the insurance company from other Member State.

(6) Paragraphs 1 through 4 shall apply accordingly to the notification under paragraph 5 by the branch of an insurance company from other Member State.

(7) A reinsurance company from another Member State can pursue reinsurance activity in the territory of the Slovak Republic through its branch without an authorisation to pursue reinsurance activity, in the case that it has been granted the authorisation to pursue reinsurance activity in the appropriate Member State.

## **Article 19**

(1) An insurance company from other Member State may pursue insurance activity in the territory of the Slovak Republic on the basis of the right of free provision of services upon delivery of the notification to the National Bank of Slovakia from the competent supervisory authority of the home Member State where it has its registered office, within the scope pursuant to Article 17 paragraph 3.

(2) Paragraph 1 shall apply accordingly to a change of data provided under Article 17 paragraph 2 subparagraph b) that an insurance company from other Member State wants to make in connection with the pursuit of insurance activity in the territory of the Slovak Republic on the basis of the right of free provision of services.

(3) A reinsurance company from another Member State can pursue reinsurance activity in the territory of the Slovak Republic on the basis of the right of free provision of services in the case that it has been granted the authorisation to pursue reinsurance activity in the appropriate Member State.

## **Article 20**

The insurance activity of an insurance company from another Member State or the reinsurance activity of a reinsurance company from another Member State under Article 18 paragraph 1 and 7 and Article 19 paragraph 1 and 3 is subject to supervision by the competent supervisory authority of the home Member State.

## Article 21

(1) If the National Bank of Slovakia finds out that the insurance company from other Member State while pursuing insurance activity under Article 18 paragraph 1 and Article 19 paragraph 1 or the reinsurance company from other Member State while pursuing reinsurance activity under Article 18 paragraph 7 and Article 19 paragraph 3 breached generally binding legal regulations, it shall call on without undue delay the insurance company from other Member State or the reinsurance company from other Member State to make remedy within the determined time limit. The National Bank of Slovakia shall notify the competent supervisory authority of the home Member State on the breach of generally binding legal regulations.

(2) If an insurance company from other Member State or a reinsurance company from other Member State under paragraph 1 fails to make remedy within the determined time limit, the National Bank of Slovakia shall notify the competent supervisory authority of the home Member State and ask it to execute immediate measures necessary to discontinue such unlawful situation and to provide information about measures taken.

(3) If the insurance company from other Member State or the reinsurance company from other Member State keeps breaking generally binding legal regulations despite the measure under paragraph 2, the National Bank of Slovakia may, having previously notified the competent supervisory authority of the home Member State, impose measures necessary to discontinue such unlawful situation, including imposing of measures to remove and remedy of the deficiencies revealed and to limit or suspend an authorisation to conclude insurance contracts or reinsurance contracts and to extend liabilities. The insurance company from other Member State or the reinsurance company from other Member State shall be obliged to implement such measures.

(4) If the competent supervisory authority of the home Member State withdraws from the insurance company from other Member State pursuing insurance activity under Article 18 paragraph 1 and Article 19 paragraph or if the competent supervisory authority of the home Member State withdraws from the reinsurance company from other Member State pursuing reinsurance activity under Article 18 paragraph 7 and Article 19 paragraph 3 the authorisation to pursue this activity, the National Bank of Slovakia, having learnt thereof, shall take measures without undue delay to prevent the insurance company from other Member State to pursue insurance activity or to prevent the reinsurance company from other Member State to pursue reinsurance activity under Article 18 paragraph 1 and 7 and Article 19 paragraphs 1 and 3.

(5) The National Bank of Slovakia may demand from the insurance company from other Member State pursuing the insurance activity under Article 18 paragraph 1 and Article 19 paragraph 1 or the reinsurance company from other Member State pursuing reinsurance activity under Article 18 paragraph 7 and Article 19 paragraph 3 to submit reporting on its

activity in the territory of the Slovak Republic for statistical purposes. The scope, ways and time limits of submission of reporting shall be defined in the Decree to be issued by the National Bank of Slovakia and published in the Collection of Laws.

## Article 22

(1) The National Bank of Slovakia shall inform the European Commission (hereinafter referred as the 'Commission') that it has refused to fulfil its duty under Article 16 paragraph 1 and Article 17 paragraph 3 and proceeded under Article 16 paragraph 3 or Article 17 paragraph 5 and shall give reasons for its procedure.

(2) The National Bank of Slovakia shall inform the Commission on

- a) measures imposed under Article 21 paragraph 3,
- b) the establishment of a branch of an insurance company in the territory of the State that is not a Member State, or the establishment of a branch of a reinsurance company in the territory of the State that is not a Member State,
- c) the granting or withdrawal of an authorisation to pursue insurance activity to the branch of a foreign insurance company or the granting or withdrawal of an authorisation to pursue reinsurance activity to the branch of a foreign reinsurance company,
- d) information on the problems that occurred when establishing the foreign insurance company which shall be the subsidiary of the insurance company or when establishing the branch of the insurance company in a State other than a Member State, or the facts which prevented them to pursue properly their insurance activity in the territory of a State that is not a Member State,
- e) information on the problems that occurred when establishing the foreign reinsurance company which shall be the subsidiary of the reinsurance company or when establishing the branch of the reinsurance company in a State other than a Member State, or the facts which prevented them to pursue properly their reinsurance activity in the territory of a State that is not a Member State,
- f) the fact that the insurance company or the reinsurance company is or shall become a subsidiary of a foreign insurance company or a subsidiary of a foreign reinsurance company that is governed by the legal order of a State not being a Member State,
- g) a structure of the group into which the insurance company or the reinsurance company under subparagraph f) belongs or shall belong.

(3) The National Bank of Slovakia shall inform also the competent supervisory authorities of other Member States on the fact under paragraph 2 subparagraph f).

(4) The National Bank of Slovakia shall also inform the Commission in writing of

- a) the problems that occurred when implementing legal acts of the European Communities and the European Union related to pursuing of insurance activity or reinsurance activity and of the problems in connection with the transfer of insurance activity of an insurance company or of reinsurance activity of an reinsurance company in favour of its branch established in the territory of other Member State,
- b) the fact that certificates under Article 3 subparagraph a) first point shall be submitted by foreign nationals having their habitual residence in other Members State to the National Bank of Slovakia; this shall apply equally to the submission of the documents under Article 8 paragraph 4 subparagraph c) or Article 9 paragraph 4 subparagraph c) by natural persons, whereas the National Bank of Slovakia shall notify thereof also the competent

supervisory authorities of other Member States.

### **PART THREE**

## **REQUIREMENTS FOR ENTREPRENEURIAL ACTIVITIES WITHIN INSURANCE INDUSTRY**

### **Article 23**

#### **Technical reserves of an insurance company and reinsurance company**

(1) In order to pursue insurance activity, an insurance company shall, in compliance with the defined line of business, establish the following technical reserves:

- a) technical reserve for the unearned premium,
- b) technical reserve for the claim payments,
- c) technical reserve for bonuses and discounts,
- d) technical reserve for payment of liabilities towards the Slovak Insurers' Bureau arising from the activities pursuant to a special regulation,<sup>28)</sup>
- e) technical reserve for life assurance,
- f) technical reserve to cover risk arising from the investment of resources on behalf of the insured,
- g) technical reserve for settlement of extraordinary risks in the insurance class of the non-life insurance referred to in Annex No. 1 part B point 14,
- h) other technical reserves.

(2) Technical reserves under paragraph 1 shall be established in a sufficient amount to ensure that the insurance company is at any time capable to cover fully all liabilities resulting from insurance contracts and liabilities of the insurance company arising from the activities under a special regulation<sup>28)</sup> and they shall be used for their settlement.

(3) The insurance company can establish other technical reserves under paragraph 1 subparagraph h) if the liabilities towards the insured persons cannot be paid from any of the technical reserves referred to in paragraph 1 subparagraphs a) through g). In order to establish further technical reserves it is first necessary to obtain an approval from the National Bank of Slovakia, issued on the basis of a request by the insurance company.

(4) The branch of a foreign insurance company is obliged to establish technical reserves from the insurance activity pursued in the territory of the Slovak Republic under this Act.

(5) The insurance company from other Member State or the reinsurance company from other Member State pursuing insurance activity or reinsurance activity in the territory of the Slovak Republic establishes technical reserves for satisfaction of liabilities from this activity in accordance with legal regulations of the home Member State, except of the creation of the technical reserve under Article 28.

(6) The reinsurance company and the branch of a foreign reinsurance company are

obliged to establish technical reserves under paragraph 1, if their establishing results from the concluded reinsurance contracts, in the amount sufficient to ensure the ability of the reinsurance company or the branch of a foreign reinsurance company to pay fully all the claims of the reinsurance company or the branch of a foreign reinsurance company arising from the reinsurance contracts at each moment.

(7) Technical reserves under paragraph 1 shall be established separately for life assurance and separately for non-life insurance. Each technical reserve is placed to account separately from other liabilities of the insurance company, branch of a foreign insurance company, reinsurance company or branch of a foreign reinsurance company.

(8) When placing the means of technical reserves, the insurance company, branch of a foreign insurance company, reinsurance company or branch of a foreign reinsurance company shall comply with the following rules:

- a) the safety rule, according to which means of technical reserves and guarantee fund are deposited so as to offer a guarantee of return of such means of the technical reserves,
- b) the profitability rule, according to which the means of technical reserves and guarantee fund ensure a yield from their placement or a profit from their sale,
- c) the liquidity rule, according to which a part of the means of technical reserves is deposited so as to be immediately usable to continuously cover the payments of liabilities from concluded insurance contracts or reinsurance contracts,
- d) the diversification rule, according to which the means of technical reserves are placed in a greater number of legal persons not being in the relation of a parent company and a subsidiary, or that these legal persons do not act in accord.<sup>29)</sup>

(9) An insurance company, branch of a foreign insurance company, reinsurance company and branch of a foreign reinsurance company shall be obliged to establish technical reserves for the entire scope of their activity and to place the means of technical reserves in assets under Article 32.

(10) If a reinsurance company, reinsurance company from other Member State, branch of a foreign reinsurance company or foreign reinsurance company participates in the technical reserves of an insurance company or branch of a foreign insurance company, the insurance company or branch of a foreign insurance company shall be obliged to conclude a reinsurance contract so that the capability of the insurance company or the branch of a foreign insurance company to pay its liabilities arising from the concluded insurance contracts is not endangered.

(11) An insurance company, reinsurance company, branch of a foreign insurance company and branch of a foreign reinsurance company shall be obliged to provide a proof of the sufficiency of technical reserves under paragraph 2 and 6 to the National Bank of Slovakia by passing a test of a liability adequacy<sup>30)</sup> and provide the National Bank of Slovakia upon its request with all materials, documents and other information determined by the National Bank of Slovakia necessary for the calculation of sufficiency of the technical reserves.

## **Article 24**

### **Rules for the calculation of technical reserves within life assurance**

(1) The following rules must be observed when calculating technical reserves within life assurance:

- a) the amount of technical reserves within life assurance is calculated by a sufficiently prudent prospective method, and the calculation is based on future payable premium and future liabilities which are specified in the insurance conditions for every insurance contract, including
  1. all guaranteed insurance benefits including the guaranteed surrender value,
  2. bonuses to which a claim has originated, regardless of the characterization of these bonuses,
  3. options which the policyholder is entitled to under the insurance contract,
  4. costs and commissions,
- b) the retrospective method of the calculation of technical reserves within life assurance can be used if it proves that the technical reserves within life assurance calculated by this method are not lower than if they were calculated by a sufficiently prudent prospective method, or if the prospective method cannot be used for the insurance contract,
- c) a sufficiently prudent prospective method of the technical reserves evaluation does not mean determination of the best estimation, but it should include an adequate margin for negative deviations of the evaluation preconditions,
- d) the method used for the calculation of technical reserves within life assurance must be sufficiently prudent also in relation to evaluating the assets which are used to cover these technical reserves,
- e) the technical reserves within life assurance are calculated by actuarial methods for each insurance contract separately; these technical reserves can be calculated for each insurance contract or for more insurance contracts also by estimate or by the generalization of data used during their calculation, if the results with these manner of calculation are similar to those with the calculation of these technical reserves by actuarial methods for each insurance contracts separately; the use of an independent calculation of technical reserves within life assurance must not obstruct the creation of other technical reserves for insurance risks which are not individualized,
- f) the value of technical reserves within life assurance for each insurance contract must be at the least in the guaranteed amount of the surrender value throughout the entire period of its duration, if the amount of the surrender value is guaranteed.

(2) Preconditions used at evaluation and the part of the technical reserve for life assurance intended for payment of the future costs of the insurance company or branch of a foreign insurance company must be specified by the insurance company or branch of a foreign insurance company taking into account the Member State of the liability, the content of the insurance contract and the expected management costs including commissions.

(3) When calculating the technical reserve for life assurance established for the payment of liabilities arising from insurance contracts which contain the right to a share in the profit, the insurance company or branch of a foreign insurance company can use the method taking into account future bonuses, their expected development and the current manner of the award of these bonuses.

(4) The method of calculating the amount of technical reserves within life assurance can not be changed because of changes in the basis for their calculation and the method used must be such that it is possible to unambiguously and provably specify the manner of dividing the profit throughout the entire period of duration of each insurance contract.

(5) The insurance company or the branch of a foreign insurance company is obliged to enable any person to acquaint with principles and methods used for the calculation of technical reserves within life assurance.

## **Article 25**

### **Technical reserve for unearned premium**

(1) Technical reserve for unearned premium is established within non-life insurance and within life assurance except of life assurances with single premium from that part of the required premium which is related to future accounting periods. Its amount is determined as the aggregate of technical reserves calculated according to the individual insurance contracts.

(2) If the technical reserve for unearned premium cannot be determined as the aggregate of technical reserves calculated according to the individual insurance contracts, actuarial methods shall be used to calculate its amount.

(3) The reserve for unsettled risks constitutes part of the technical reserve for unearned premium. The reserve for unsettled risks is established if the required premium related to the future accounting period is not sufficient for coverage of all claims from insurance events and costs that shall occur in the future period and that are related to the valid insurance contracts.

## **Article 26**

### **Technical reserve for the claim payments**

(1) The technical reserve for the claim payments is established within life assurance and non-life insurance and represents estimation of total costs resulting from settlement of all claim payments occurred to the end of the accounting period reduced by the already settled claim payments in relation to these occurrences and is intended for payment of claims from insured events

- a) reported and not settled,
- b) originated and not reported in the current accounting period.

(2) The amount of the technical reserve for the claim payments within life assurance and non-life insurance is calculated as the aggregate of technical reserves for the claim payments within life assurance and non-life insurance calculated for the individual insurance claims. If the amounts of the technical reserves for the claim payments within life assurance and non-life insurance cannot be calculated using the aforementioned method, actuarial methods shall be employed instead.

(3) The technical reserve for the claim payments within life assurance and non-life insurance also includes all expected costs related to the settlement of insurance claims.

(4) The amount of the technical reserve for the claim payments within life assurance and non-life insurance for those insurance claims which originated before the end of the

current accounting period, but were not reported to the insurance company, shall be calculated by means of actuarial methods.

(5) If within the individual classes of life assurances and non-life insurances the payment of insurance claims is provided in the form of pension, the technical reserve for the claim payments within life assurance and non-life insurance shall be created on the basis of actuarial methods.

#### **Article 27**

##### **Technical reserve for bonuses and discounts**

The technical reserve for insurance bonuses and discounts is established in life assurance and non-life insurance in accordance with the insurance contract and is aimed for provision of insurance bonuses and premium discounts. The technical reserve for insurance bonuses and discounts is calculated as the aggregate of technical reserves calculated from the individual insurance contracts.

#### **Article 28**

##### **The technical reserve for payment of the liabilities towards the Slovak Insurers' Bureau arising from the activities pursuant to a special regulation**

Within the non-life insurance an insurance company, an insurance company from other Member State and a branch of a foreign insurance company operating within the insurance class of the non-life insurance referred to in Annex No. 1 part B point 10a create the technical reserve for payment of the liabilities towards the Slovak Insurers' Bureau arising from the activities pursuant to a special regulation<sup>28)</sup> and this technical reserve is intended for the payment of liabilities arising from the activities pursuant to a special regulation,<sup>28)</sup> for which the Slovak Insurers' Bureau does not have created assets pursuant to Article 32 paragraph 1. The insurance company, insurance company from other Member State and the branch of the foreign insurance company shall create this reserve in the scope, in which they participate in the total liabilities arising from the activities pursuant to a special regulation.<sup>28)</sup>

#### **Article 29**

##### **Technical reserve for life assurance**

(1) The technical reserve for life assurance shall be established as the aggregate of technical reserves under individual contracts of life assurance and represents the value of future obligations of the insurance company or branch of a foreign insurance company within life assurance calculated by actuarial methods including shares in the profit or shares in the surplus of the insurance premium and the costs connected to the management of insurances after deduction of the value of future premium.

(2) When calculating technical reserves, zillmerising up to the amount of the acquisition costs calculated into the insurance premium in life assurance is authorised. Zillmerising is understood as the gradual amortization of the acquisition costs connected with life assurance during the payment of the insurance premium. For the calculation of technical reserves are used the same death rate charts and the same technical interest rate as for the calculation of the insurance premium rates.

(3) If the technical reserve has a negative value it shall be replaced by a zero.

(4) The maximum amount of the technical interest rate shall be defined in the Decree to be issued by the National Bank of Slovakia and published in the Collection of Laws.

(5) The maximum amount of the technical interest rate shall not apply to the products of the life insurance with single premium, if the period of insurance does not last more than five years.

(6) The total guaranteed improvement agreed on in the insurance contract may not at the date of conclusion of the insurance contract exceed the currently recorded yield realized in the previous calendar quarter from the placement of the means of technical reserves reduced by the appropriate deduction and calculated by the method verified by the responsible actuary.

### **Article 30**

#### **Technical reserve to cover risk arising from investment of means on behalf of the insured**

(1) The technical reserve to cover risk derived from investment of means on behalf of the insured shall be established within life assurance if the economic risk of the fluctuating character of yields or of the growth of the invested means of the insurance premium is carried exclusively by a person that has concluded an insurance contract with the insurance company or the branch of a foreign insurance company. This technical reserve is calculated as the current value of the finances invested in the name of the insured persons for all such insurance contracts within life assurance in accordance with insurance contracts.

(2) The additional technical reserve for coverage of death risk, management costs or other risks constitute part of the technical reserve for life assurance pursuant to Article 29.

### **Article 31**

#### **Technical reserve for settlement of extraordinary risks in the insurance class of non-life insurance**

(1) The technical reserve for settlement of extraordinary risks shall be established for the purpose of settlement of a technical deficit or above-average claim experience arising in the insurance class of non-life insurance referred to in Annex No. 1 part B point 14 in each financial year.

(2) The technical reserve for settlement of extraordinary risks shall be created from the technical profit of the insurance class of non-life insurance referred to in Annex No. 1 part B point 14 of the given accounting period and this in the amount 75 % of the technical profit, maximally 12 % of the written insurance premium reduced by the share of the reinsurer. The technical reserve for settlement of extraordinary risks shall be created as long as it shall reach the amount 150 % of the written insurance premium reduced by the share of the reinsurer for past five years.

(3) An insurance company and a branch of a foreign insurance company shall not be

obliged to create the technical reserve for settlement of extraordinary risks if the written premium in the insurance class of non-life insurance referred to in Annex No. 1 part B point 14 represents less than 4 % from the total written premium or the premium received from the aforementioned class is less than EUR 2,500,000.00.

## **Article 32**

### **Method of placement of the means of technical reserves**

(1) An insurance company, reinsurance company, branch of a foreign insurance company, branch of a foreign reinsurance company and the Slovak Insurers' Bureau may invest the means of technical reserves only in the following ways:

- a) buy bonds issued by the Slovak Republic or the National Bank of Slovakia, bonds for which the Slovak Republic has assumed guarantee, bonds issued by the Member States or central banks of these States or for which the Member States have assumed guarantee and bonds issued by the European Investment Bank, European Bank for Reconstruction and Development or the International Bank for Reconstruction and Development,
- b) buy bonds issued by banks or foreign banks with registered office in a Member State,
- c) buy exchequer bills or exchequer bills issued by the Member States,
- d) buy bonds accepted in the regulated market,
- e) buy shares accepted in the regulated market or subscribe for such shares,
- f) buy allotment certificates of closed share funds accepted in the regulated market,
- g) buy allotment certificates of open share funds or securities of foreign open subjects of collective investment,<sup>31)</sup>
- h) deposit on term accounts in banks<sup>14)</sup> or in foreign banks with registered office in a Member State,
- i) buy mortgage certificates or foreign mortgage certificates,
- j) buy deposit certificates or foreign deposit certificates,
- k) buy real estate in the territory of the Slovak Republic or in the territory of other Member States,
- l) provide loans to insured persons who have concluded insurance contracts within life assurance with the insurance company,
- m) provide loans or credits secured with a bank guarantee or a bank guarantee of a foreign bank with registered office in a Member State,
- n) buy bills of exchange secured with a bank guarantee and bills of exchange issued by a bank,
- o) buy other securities than those referred to in subparagraphs a) through g), i), j) and n), traded in a foreign stock exchange or in a different foreign regulated public market with securities in a Member State or in a Member State of the Organization for Economic Cooperation and Development,
- p) buy debenture bonds issued by a special purpose instrument,
- q) in a form of outstanding debts and other similar assets towards a reinsurance company or reinsurance company from another Member State and towards a foreign reinsurance company,
- r) buy other negotiable securities and instruments of the money market as referred to in subparagraphs a) through g), i), j), n) through p).

(2) The insurance company, reinsurance company, branch of a foreign insurance company and branch of a foreign reinsurance company are obliged to place the means of technical reserves in accordance with paragraph 1 only in the limits determined for the

individual method of their placement. The limits of the individual manners of the technical reserves means placement shall be defined in the Decree to be issued by the National bank of Slovakia and published in the Collection of Laws.

(3) The method of determining the value of securities and real estate in which the means of the technical reserves under paragraph 1 are placed shall be determined in the Decree to be issued by the National Bank of Slovakia and published in the Collection of Laws.

(4) The manner of placing the means of technical reserves according to paragraph 1 does not apply to the investment of the means of the technical reserve under Article 30.

(5) The insurance company, reinsurance company, branch of a foreign insurance company and branch of a foreign reinsurance company are obliged to maintain continuously the means of technical reserves placed under paragraph 1 at least in the amount of technical reserves created under this Act not reduced by a share of a reinsurer in these technical reserves.

(6) An insurance company and a branch of a foreign insurance company are obliged to place the means of technical reserves in matching assets in the amount which is minimally 80 % of their liabilities in given currency. This shall not apply if

- a) the assets in this currency does not exceed 7 % of the value of assets in other currencies, or
- b) liabilities are payable in a currency other than the currency of some of the Member States and under the legal order of the State, on behalf of which the means of the technical reserves should be placed, investment in this currency or dealing with this currency is limited, or if for other reasons this currency is not suitable for the placement of the means of technical reserves.

(7) A reinsurance company and a branch of a foreign reinsurance company are obliged to place the means of technical reserves in matching assets in the amount which is minimum 70 % of their liabilities in given currency.

(8) If the liability is to be covered with assets which are expressed in the currency of some of the Member States, this obligation is considered to be fulfilled if these assets are expressed in EUR.

(9) If the amount of payment of insurance claims within life assurance directly depends on the value of shares obtained by investments in open share funds or European funds<sup>32)</sup> or on the value of assets which form the fund of the insurance company or the branch of a foreign insurance company, the technical reserves which apply to this payment of insurance claims must be expressed in these shares, or if these shares are not specified in the assets of the fund of the insurance company or the branch of a foreign insurance company.

(10) If the amount of the payment of insurance claims within life assurance depends directly on the index of shares or on other value than the value under paragraph 9, the technical reserves related to this payment of the insurance claim must be expressed in shares which represent this value, or if these shares are not specified in assets which correspond with the assets from which this value is determined.

(11) Provisions of paragraphs 1 through 3, 6 through 8 do not apply to assets which are aimed to cover the liabilities from insurance contracts under paragraphs 9 and 10. This does not apply if the payment of insurance claims under paragraphs 9 and 10 includes a guaranteed yield or another guaranteed fulfilment.

### **Article 33**

#### **Levy of a part of the insurance premium**

(1) An insurance company, insurance company from another Member State and branch of a foreign insurance company is obliged to pay 8 % from the accepted premium from compulsory contractual motor vehicle third party liability insurance from the activity pursued in the territory of the Slovak Republic for the preceding calendar year to a special account of the Ministry of Interior of the Slovak Republic before the end of February of the given year. The insurance company, the insurance company from another Member State and the branch of a foreign insurance company shall be obliged to notify the National Bank of Slovakia and the Ministry of Finance of the Slovak Republic (hereinafter referred as the 'Ministry') in writing of the transfer of a part of the premium under the first sentence within three working days after the transfer at the latest.

(2) The Ministry of Interior of the Slovak Republic shall divide the means from a special account pursuant to the paragraph 1 after discussion with the Ministry to the fire units for payment of the costs connected with procurement of the material and technical equipment, its maintenance, service and operation and to the units of the Ministry of Interior of the Slovak Republic for payment of the costs connected with procurement of the technical means necessary for fulfilment of tasks connected with control of safety and smoothness of road traffic, clarification of reasons of road traffic accidents, and with building and equipment of coordinating centres of the integrated rescue system and operating centres of the emergency call and with building and procurement of technical equipment of emergency call operating centres of rescue health service to the end of June of the given year.

(3) The Ministry of Interior of the Slovak Republic is obliged to submit the summary of all means under the paragraph 2 drawn to 31 December of the given year to the Ministry to 15 February of the following year. The Ministry of Interior of the Slovak Republic is also obliged to publish the aforementioned settlement in accordance with a special regulation.<sup>33)</sup>

### **Article 34**

Solvency of an insurance company, solvency of a branch of a foreign insurance company, solvency of a reinsurance company and solvency of a branch of a foreign reinsurance company

(1) Solvency of an insurance company, branch of a foreign insurance company, reinsurance company or a branch of a foreign reinsurance company means the capacity to ensure the payment of the liabilities arising from the pursuing of insurance activity or reinsurance activity at each moment.

(2) In order to ensure the capacity to pay properly and on time the liabilities arising from insurance activity or from reinsurance activity, the insurance company or the reinsurance company is obliged to create and continuously maintain the actual solvency margin at least in

the amount of the required solvency margin.

(3) The required solvency margin is understood as the minimum value of the actual solvency margin calculated on the basis of the scope of insurance activity pursued by the insurance company or the scope of reinsurance activity pursued by the reinsurance company. The insurance company determines the required solvency margin separately for life assurance and separately for non-life insurance.

(4) The actual solvency margin means the value of own resources of the insurance company or the reinsurance company decreased by the following items:

- a) intangible property of the insurance company or the reinsurance company,
- b) own shares in the ownership of the insurance company or the reinsurance company,
- c) concern pursuant to Article 49 paragraph 5 subparagraph f) of the insurance company or the reinsurance company in another insurance company, insurance company from another Member State, foreign insurance company, reinsurance company, reinsurance company from another Member State, foreign reinsurance company, financial holding institution or another financial institution,
- d) financial instruments stipulated in paragraphs 7 and 9 that the insurance company or the reinsurance company has in its assets in relation to entities stipulated in subparagraph c).

(5) Own resources of the insurance company or the reinsurance company comprise:

- a) paid-up registered capital,
- b) statutory reserve fund and other funds not affected by the liabilities from insurance or reinsurance,
- c) unpaid loss or undistributed profit of previous years and loss or profit of the current period after the deduction of dividends destined for disbursement.

(6) The actual solvency margin of the insurance company or the reinsurance company may be formed by credits provided that the conditions stipulated in paragraph 7 are met, and by securities provided that the conditions stipulated in paragraph 9 are met, up to the maximum amount of 50 % of the lower of the values of the actual solvency margin or the required solvency margin, whereas at the most 25 % may consist of credits with a fixed maturity period and securities with a fixed maturity period.

(7) A credit may be included in the actual solvency margin provided that the following conditions are met:

- a) existing agreements based on which, in case of bankruptcy or liquidation of the insurance company or the reinsurance company, the credits shall be paid only after the satisfaction of all other creditors,
- b) the credit was actually provided in full amount,
- c) in case of credits with a fixed maturity period, the stipulated maturity period of the credit must be at least five years, whereas at the latest one year before the maturity day of the credit the insurance company or the reinsurance company must submit a plan to the National Bank of Slovakia for approval, on the basis of which the insurance company or the reinsurance company shall demonstrate that the actual solvency margin after the payment of the credit shall be at least in the amount of the required solvency margin; this shall not apply if the extent in which the credit may be included in the actual solvency margin has been decreasing by at least 20 % per year during the last five years before the maturity day of the credit,
- d) in case of credits without a fixed maturity period, at least the five-year notice period must be observed; this shall not apply if these credits do not form the actual solvency margin or if

the National Bank of Slovakia granted prior approval of a premature payment of the credit,  
e) the agreement on the credit does not contain a provision enabling the payment of the credit before the determined maturity under circumstances other than liquidation of the insurance company or the reinsurance company or without prior approval of the National Bank of Slovakia,

f) the agreement on the credit may be amended only upon prior approval of the National Bank of Slovakia.

(8) For a premature payment of the credit pursuant to paragraph 7 on the basis of a written application of the insurance company or the reinsurance company the National Bank of Slovakia may grant prior approval if there is no risk of a decrease of the actual solvency margin of the insurance company or of the actual solvency margin of the reinsurance company below the required solvency margin.

(9) Securities may be included in the actual solvency margin pursuant to paragraph 6 provided that the following conditions are met:

a) existing agreements based on which, in case of bankruptcy or liquidation of the insurance company or the reinsurance company, the credits shall be paid only after the satisfaction of all other creditors,

b) they may not be paid due to the initiative of the security holder or without prior approval of the National Bank of Slovakia,

c) the agreement or emission conditions enable the insurance company or the reinsurance company to postpone the payment of interests,

d) the agreement or emission conditions contain a provision on the ability to absorb losses of the insurance company or the reinsurance company,

e) securities were paid off.

(10) On the basis of a written application of the insurance company or the reinsurance company and upon prior approval by the National Bank of Slovakia the actual solvency margin may involve

a) hidden reserves resulting from the evaluation of assets, if these reserves are not of an extraordinary character,

b) the difference between the unzillmerised technical reserve for life assurance and the zillmerised technical reserve for life assurance or the partially zillmerised technical reserve for life assurance, if an insurance company performing life assurance is concerned,

c) one half of the unpaid registered capital, if at least 25 % of the registered capital have been paid, however only up to the amount of 50 % of the lower of the values of the actual solvency margin or the required solvency margin.

(11) The prior approval pursuant to paragraph 10 cannot be granted if the National Bank of Slovakia has reasonable doubts about the accuracy of the data indicated in the application for the granting of prior approval or if it considers them to be insufficiently proved.

(12) One third of the value of the required solvency margin shall constitute the guarantee fund. The minimal amount of the guarantee fund shall be determined in the Decree to be issued by the National bank of Slovakia and published in the Collection of Laws. The National Bank of Slovakia is authorised to modify the minimum amount of the guarantee fund on the basis of data published by the Statistical Office of the European Communities on the

European index of consumer prices including all Member States. The minimum amount of the guarantee fund shall be modified by the percentage change of that index if the value of such index increases minimally by 5 % from its last modification. The minimum amount of the guarantee fund shall be rounded to entire EUR 100,000.00.

(13) To an insurance company that pursues insurance activity for non-life insurance and that pursues also reinsurance activity for the non-life insurance applies the same minimal amount of the guarantee fund as to the reinsurance company provided that it shall meet at least one of the following conditions:

- a) received reinsurance premium exceeds 10 % of the total accepted insurance premium,
- b) accepted reinsurance premium exceeds EUR 50,000,000.00, or
- c) technical reserves created from the received reinsurance premium exceed 10 % of the total created technical reserves.

(14) The insurance company that pursues insurance activity for life assurance and that pursues also reinsurance activity for life assurance is obliged to create and continuously maintain an actual solvency margin at least in the amount of the required solvency margin with respect to liabilities resulting from reinsurance activity provided that it shall meet at least one of the following conditions:

- a) received reinsurance premium exceeds 10 % of the total accepted insurance premium,
- b) accepted reinsurance premium exceeds EUR 50,000,000.00, or
- c) technical reserves created from the received reinsurance premium exceed 10 % of the total created technical reserves.

(15) The guarantee fund consists of items pursuant to paragraphs 5 and 6; the assets at least in the amount of the guarantee fund must be placed according to the principles stipulated in Article 23 paragraph 8 subparagraphs a) and b).

(16) The provisions of the paragraphs 2 through 15 shall be equally applied to a branch of a foreign insurance company and to a branch of a foreign reinsurance company.

(17) A foreign insurance company which pursues insurance activity in the territory of the Slovak Republic through its branch is obliged to locate the assets constituting that part of the required solvency margin which applies to this insurance activity in the territory of the Slovak Republic, at least in the amount of the value of the guarantee fund and the remaining part in the territory of Member States, unless stipulated otherwise by this Act.

(18) The insurance company and the reinsurance company over which the supervision over a group is exercised under Article 49 paragraph 1 subparagraph a) is obliged to continuously create and maintain the modified solvency margin.

(19) The modified solvency margin of an insurance company and reinsurance company in a group means the capacity to ensure sustainable payment of liabilities arising from the concluded insurance contracts or reinsurance contracts.

(20) The controlling person shall prove the modified solvency margin on behalf of the insurance company and the reinsurance company in a group.

(21) The Decree to be issued by the National Bank of Slovakia and published in the Collection of Laws shall determine:

- a) a method of calculation, a manner and methodology of presenting of the actual solvency margin,
- b) a method of calculation, a manner and methodology of presenting of the required solvency margin,
- c) a time limit for presenting of the actual solvency margin and the required solvency margin,
- d) a method of calculation, a manner and methodology of presenting of the modified solvency margin,
- e) a time limit for presenting of the modified solvency margin,
- f) a definition of capital at risk and a method of calculation of capital at risk.

### **Article 35** **Insurance premium**

(1) An insurance company and a branch of a foreign insurance company are obliged to determine the amount of premium on the basis of actuarial methods in order that the premium amount shall ensure the permanent fulfilment of all liabilities of the insurance company and the branch of a foreign insurance company, including the establishing of sufficient technical reserves.

(2) The premium amount within each pursued insurance class referred to in Annex No. 1 must be determined in the manner that shall ensure the permanent fulfilment of all liabilities of an insurance company and a branch of a foreign insurance company resulting from pursuance of a given insurance class in accordance with paragraph 1.

(3) An insurance company and a branch of a foreign insurance company are obliged to collect and update the actuarial data and the statistical data related to the use of the criterion of a sex of a natural person as the determining actuarial factor for calculation of the premium amount and for calculation of the claim payment if their determination is based on the appropriate actuarial data and statistical data.

(4) An insurance company and a branch of a foreign insurance company shall be obliged to report the data under paragraph 3 for a calendar year to the National Bank of Slovakia at the latest to 31 March of the following calendar year. The content and the form of such report shall be determined in the Decree to be issued by the National Bank of Slovakia and published in the Collection of Laws.

(5) Upon the data submitted under paragraph 4 and upon further publicly available data the National Bank of Slovakia shall collect, regularly update and publish the actuarial data and the statistical data related to use of the criterion of a sex of a natural person as the determining actuarial factor.

### **Organization and management** **of an insurance company and reinsurance company**

### **Article 36**

(1) An insurance company and reinsurance company shall be obliged to adjust the organizational structure of the insurance company and reinsurance company so that they shall be able to ensure proper and safe pursuance of insurance activity and reinsurance activity and prevent occurrence of a conflict of interests within the insurance company and reinsurance company, and adjust the relationships between the Board of Directors, Supervisory Board, responsible actuary and the department of internal audit. The insurance company and reinsurance company shall be also obliged to divide and modify in their Articles of Association the powers and responsibility within the insurance company and reinsurance company concerning the matters of protection against legalisation of proceeds of crime and against terrorists financing.

(2) An insurance company, reinsurance company, branch of a foreign insurance company and branch of a foreign reinsurance company shall be obliged, adequately to the character, scope and complexity of the subject of their activity and the scope of provided services

- a) to implement, exercise and observe procedures of decision-making and organizational structure within which the relationships of subordination are specified unambiguously and provably and tasks and responsibilities are assigned with emphasis on the identification of the persons responsible for the pursuance of insurance activities and reinsurance activities within the insurance company, reinsurance company, branch of a foreign insurance company and branch of a foreign reinsurance company,
- b) to ensure that their competent persons shall be acquainted with procedures that must be followed for the proper fulfilment of their duties,
- c) to implement, exercise and maintain an adequate system of risk management and system of internal control to ensure compliance with decisions and procedures at all organizational levels,
- d) to employ staff having experience, knowledge and professional qualifications necessary for compliance with assigned duties,
- e) to keep proper records on their activity and internal organization.

(3) An insurance company, reinsurance company, branch of a foreign insurance company and branch of a foreign reinsurance company shall be obliged to implement, exercise and follow accounting methods enabling to submit immediately reports on their financial situation to the National Bank of Slovakia upon its request that shall correspond to real and true reflection of their financial situation and that shall be in accordance with valid accounting standards and rules.

(4) An insurance company, reinsurance company, branch of a foreign insurance company and branch of a foreign reinsurance company shall be obliged to monitor and regularly evaluate adequacy and effectiveness of their systems of internal control and management, procedures and measures implemented under paragraphs 1 through 3 and take measures for remedy of revealed deficiencies.

(5) An insurance company or reinsurance company shall provide the National Bank of Slovakia with a verified copy of the valid Articles of Association without undue delay after their any modification. An insurance company, reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company shall provide the National Bank of Slovakia with the information on the organisational structure without undue delay after any modification of the organisational structure.

(6) The organisational structure of the insurance company, reinsurance company, branch of a foreign insurance company and branch of a foreign reinsurance company must include a department of internal control; the tasks of the department of internal control is especially

- a) drawing up, exercising and observance of the plan of internal audit aimed at inspection and evaluation of adequacy and effectiveness of systems of internal control and management and internal acts of management,
- b) issuing of recommendations for elimination of deficiencies revealed upon results of activities pursued in accordance with subparagraph a),
- c) checking of fulfilment of recommendations for elimination of deficiencies issued under subparagraph b),
- d) submission of a report concerning the internal audit under paragraph 9.

(7) Internal audit may be performed by means of the department of internal audit.

(8) The Supervisory Board of the insurance company or reinsurance company shall be authorised to request the department of internal audit to perform internal audit of the insurance company or reinsurance company within the scope as defined by it.

(9) The department of internal audit shall be obliged to inform the Supervisory Board of the insurance company or reinsurance company, as well as the National Bank of Slovakia without undue delay on breach of the obligations of the insurance company or reinsurance company determined by generally binding legal regulations and on a fact which might affect proper pursuit of the insurance activity or reinsurance activity of the insurance company or reinsurance company.

(10) An insurance company, reinsurance company, branch of a foreign insurance company and branch of a foreign reinsurance company shall submit to the National Bank of Slovakia, by 31 March of a calendar year, a report on the results of the activity of the department of internal audit for the preceding calendar year, on the measures taken to eliminate the deficiencies revealed in the activity of the insurance company, reinsurance company, branch of a foreign insurance company and branch of a foreign reinsurance company and a plan of activity of the internal audit department for the following calendar year.

(11) The structure, scope and form for drawing up of the report on results of the activity of the internal audit department for the preceding calendar year and the plan of the activity of the internal audit department for the following year under paragraph 10 shall be determined in the Decree to be issued by the National Bank of Slovakia and published in the Collection of Laws.

(12) The person responsible for the performance of internal audit may not be a member of the Board of Directors, a member of the Supervisory Board or the proctor of the insurance company or reinsurance company whose employee he/she is.

(13) An insurance company, reinsurance company, branch of a foreign insurance company and branch of a foreign reinsurance company shall be obliged to ensure access of the persons responsible for performance of the internal audit to the information on their activities that the persons responsible for performance of the internal audit shall request in

connection with fulfilment of the duties under this Act.

(14) An insurance company, reinsurance company, branch of a foreign insurance company and branch of a foreign reinsurance company shall be obliged

- a) to implement, exercise and observe adequate strategies and procedures of management for identification of risks connected with their activities, procedures and systems,
- b) to take effective measures and apply effective procedures and mechanisms for management of risks connected with their activities, procedures and systems with regard to the risks they are exposed to,
- c) to monitor
  1. adequacy and effectiveness of their strategies and procedures of risk management,
  2. the level of compliance with measures, processes and mechanisms taken under subparagraph b),
  3. adequacy and effectiveness of the measures taken to remedy the deficiencies within these strategies and procedures, measures, processes and mechanisms, including the deficiencies consisting in their non-observance by competent persons.

(15) An insurance company and a branch of a foreign insurance company shall be obliged to accept a complaint concerning correctness and quality of their services in each their structural unit, in which is the acceptance of the complaint with respect to the type of provided services possible. If the complaint is not anonymous, the complainant shall be, in the case that the complainant is a natural person, obliged to provide in his/her complaint with his/her personal data, in particular the name, surname and permanent residence.

(16) An insurance company and a branch of a foreign insurance company shall be obliged to ensure acceptance of complaints concerning the correctness and quality of their services during the whole service hours.

(17) An insurance company and a branch of a foreign insurance company shall be obliged to implement and exercise effective and transparent procedures of adequate and prompt handling the complaints of clients or prospective clients and keep records on each complaint in the scope of the data under paragraph 15 and on measures taken for its solution.

(18) In the Decree to be issued by the National Bank of Slovakia and published in the Collection of Laws the National Bank of Slovakia shall determine

- a) details on organizational structure and system of management of an insurance company, reinsurance company, branch of a foreign insurance company and branch of a foreign reinsurance company,
- b) details on system of internal control, on activity and responsibility of the department of internal audit.

### **Article 37**

(1) An insurance company and a branch of a foreign insurance company shall be obliged

- a) to pursue their activity in the manner that takes into account and minimizes risks resulting from their activity,
- b) to pursue their activity with professional care in the interest of their clients,
- c) to provide a client clearly and intelligibly with information related to conclusion of an

insurance contract and draw a client's attention to important facts and risks related to conclusion of the insurance contract,

- d) not to use false or misleading information at promotion of their activity, not to conceal important facts and not to offer advantages whose reliability they are not able to ensure.

(2) An insurance company and a branch of a foreign insurance company shall be obliged upon request by the client or the National Bank of Slovakia to authentically prove that professional care has been exerted. The exertion of professional care involves, in particular that an insurance company and a branch of a foreign insurance company

- a) document the method of pursuing their activities, control the objectivity of the data archived and prevent the risk of own financial losses,
- b) analyze the economic profitability of the pursuit of their activities from available information.

(3) An insurance company and reinsurance company shall be obliged to regulate legal relationships with members of the Board of Directors in a contract subject to a special regulation<sup>34)</sup>. The head of the branch of a foreign insurance company or the head of the branch of a foreign reinsurance company shall be obliged to regulate their legal relationships with the foreign insurance company or foreign reinsurance company in a contract subject to a special regulation<sup>34)</sup>.

(4) The member of the Board of Directors, member of a Supervisory Board of an insurance company or reinsurance company, head of a branch of a foreign insurance company, head of a branch of a foreign reinsurance company, official receiver, deputy of the official receiver, the responsible actuary, the proctor, the chief executive managing the department of internal audit and managers are obliged to perform their activity

- a) in a manner that takes into account and minimises the risks resulting from their activity for the insurance company, branch of a foreign insurance company and their client, for the reinsurance company and a branch of a reinsurance company,
- b) in the interest of the insurance company, branch of a foreign insurance company and their clients, the reinsurance company and the branch of a foreign reinsurance company.

(5) A member of the Board of Directors is responsible for the real damage caused while discharging his/her office if he/she breaches duties of a member of the Board of Directors of an insurance company or reinsurance company resulting for him/her from generally binding legal regulations, charter and internal acts of management.

(6) A head of a branch of a foreign insurance company or a head of a branch of a foreign reinsurance company is responsible for the damage caused by breach of obligations resulting from generally binding legal regulations and from internal acts of management while discharging his/her office.

(7) An insurance company, reinsurance company, branch of a foreign reinsurance company and branch of a foreign reinsurance company may not to carry out legal acts on their own costs for the benefit of a member of the Board of Directors of the insurance company or reinsurance company, a member of the Supervisory Board of the insurance company or reinsurance company or a head of a branch of a foreign insurance company or branch of a foreign reinsurance company in connection with insurance of his/her liability for damages under paragraphs 5 and 6 or in connection with insurance for eventuality of his/her dismissal from office. If the insurance company, reinsurance company, branch of a foreign insurance

company or branch of a foreign reinsurance company dismisses these persons from office by reason of incredibility under Article 67 paragraph 9, it cannot pay them any agreed reward or reward declared in internal rules; the right for such reward shall become null and void on the date of dismissal.

(8) The Board of Directors and the Supervisory Board of the insurance company or reinsurance company are obliged to ensure that the damaged incurred to the insurance company or reinsurance company under paragraph 5 shall be enforced properly and on time.

### **Article 38**

(1) An insurance company, branch of a foreign insurance company, reinsurance company and branch of a foreign reinsurance company cannot pursue businesses which would not be realised with other clients regarding their character, purpose or risk with persons having a special relationship to it. An insurance company, branch of a foreign insurance company, reinsurance company and branch of a foreign reinsurance company shall be obliged to verify whether the person with which such business is realized has a special relationship to it before conclusion and realization of such business; such person shall be obliged to provide the insurance company, branch of a foreign insurance company, reinsurance company and branch of a foreign reinsurance company with true information that the insurance company, branch of a foreign insurance company, reinsurance company and branch of a foreign reinsurance company shall need for the purpose of such verification. The insurance company, branch of a foreign insurance company, reinsurance company and branch of a foreign reinsurance company shall be obliged to guarantee the truthfulness of the provided data in writing in the contract on such business by means of a sanction in the form of invalidity of conclusion of such contract.

(2) An insurance company, branch of a foreign insurance company, reinsurance company and branch of a foreign reinsurance company shall conclude contracts with persons under paragraph 1 only if a statutory body of the insurance company, reinsurance company or a head of the branch of a foreign insurance company or a branch of a foreign reinsurance company has decided on it with one assent based upon a written analysis of the business in question and the financial situation of the applicant. The person concerned by such decision shall be excluded from the process of the taking decision.

(3) Within thirty (30) days after the lapse of a calendar year each person referred to in paragraph 4 subparagraphs a), b), c) and f) and paragraph 5 subparagraphs a), b), c) and f) shall be obliged to provide an insurance company, branch of a foreign insurance company, reinsurance company and branch of a foreign reinsurance company in writing with all information necessary for detection of other persons having a special relationship towards the insurance company, branch of a foreign insurance company, reinsurance company and branch of a foreign reinsurance company based upon the relationship towards the informant. In the case of natural persons the name, surname, permanent residence and date of birth shall be provided. The insurance company, branch of a foreign insurance company, reinsurance company and branch of a foreign reinsurance company shall be obliged to elaborate the information obtained in such manner to the summary of persons with a special relationship towards it and submit the summary to the National Bank of Slovakia upon its request. The requirements of the information on persons having a special relationship towards the insurance company, branch of a foreign insurance company, reinsurance company and branch

of a foreign reinsurance company shall be defined in the Decree to be issued by the National Bank of Slovakia and published in the Collection of Laws.

(4) For the purpose of this Act the following persons shall be considered as the persons having a special relationship towards an insurance company and reinsurance company

- a) members of a statutory body of the insurance company and reinsurance company, chief executives of the insurance company and reinsurance company, other employees of the insurance company and reinsurance company designated in the Articles of Association of the insurance company and reinsurance company and the proctor of the insurance company and reinsurance company,
- b) members of the Supervisory Board of the insurance company and reinsurance company,
- c) the responsible actuary of the insurance company and the responsible actuary of the reinsurance company,
- d) persons controlling the insurance company and reinsurance company, members of statutory bodies of such legal persons and chief executives of such legal persons,
- e) persons close <sup>21)</sup> to members of the statutory body of the insurance company and reinsurance company, to members of the Supervisory Board of the insurance company and reinsurance company or to natural persons controlling the insurance company and reinsurance company,
- f) legal persons in which some of the persons referred to in subparagraphs a), b), c) or d) have qualified holdings,
- g) shareholders having qualified holdings in the insurance company and reinsurance company and a legal person being under their control or a legal person controlling them,
- h) legal persons being under the control of the insurance company and reinsurance company,
- i) members of Bank Board of the National Bank of Slovakia,
- j) an auditor or a natural person performing auditing activity in the insurance company and reinsurance company on behalf of an auditing company,
- k) a member of a statutory body of another insurance company and reinsurance company and a head of a branch of a foreign insurance company and branch of a foreign reinsurance company,
- l) during compulsory receivership an official receiver of the insurance company and reinsurance company, deputy of an official receiver and an involved expert adviser,
- m) persons having concluded legal relationship with the insurance company and reinsurance company that might lead to the occurrence of a qualified holdings in the insurance company and reinsurance company.

(5) For the purpose of this Act the following persons shall be considered as the persons having a special relationship towards a branch of a foreign insurance company and branch of a foreign reinsurance company

- a) a head of the branch of a foreign insurance company and a head of the branch of a foreign reinsurance company,
- b) members of a statutory body or a Supervisory Board of the foreign insurance company and foreign reinsurance company,
- c) the responsible actuary of a branch of a foreign insurance company and the responsible actuary of a branch of a foreign reinsurance company,
- d) persons controlling a foreign insurance company and foreign reinsurance company, members of statutory bodies of such legal persons,
- e) persons close <sup>21)</sup> to the persons referred to in subparagraph a) or subparagraph b) or to natural persons controlling a foreign insurance company and foreign reinsurance

- company,
- f) legal persons in which some of the persons referred to in subparagraphs a), b), c) or d) have a qualified holdings,
  - g) shareholders having qualified holdings in a foreign insurance company and foreign reinsurance company and a legal person being under their control or a legal person controlling them,
  - h) legal persons under a control of a foreign insurance company and foreign reinsurance company,
  - i) members of Bank Board of the National Bank of Slovakia,
  - j) an auditor or a natural person performing auditing activity in a branch of a foreign insurance company and branch of a foreign reinsurance company on behalf of an auditing company,
  - k) a head of another branch of a foreign insurance company and a head of another branch of a foreign reinsurance company and a member of a statutory body of an insurance company and reinsurance company.

### **Article 39 Conflict of interests**

A member of the Board of Directors or Supervisory Board or a proctor of the insurance company or the reinsurance company may not be

- a) a deputy of the National Council of the Slovak Republic, a member of the Government of the Slovak Republic or a State Secretary; a State Secretary can only be a member of the Board of Directors or the Supervisory Board of the insurance company or reinsurance company in the case when exercising the shareholder's rights of the State,
- b) a member of a body of the Supreme Audit Office or its employee, a member of a body of the National Bank of Slovakia or its employee, a person participating in exercising the supervision over insurance business,
- c) a member of the Board of Directors or the Supervisory Board or the proctor or an employee of other insurance company, insurance company from another Member State, foreign insurance company, other reinsurance company, reinsurance company from another Member State, foreign reinsurance company, supplementary pension company, bank, pension management company<sup>18)</sup> or securities dealer, proctor, employee or a chief executive of the branch of a foreign insurance company or the branch of a foreign reinsurance company, a member of a body of the Export and Import Bank of the Slovak Republic, a member of a body of a company pursuing insurance intermediation or reinsurance mediation pursuant to a special regulation;<sup>35)</sup> this shall not apply if this legal person has decisive control over the insurance company or reinsurance company,
- d) an insurance intermediary, an insurance intermediary from other Member State, a reinsurance intermediary, a reinsurance intermediary from other Member State, a responsible actuary, an employee of the central depository or of the stock exchange.

### **Article 40 Confidentiality**

(1) The members of the Board of Directors and of Supervisory Boards, employees of the insurance company, reinsurance company, branch of a foreign insurance company and branch of a foreign reinsurance company, proctors, liquidators, trustees, preliminary trustees

in bankruptcy and restructuring proceedings, composition proceedings or in proceedings on discharge from debts or supervising trustees performing supervising trusteeship, responsible actuaries, as well as other persons participating in their activities are obliged to maintain confidentiality of the facts they got to know in connection with their position or during the fulfilment of their professional duties and which are significant for the development of the financial market or have impact on the interests of its individual participants. The aforementioned persons shall be also obliged to maintain confidentiality concerning the data acquired under Article 47.

(2) The persons under paragraph 1 shall be obliged to maintain confidentiality of the activity of the insurance company, branch of a foreign insurance company, reinsurance company and branch of a foreign reinsurance company even after the termination of employment or other legal relation.

(3) It is not considered as a breach of the duty of confidentiality under paragraph 1 if the information is provided

- a) to the National Bank of Slovakia while exercising supervision in accordance with a special law,<sup>2)</sup>
- b) to a court for the purpose of a civil proceeding if a participant of the proceeding is a client of the insurance company, reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company, if the subject of the proceeding is the property of a client of the insurance company,<sup>36)</sup> reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company, if a participant of a proceeding is an insurance intermediary or reinsurance intermediary who mediated insurance or reinsurance with the client of the insurance company or reinsurance company,
- c) to a law enforcement body or a court for the purpose of criminal proceedings,<sup>37)</sup>
- d) to tax bodies in cases of tax proceedings,<sup>38)</sup> if a participant of the proceedings is an insurance company or reinsurance company, policyholder or insured person,
- e) to a service of the criminal police, service of the border police, service of the alien police and a service of the financial police of the Police Force for the purpose of the fulfilment of duties prescribed by a special law,<sup>39)</sup>
- f) to the Slovak Information Service for the purpose of the fulfilment of duties prescribed by a special law,<sup>40)</sup>
- g) to a judicial executor charged with performing execution under a special law,<sup>41)</sup>
- h) to a trustee or preliminary trustee in bankruptcy proceedings, restructuring proceedings, settlement proceedings, or in proceedings to discharge from debts, or to a supervising trustee performing supervising trusteeship if the property of a client of the insurance company, insurance company from other Member State, reinsurance company, reinsurance company from another Member State, branch of a foreign insurance company or a branch of a foreign reinsurance company is subject to bankruptcy proceedings, restructuring proceedings, composition proceedings or proceedings to discharge from debts, or on which the supervising trusteeship pursuant to a special regulation has been instituted,<sup>11)</sup>
- i) to auditors who control financial statement of the insurance company, branch of a foreign insurance company, reinsurance company or a branch of a foreign reinsurance company and to authorities performing supervision over these auditors,
- j) to the competent supervisory authority of another Member State in the case of an insurance contracts concluded by an insurance company in the territory of the appropriate Member State or in the case of reinsurance contracts concluded by a reinsurance company

in the territory of the appropriate Member State.

(4) The exchange of information shall not be considered as a breach of the duty of nondisclosure under paragraph 1 if done between

- a) insurance companies, insurance companies from other Member State, branches of foreign insurance companies, reinsurance companies, reinsurance companies from other Member State, branches of foreign reinsurance companies if this involves mutual exchange of information related to insurance contracts concluded by a person in the case of
  1. a suspicion that false or incomplete data have been provided,
  2. investigation necessary to determine the extent of an obligation of an insurance company, insurance company from other Member State, branch of a foreign insurance company, reinsurance company, reinsurance company from another Member State and a branch of a foreign reinsurance company to provide payment of claims,
  3. discharge of an insurance contract by reason of failure to pay premium;
- b) the National Bank of Slovakia if it was provided with information under paragraph 3 subparagraph a), and
  1. the supervisory authorities of other Member States or authorities of the supervision of financial institutions of other Member States,
  2. persons from other Member State or from a State not being a Member State which participate in the bankruptcy or liquidation of an insurance company from other Member State or a foreign reinsurance company from other Member State, and the bodies exercising supervision over such persons,
  3. auditors from other Member States or from States other than Member States auditing financial statements of an insurance company from another Member State, reinsurance company from another Member State and financial institutions having their registered office in other Member States, and the bodies exercising supervision over such auditors,
  4. persons from other Member States that pursue the activity of a responsible actuary and bodies exercising supervision over them,
  5. courts for examination of decisions given by the National Bank of Slovakia under a special law.<sup>2)</sup>

(5) At disclosure, provision and exchange of the information under paragraphs 1 through 4 and Article 47 an insurance company, branch of a foreign insurance company, reinsurance company and a branch of a foreign reinsurance company shall not provide, without consent of the Slovak Information Service, the datum about belonging of a person to the Slovak Information Service or the datum about the property in the ownership of the Slovak Information Service.

(6) The National Bank of Slovakia is authorised to use the information obtained under paragraph 4 only for the purposes for which it was provided. The National Bank of Slovakia is authorised to provide the information obtained under paragraph 4 to other persons only upon consent of those entities under paragraph 4 that provided it.

(7) The provisions of paragraphs 1 through 6 shall be without prejudice to the duty imposed by a special law<sup>42)</sup> to prevent or report the commission of a criminal offence.

## **Business documentation**

## Article 41

(1) An insurance company, branch of an insurance company from another Member State, branch of a foreign insurance company, reinsurance company, branch of a reinsurance company from another Member State and a branch of a foreign reinsurance company shall be obliged to keep accounts of the state and movement of the assets and liabilities, costs and revenues and profit or loss in accordance with a special regulation.<sup>43)</sup> A financial statement of the insurance company, reinsurance company, branch of a foreign insurance company and branch of a foreign reinsurance company must be verified by an auditor or by an auditing company.

(2) If an insurance company under Article 4 paragraph 8 subparagraph b) performs both life assurance and non-life insurance, it shall be obliged

- a) to establish a separate management from the personnel-related and organizational viewpoints for life assurance and non-life insurance; a separate management must be arranged in such a way that no damage of the interests of the insured persons within individual insurance types may occur, in particular so that the yields within the given insurance type are used only for the benefit of the persons insured within that insurance type and that the actual solvency margin in each insurance type is met,
- b) to keep separate analytical records for the individual insurance types so that total costs and revenues are kept separately for life assurance and separately for non-life insurance so that the economic result for each activity could be identified separately; the items of analytical record-keeping common for both insurance types shall be divided proportionally according to the share of life assurance and the share of non-life insurance in the insurance activity,
- c) to indicate in the comments of the financial statements the data separately for each insurance type in the scope determined by a Decree issued by the National Bank of Slovakia in accordance with special regulations.<sup>30)</sup>

(3) If an insurance company and a branch of a foreign insurance company under Article 4 paragraph 13 performs at the same time both life assurance and non-life insurance, it shall be obliged

- a) to pursue insurance activities and reinsurance activities so that the interests of persons insured within the individual insurance types and persons reinsured within the individual insurance types would not be injured, in particular so that the revenues in the appropriate insurance type shall be used only to the benefit of the insured persons and the revenues in the appropriate reinsurance type shall be used only to the benefit of the reinsured persons,
- b) to keep separate analytical records so that total costs and revenues are kept separately for insurance activity and separately for reinsurance activity so that the economic result for each activity could be identified separately; the items of the analytical record-keeping common for insurance activity and reinsurance activity shall be divided proportionally according to the share of reinsurance activity in the activity of an insurance company,
- c) to indicate in the comments of the financial statements the data separately for insurance activity and for reinsurance activity in the scope determined in the Decree issued by the National Bank of Slovakia in accordance with special regulations.<sup>30)</sup>

(4) An insurance company and reinsurance company that perform at the same time reinsurance activity for the insurance type life assurance and for the insurance type non-life insurance shall be obliged to keep separate analytical records for the individual insurance types.

(5) An insurance company, reinsurance company, branch of a foreign insurance company and a branch of a foreign reinsurance company are obliged to notify the National Bank of Slovakia in writing of the auditor or auditing company which has been assigned to audit financial statements upon approval by the general assembly of the insurance company or reinsurance company, namely until 30 June or until a half of the accounting period for which the audit is to be performed. If the National Bank of Slovakia doubts on the impartiality and qualification of the proposed auditor or auditing company it is authorized to reject the choice of the auditor or auditing company to 31 July or within seven months from the beginning of the accounting period after delivery of such notification. Within thirty (30) days after the entry into force of the decision on the rejection of the auditor or auditing company, the insurance company, reinsurance company, branch of a foreign insurance company and a branch of a foreign reinsurance company shall be obliged to inform the National Bank of Slovakia in writing of the new auditor or auditing company approved by the general assembly of the insurance company or reinsurance company. If the National Bank of Slovakia rejects also the selection of the other auditor or auditing company, the National Bank of Slovakia shall decide which auditor or auditing company shall make financial statements of the insurance company or reinsurance company.

(6) The National Bank of Slovakia shall be obliged to order performance of an exceptional audit if it reveals deficiencies in the financial statement under paragraph 1 verified by an auditor or auditing company. An insurance company, branch of a foreign insurance company, reinsurance company or a branch of a foreign reinsurance company shall be obliged to notify the National Bank of Slovakia in writing of the auditor or auditing company which shall perform the exceptional audit within thirty (30) days from the date of the order to perform the exceptional audit. Such auditor or auditing company must be a person different from the auditor or auditing company that audited the financial statements under paragraph 1.

## **Article 42**

(1) An insurance company, branch of a foreign insurance company, reinsurance company and a branch of a foreign reinsurance company shall also draw up preliminary financial statements as at the last day of a calendar quarter-year.

(2) As from the date of adoption of the currency euro in the Slovak Republic, an insurance company, reinsurance company, branch of a foreign insurance company and a branch of a foreign reinsurance company shall be obliged to convert the assets and liabilities expressed in a foreign currency to the Euros on a daily basis according to the exchange rate determined and announced by the European Central Bank valid at that day.

(3) The auditor or auditing company verifying financial statements of the insurance company, reinsurance company, branch of a foreign insurance company or a branch of a foreign reinsurance company shall be obliged to inform the National Bank of Slovakia without undue delay of

- a) a breach of the obligations resulting from the laws and other generally binding legal regulations by an insurance company, branch of a foreign insurance company, reinsurance company and a branch of a foreign reinsurance company,
- b) the facts that may affect the proper pursuit of the insurance activity or reinsurance activity,

- c) the facts that may lead to the expression of objections to the financial statements,
- d) the facts that may lead to rejection of performance of the audit.

(4) The provision of paragraph 3 shall also apply equally to the auditor or auditing company verifying the financial statements of the persons which form together with the insurance company or reinsurance company a group with close links.

(5) An auditor or auditing company shall be obliged to provide the National Bank of Slovakia upon its written request with details of the facts under paragraph 3 and with other information and details found out during performance of their activity in an insurance company, reinsurance company, branch of a foreign insurance company or a branch of a foreign reinsurance company.

(6) An insurance company, reinsurance company, branch of a foreign insurance company and a branch of a foreign reinsurance company are obliged to ensure protection of data electronic processing and saving against misuse, destruction, damage, theft or against a loss.

## **Duty to report**

### **Article 43**

(1) An insurance company, branch of a foreign insurance company, reinsurance company and a branch of a foreign reinsurance company are obliged to submit to the National Bank of Slovakia a report on its business management for the first half of the accounting period (hereinafter referred to as the 'bi-annual report') within two months following the end of the half of the accounting period at the latest<sup>43</sup>), and to submit to the Ministry and to the National Bank of Slovakia the annual report on its business management (hereinafter referred to as 'the annual report') within three months following the elapse of the accounting period at the latest.

(2) The annual report shall contain

- a) financial statements verified by an auditor or auditing company, including the auditorial report to such financial statements and the consolidated financial statements, if drawn up.
- b) the report on the financial situation containing in particular a review of the accepted bank credits and other credits and data on their maturity divided into short-term and long-term ones, as well as other data influencing the financial situation of the insurance company or reinsurance company,
- c) a proposal for profit distribution,
- d) information on the expected economic and financial situation in the forthcoming accounting period,
- e) detailed information regarding the verification of the sufficiency of technical reserves using the test of liability adequacy<sup>30</sup>) and regarding the evaluation of the results of the test of liability adequacy,
- f) the list of recommendations by the auditor if such recommendations have been drawn up.

(3) Based on a written request of an insurance company, branch of a foreign insurance company, reinsurance company or a branch of a foreign reinsurance company the National Bank of Slovakia may prolong the time limit for submission of the financial statement

verified by an auditor or auditing company. An insurance company, branch of a foreign insurance company, reinsurance company or a branch of a foreign reinsurance company is obliged to submit to the Ministry and to the National Bank of Slovakia auditor's report or the auditing company's report without undue delay after having received such report.

(4) The bi-annual report shall contain

- a) financial statements for the past half of the accounting period and auditor's statement or the auditing company's statement if the financial statements have been verified by an auditor or by an auditing company,
- b) a report on the financial situation to the extent under paragraph 2 subparagraph b) for the past half of the accounting period,
- c) detailed information regarding the verification of the sufficiency of technical reserves using the test of liability adequacy<sup>30)</sup> and regarding the evaluation of the results of the test of liability adequacy,
- d) updating of the information on the expected economic and financial situation in the current accounting period submitted in the annual report for the preceding accounting period.

(5) An insurance company, branch of a foreign insurance company, reinsurance company or a branch of a foreign reinsurance company are obliged to inform the National Bank of Slovakia without undue delay of any change in its financial situation or other facts that could endanger its capacity to fulfil the obligations arising from the insurance activity or reinsurance activity pursued.

(6) An insurance company, reinsurance company, a branch of a foreign insurance company and a branch of a foreign reinsurance company are obliged to submit to the National Bank of Slovakia the data from the accounting records and the statistical records in the form of statements, reports or reviews in the manner as prescribed and before the determined deadlines; such submission of data is not considered to be a breach of the duty of non-disclosure under Articles 40 and 47. The scope, manner and deadlines for the submission of the data from the accounting records and the statistical records shall be laid down by a Decree to be issued by the National Bank of Slovakia and published in the Collection of Laws.

(7) The data under paragraph 6 and other information indicated in the statements, reports and other information must be understandable, transparent, and provable, must provide a truthful image of the reported facts and must be submitted on time. If the statements, reports and other information are not submitted in the manner prescribed or if reasonable doubts about their accuracy or completeness arise, the insurance company, reinsurance company, branch of a foreign insurance company and branch of a foreign reinsurance company shall be obliged upon request by the National Bank of Slovakia to submit required materials and give explanation within the time limit set out by it.

(8) An insurance company and reinsurance company are obliged to inform the National Bank of Slovakia separately of the results of the insurance activity and reinsurance activity pursued by its branch in the respective Member State and separately of the results of the insurance activity and reinsurance activity pursued on the basis of the right of free provision of services in the respective Member State. Based on the request of the competent supervisory authority of a Member State the National Bank of Slovakia shall be obliged to send it such information in a summary form.

(9) An insurance company, branch of a foreign insurance company, reinsurance company or a branch of a foreign reinsurance company are obliged to inform the National bank of Slovakia about a change of the accounting period in writing without undue delay.

(10) An insurance company, branch of a foreign insurance company, reinsurance company and a branch of a foreign reinsurance company are obliged to submit a bi-annual report and annual report to the National Bank of Slovakia free of charge, completely, correctly, truthfully and on time; specification of their structure, scope, content, form, structuring, manner, procedure and place of submission, including of the methodology for their drawing up may be determined by a Decree to be issued by the National Bank of Slovakia and published in the Collection of Laws; such provision of data shall not be considered as breach of the duty of secrecy under Article 47.

#### **Article 44**

(1) A person with its registered office in the territory of the Slovak Republic or with its permanent residence in the territory of the Slovak Republic, which has decided to decrease its direct or indirect share in the registered capital of the insurance company or reinsurance company or in the voting rights in the insurance company or reinsurance company so that it will for the first time get under the limit of 50 %, 33 %, or under 20 % of the share in the registered capital of the insurance company or reinsurance company or in the voting rights in the insurance company or reinsurance company directly or by action in concert,<sup>29)</sup> or the insurance company or reinsurance company shall stop being its subsidiary, must notify the National Bank of Slovakia thereof in writing in advance.

(2) A person with its registered office in the territory of the Slovak Republic or with its permanent residence in the territory of the Slovak Republic, which has decided to decrease its direct or indirect share in the registered capital of the insurance company from another Member State or reinsurance company from another Member State or in the voting rights in the insurance company from another Member State or reinsurance company from another Member State so that it will for the first time get under the limit of 50 %, 33 %, or under 20 % of the share in the registered capital of the insurance company or reinsurance company or in the voting rights in the insurance company or reinsurance company directly or by action in concert,<sup>29)</sup> or the insurance company or reinsurance company shall stop being its subsidiary, must notify the competent supervisory authority of the other Member State thereof in advance.

(3) A notification under paragraph 1 must contain the following data:

- a) the name, surname, birth registration number and place of permanent residence of the natural person under paragraph 1 or the commercial name, registered office and identification number of a legal person under paragraph 1,
- b) the scope in which the person wants to decrease the share in the registered capital of the insurance company or reinsurance company under paragraph 1.

(4) The insurance company or reinsurance company is obliged to notify the National Bank of Slovakia of any change in its registered capital which will lead to exceeding the 20 %, 33 % or 50 % share in the registered capital of the insurance company or reinsurance company or in the voting rights in the insurance company or reinsurance company of one person or more persons acting in concert,<sup>29)</sup> or the insurance company or reinsurance

company shall become a subsidiary, without undue delay at the latest within ten days of the date of having learnt of these facts.

(5) The insurance company or reinsurance company is obliged to notify the National Bank of Slovakia of any change in its registered capital which will lead to decreasing of the share in the registered capital of the insurance company or reinsurance company or in the voting rights in the insurance company or reinsurance company of one person or more persons acting in concert <sup>29)</sup> so that it will for the first time get under the limit of 50 %, 33 %, or 20 % or the insurance company or reinsurance company shall stop being a subsidiary without undue delay at the latest within ten days of the date of having learnt of these facts.

(6) For the purposes of supervision an insurance company or reinsurance company shall be obliged to make a list of its shareholders according to the state as at 31 March, 30 June, 30 September and 31 December and submit it to the National Bank of Slovakia always by the end of the subsequent calendar month. The insurance company or reinsurance company shall be obliged to submit the list of its shareholders according to the state as at 31 December also to the Ministry by the end of the subsequent calendar month. If the shareholder is a natural person, such list shall contain personal data of the shareholder, in particular the name, surname, title and permanent residence and it must contain at least the data about the share in the registered capital and about the share in the voting rights.

## **Article 45**

### **Prior approval of the National Bank of Slovakia**

- (1) Prior approval by the National Bank of Slovakia constitutes a condition for
- a) obtaining or exceeding a share in the registered capital of the insurance company or reinsurance company or the voting rights in the insurance company or reinsurance company so that it will for the first time exceed the limit of 20 %, 33 % or 50 % of the share in the registered capital of the insurance company or reinsurance company or in the voting rights in the insurance company or reinsurance company directly or by action in concert <sup>29)</sup> or it shall become a subsidiary insurance company,
  - b) decreasing the registered capital of the insurance company or reinsurance company unless this regards a reduction of the registered capital as a consequence of a negative accounting balance,
  - c) the election of the person proposed for a member of the Board of Directors, for the proctor of the insurance company or reinsurance company, the proctor and head of the branch of a foreign insurance company, or the proctor and head of the branch of a foreign reinsurance company; prior approval by the National Bank of Slovakia is a condition for the election of the same persons into the same functions for the immediate following term of office,
  - d) the merger or consolidation of the insurance company or reinsurance company,
  - e) returning of authorisation to pursue insurance activity or reinsurance activity,
  - f) sale of an undertaking of an insurance company or reinsurance company, branch of a foreign insurance company or a branch of a foreign reinsurance company or its part, <sup>26)</sup>
  - g) the inclusion of items under Article 34 paragraph 10 and Article 94 paragraph 4 into the actual solvency margin of the insurance company or the branch of a foreign insurance company or the reinsurance company or the branch of a foreign reinsurance company,
  - h) the pursuit of insurance intermediation and other intermediary activities for financial institutions in compliance with special regulations, <sup>12)</sup>

- i) premature payment of the credit pursuant to Article 34 paragraph 7,
- j) change of the credit pursuant to Article 34 paragraph 7,
- k) payment of securities without given maturity pursuant to Article 34 paragraph 9,
- l) establishment of other technical reserve under Article 23 paragraph 3.

(2) To the issuance of prior approval by the National Bank of Slovakia

- a) under paragraph 1 subparagraph a) the conditions referred to in Article 5 paragraph 2 subparagraph g) or in Article 7 paragraph 2 subparagraph g) shall apply for the acquirer of a share equally,
- b) under paragraph 1 subparagraph c) the condition referred to in Article 5 paragraph 2 subparagraph d) or in Article 7 paragraph 2 subparagraph d) shall apply equally,
- c) under paragraph 1 subparagraph d) the conditions referred to in Article 5 paragraph 2 subparagraphs c), e), f) and g), in Article 7 paragraph 2 subparagraphs c), e), f) and g), in Article 8 paragraph 2 subparagraphs d), e), f) and g) or in Article 9 paragraphs d), e), f) and g) shall apply equally,
- d) under paragraph 1 subparagraph f) the conditions referred to in Article 5 paragraph 2 subparagraphs a), c), e), f), g) and i), in Article 7 paragraph 2 subparagraphs a), c), e), f), g) and i), in Article 8 paragraph 2 subparagraphs d), e), f) and g) or in Article 9 paragraphs d), e), f) and g) shall apply equally.

(3) In order to issue prior approval under paragraph 1 subparagraphs a), d) and f) the transparent and trustworthy origin, sufficient volume and suitable structure of the financial means to perform the act for which the granting of prior approval is required must be also proved.

(4) The provisions of paragraph 1 subparagraphs a), b), d), e) and f) shall be without prejudice to the provisions of a special regulation.<sup>44)</sup>

(5) The request for the granting of prior approval

- a) under paragraph 1 subparagraph a) shall be submitted by persons which have decided to acquire a share in the registered capital of the insurance company or reinsurance company,
- b) under paragraph 1 subparagraph b) shall be submitted by an insurance company or reinsurance company,
- c) under paragraph 1 subparagraph c) shall be submitted by an insurance company or reinsurance company, a branch of a foreign insurance company or branch of a foreign reinsurance company or a shareholder of the insurance company or a shareholder of the reinsurance company,
- d) under paragraph 1 subparagraph d) shall be submitted by the legal persons which are merging or consolidating or the insurance company or reinsurance company which is being divided,
- e) under paragraph 1 subparagraph e) shall be submitted by an insurance company, reinsurance company, foreign insurance company or foreign reinsurance company,
- f) under paragraph 1 subparagraph f) shall be submitted jointly by the insurance company or reinsurance company, the foreign insurance company or foreign reinsurance company and the person which acquires the insurance company or reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company or its part,
- g) under paragraph 1 subparagraph g) through l) shall be submitted by the insurance company, branch of a foreign insurance company, reinsurance company or a branch of a foreign reinsurance company.

(6) The elements of the request for the granting of the prior approval under paragraph 1 shall be specified in a Decree to be issued by the National Bank of Slovakia and published in the Collection of Laws.

(7) If the acquirer of a share in the registered capital of the insurance company or reinsurance company or in the voting rights referred to in paragraph 1 subparagraph a) is an insurance company from another Member State, reinsurance company from another Member State, foreign bank with its registered office in other Member State, a foreign securities dealer with its registered office in other Member State, the parent company of an insurance company from another Member State or a reinsurance company from another Member State or a person controlling such persons, and if as a result of the acquisition of a share under paragraph 1 subparagraph a) by such person the insurance company or the reinsurance company became a subsidiary of such person or it passes under the control of such person, the National Bank of Slovakia shall be obliged to consult the granting of prior approval under paragraph 1 subparagraph a) with the competent supervisory authorities of other Member State under Article 11.

(8) The National Bank of Slovakia shall take decision on the request for prior approval under paragraph 1 subparagraph c) within thirty (30) days of its delivery.

(9) In the decision on the granting of prior approval, the National Bank of Slovakia shall, with the exception of a decision on the granting of prior approval under paragraph 1 subparagraph e), determine the time limit within which the act for which prior approval by the National Bank of Slovakia has been granted; such time limit may not be shorter than six months. If the act for which prior approval by the National Bank of Slovakia has been granted is performed after the expiry of the time limit determined in the decision of the National Bank of Slovakia, it shall be invalid.

(10) If as a result of the acquisition of a share in accordance with paragraph 1 the insurance company or reinsurance company became part of a financial conglomerate which involves also a mixed financial holding company, the granting of prior approval by the National Bank of Slovakia shall be conditioned also by proving the credibility and professional competence of natural persons which are members of a statutory body or shareholders controlling the mixed financial holding company, and the suitability of the shareholders controlling the mixed financial holding company.

#### **Article 46**

##### **The responsible actuary**

(1) The insurance company and the branch of a foreign insurance company are obliged to have the responsible actuary to confirm the accuracy

- a) of the calculation of insurance rates and their adequacy,
- b) of deciding on the amount of technical reserves and their placement,
- c) of the calculation of the required solvency margin,
- d) of the division of the yields from the investment of the financial means on behalf of the insured within life assurance between the insurance company or the branch of a foreign insurance company and the policyholder, insured person or another beneficiary,
- e) of the use of actuarial method for the calculation of insurance rates within non-life insurance,

f) of the use of actuarial methods for the calculation of the amount of technical reserves in life assurance and non-life insurance.

(2) The reinsurance company and the branch of a foreign reinsurance company are obliged to have the responsible actuary to confirm the accuracy

- a) of the calculation of reinsurance rates and their adequacy,
- b) of deciding on the amount of technical reserves and their placement,
- c) of the calculation of the required solvency margin,
- d) of the use of actuarial method for the calculation of reinsurance rates within non-life insurance,
- e) of the use of actuarial methods for the calculation of the amount of technical reserves.

(3) Upon request by the National Bank of Slovakia, the responsible actuary shall draw up an explanatory report to the data under paragraph 1 or paragraph 2 and submit it to the National Bank of Slovakia and to the Board of Directors of the insurance company or reinsurance company or the head of the branch of a foreign insurance company or the head of the branch of a foreign reinsurance company.

(4) The selection of the responsible actuary of the insurance company, branch of a foreign insurance company or reinsurance company, branch of a foreign reinsurance company shall be approved by the Supervisory Board of the insurance company, foreign insurance company, reinsurance company or foreign reinsurance company from among the natural persons entered in the register of actuaries kept by the National Bank of Slovakia. The insurance company, branch of a foreign insurance company, reinsurance company and branch of a foreign reinsurance company are obliged to have a responsible actuary permanently throughout the entire period of pursuing their activities. The insurance company and branch of a foreign insurance company that pursues life assurance and non-life insurance at the same time may have an independent responsible actuary for the life assurance and independent responsible actuary for the non-life insurance. A reinsurance company and branch of a foreign reinsurance company that pursues reinsurance of life assurance and non-life insurance at the same time may have an independent responsible actuary for reinsurance of the life assurance and independent responsible actuary for reinsurance of the non-life insurance.

(5) A natural person is only authorised to perform the activity of a responsible actuary if entered in the register of actuaries. Upon request, the National Bank of Slovakia shall enter a natural person in the register of actuaries if he/she

- a) completed full university education of economic, scientific or technical orientation,
- b) has minimum three years of professional practice in the field of insurance mathematics;
- c) passed an exam to qualify for an actuary successfully ,
- d) is credible under Article 3 subparagraph a).

(6) A natural person shall indicate in the request under paragraph 5 the name, surname, birth registration number and permanent residence. Documents proving the fulfilment of the conditions under paragraph 5 form an annex to the request.

(7) The National Bank of Slovakia shall decide on the request under paragraph 5 within thirty (30) days from the submission of the request.

(8) The National Bank of Slovakia shall not enter in the register of actuaries a natural person if he/she does not meet the conditions referred to in paragraph 5.

(9) The register of actuaries contains the name, surname and permanent residence of the natural person.

(10) The actuary is obliged to notify the National Bank of Slovakia without undue delay of any change of the facts under paragraph 5 subparagraph d) and of the data under paragraph 9.

(11) The National Bank of Slovakia shall expunge the actuary from the register of actuaries if he/she seriously breaks the duties determined by this Act or no longer meets the conditions under paragraph 5. Such person may not be repeatedly entered in the register of actuaries for the period of ten years of the date when the National Bank of Slovakia expunged such person from the register. The National Bank of Slovakia shall communicate in writing its decision to expunge the actuary holding the position of a responsible actuary from the register of actuaries to the insurance company, branch of a foreign insurance company, reinsurance company or branch of a foreign reinsurance company for which such person performs the duties of a responsible actuary within five days of the effective date of the decision.

(12) The National Bank of Slovakia shall publish the register of actuaries every half-year in the Journal of the National Bank of Slovakia.

(13) The qualification examination under paragraph 5 subparagraph c) shall be provided by the National Bank of Slovakia or by a legal person commissioned by it. The applicant shall have to pay a fee for taking qualification examination which shall not be returned in the case of failure. The fee for taking qualification examination is a source of income of the National Bank of Slovakia. If the qualification examination is provided by a legal person commissioned by the National Bank of Slovakia, the fee for taking qualification examination is a source of income for such person.

(14) The content of an exam to qualify for an actuary, the manner of its taking, the amount of the fee for its performing and other details about the qualification examination shall be determined by a Decree to be issued by the National Bank of Slovakia and published in the Collection of Laws.

(15) The insurance company, reinsurance company, branch of a foreign insurance company and branch of a foreign reinsurance company shall be obliged to provide the responsible actuary with access to information on their activities which the responsible actuary requests in connection with the performance of his/her duties under this Act.

(16) The responsible actuary, when deficiencies in the management of the insurance company or reinsurance company related to the pursuit of the activity of the responsible actuary under this Act have been revealed, shall be obliged to propose measures for the elimination of such deficiencies to the Board of Directors of the insurance company or reinsurance company. The responsible actuary shall have the same duty towards the head of the branch of a foreign insurance company or the head of the branch of a foreign reinsurance company when deficiencies in the management of the branch of a foreign insurance company or the branch of a foreign reinsurance company have been revealed. If such measures have not been taken and further development of the management of the insurance company, reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company endangers the capacity of the insurance company, reinsurance company,

foreign insurance company or foreign reinsurance company to meet the obligations arising from the insurance activity or reinsurance activity pursued, the responsible actuary shall be obliged to notify the National Bank of Slovakia thereof without undue delay.

(17) The responsible actuary shall be obliged to submit to the National Bank of Slovakia a progress report of the insurance company or reinsurance company for the preceding calendar year by 30 April of the subsequent year, or a progress report of the branch of a foreign insurance company or the branch of a foreign reinsurance company for the preceding calendar year, whose details shall be determined by a Decree to be issued by the National Bank of Slovakia and published in the Collection of Laws. If the insurance company, branch of a foreign insurance company, reinsurance company and branch of a foreign insurance company has two responsible actuaries, they shall submit jointly the progress report of the insurance company, branch of a foreign insurance company, reinsurance company or branch of a foreign reinsurance company for the preceding calendar year.

(18) Based on a written request of an insurance company, branch of a foreign insurance company, reinsurance company or a branch of a foreign reinsurance company the National Bank of Slovakia may prolong the time limit for submission of the progress report of the insurance company, branch of a foreign insurance company, reinsurance company or branch of a foreign reinsurance company for the preceding calendar year drawn up by the responsible actuary.

#### **Article 47**

(1) For the purpose of the identification of clients and their representatives and the preservation of the possibility of future control of such identification, for the purpose of the conclusion of insurance contracts and the management of insurance and for other purposes referred to in paragraph 3, the clients and their representatives are, even without the approval of the affected persons during every conclusion of an insurance contract, obliged to provide the insurance company, branch of an insurance company from another Member State and branch of a foreign insurance company upon their request

a) with

1. in the case of natural persons, including the natural person representing a legal person, personal data<sup>45</sup>) in the scope of the name, surname, address of permanent residence, address of temporary residence, if they have it, birth registration number, if assigned, date of birth, nationality, type and number of identification document, as well as the address of the place of business, in the case of a natural person who is an entrepreneur, the subject of the commercial activity and the designation of the official register or other official archive in which this entrepreneur is listed, and the number of entry in this register or archive,
2. in the case of a legal person identification data in the scope of the commercial name, identification number, if assigned, address of the registered office, subject of the commercial activity or another activity, address of the location of the undertaking or of the organizational units and another address of the place of its activity, as well as the list of persons comprising the statutory body of this legal person and data about them in the scope under point 1, designation of the official register or other official archive in which this legal person is listed,<sup>46</sup>) and the number of entry in this register or archive,
3. the contact telephone number, fax number and address of electronic mail, if applicable,
4. documents and data proving

- 4a. the capacity of the client to meet the obligations from the insurance contract,
  - 4b. the required securing of obligations from the insurance contract,
  - 4c. the authorisation for representation in the case of a representative,
  - 4d. the fulfilment of other requirements and conditions for the conclusion of an insurance contract which are specified in this Act or special regulations or which are agreed with the insurance company, branch of an insurance company from another Member State and branch of a foreign insurance company,
- b) access by means of copying, scanning or other manner of recording, to
1. personal data<sup>45)</sup> from the identification document in the scope of pictorial image, title, name, surname, surname at birth, birth registration number, date of birth, place and district of birth, address of permanent residence, address of temporary residence, nationality, record on limited capability for legal acts, type and number of identification document, issuing authority, date of issuing and expiry date of the identification document, and
  2. other data from documents proving the data referred to in subparagraph a).

(2) For the purpose of the identification of clients and their representatives and the possibility of future control of this identification, for the purpose of the conclusion of insurance contracts and management of insurance and for other purposes referred to in paragraph 3, the insurance company, branch of an insurance company from another Member State and branch of a foreign insurance company are entitled to request from the client and its representative at every conclusion of an insurance contract the data determined in paragraph 1 subparagraph a) and to obtain them in the manner determined in paragraph 1 subparagraph b).

(3) For the purpose of the identification of clients and their representatives and preservation of the possibility of future control of this identification, for the purpose of the conclusion of insurance contracts and management of insurance between the insurance company, branch of an insurance company from another Member State and the branch of a foreign insurance company and its clients, for the purpose of the protection and seeking of the rights of the insurance company, branch of an insurance company from another Member State and branch of a foreign insurance company towards its client, for the purpose of documenting the activity of the insurance company, branch of an insurance company from another Member State and the branch of a foreign insurance company, for the purpose of performing supervision over insurance companies, branches of insurance companies from another Member State and branches of foreign insurance companies and over their activities and for the fulfilment of the obligations and tasks of the insurance company, branch of an insurance company from another Member State and the branch of a foreign insurance company under this Act or special regulations<sup>47)</sup> the insurance company, branch of an insurance company from another Member State and branch of a foreign insurance are even without the approval and information of the affected persons<sup>48)</sup> authorised to determine, obtain, record, store, use and otherwise process<sup>49)</sup> the personal data and other data within the scope under paragraph 1 and Article 40 paragraph 1; the insurance company, branch of an insurance company from another Member State and branch of a foreign insurance company are also authorised to use automatic or non-automatic instruments to create copies of identification documents and process the birth registration numbers<sup>50)</sup> and other data and documents determined in paragraph 1.

(4) The insurance company, branch of an insurance company from another Member State and branch of a foreign insurance company are even without the approval and information of the affected persons<sup>48)</sup> authorised to make the data to which paragraphs 1

through 3 and Article 40 paragraph 1 apply available from their information system and provide them<sup>51)</sup> only to persons and bodies to which they have a legal obligation to submit or a legal authorisation under this Act and under special regulations to submit information which are subject to the duty of confidentiality under Article 40, only during the provision and only in the scope of providing information protected by the duty of confidentiality under Article 40. The data to which paragraphs 1 through 3 and Article 40 paragraph 1 apply must be submitted to the National Bank of Slovakia by the insurance company and branch of a foreign insurance company for the purpose of performance and documentation of performance of operation, activities and tasks of the National Bank of Slovakia under this Act and special regulations upon its request and even without approval of the affected persons.

(5) The data to which paragraphs 1 through 3 and Article 40 paragraph 1 apply can be made available or submitted abroad by the insurance company, branch of an insurance company from another Member State and branch of a foreign insurance company only under the conditions stated in a special law,<sup>52)</sup> or if it is so determined in an international treaty by which the Slovak Republic is bound and which has preference over the laws of the Slovak Republic.

(6) When concluding an insurance contract within life assurance, the insurance company, branch of an insurance company from another Member State and the branch of a foreign insurance company shall be obliged to request a client to prove his/her identity and the client has to comply with such request. In cases when the insurance contract within life assurance is concluded through an insurance intermediary,<sup>53)</sup> the identity may be established also by the insurance intermediary.<sup>53)</sup> The insurance company, branch of an insurance company from another Member State, branch of a foreign insurance company, the insurance intermediary,<sup>53)</sup> shall be obliged to refuse to conclude an insurance contract within life assurance while maintaining anonymity of the client.

(7) For the purpose of paragraph 6, the identity of clients can be proved by an identity document of the client. When concluding an insurance contract within life assurance by means of technical equipment, identity shall be proved with the help of a special identification number or a similar code which the insurance company, branch of an insurance company from another Member State or branch of a foreign insurance company assigns to the client and by an authentication code on which the insurance company, branch of an insurance company from another Member State or branch of a foreign insurance company has agreed with the client, or by an electronic signature under a special law. In the case of a minor client possessing no identity document, an identity document is used to establish the identity of his/her legal representative or other representative authorised to act on behalf of a minor, including a document clearly showing the representative's authorisation to represent, and also the minor client's birth certificate.

(8) With every conclusion of an insurance contract within life assurance in which the premium in the current year exceeds the value of EUR 1,000.00 or single premium exceeds the value of EUR 2,500.00, the insurance company, branch of an insurance company from another Member State and branch of a foreign insurance company shall be obliged to determine the ownership of the financial means used by the client for the conclusion of such insurance contract; such obligation also applies in the case of an increasing of the value of the premium to EUR 1,000.00 or more. For the purpose of this provision, the ownership of financial means is determined by a binding written statement of the client in which the client is obliged to state whether these means are his/her property and whether he/she performs the

conclusion of the insurance contract on his/her own account. If such means are the property of other person or if the insurance contract is concluded on the account of other person, the client shall be obliged to include in the statement the name, surname, birth registration number or date of birth and address of permanent residence of the natural person or the commercial name, registered office and identification number of the legal person if assigned to it, whose property such financial means are and on whose account the insurance contract is concluded; in this case the client shall be obliged to submit to the insurance company, branch of an insurance company from another Member State or branch of a foreign insurance company also a written consent of that person to use its financial means for the conclusion of the insurance contract and for the conclusion of this contract on its account. If the client has not met the obligations under this paragraph, the insurance company, branch of an insurance company from another Member State and branch of a foreign insurance company shall be obliged to refuse the conclusion of such insurance contract.

(9) The insurance company, branch of an insurance company from another Member State and branch of a foreign insurance company shall be obliged to maintain data and copies of documents on the proof of the client's identity and documents on the determination of the ownership of the means used by the client to conclude the insurance contract for at least ten years after the termination of the contractual relation with the client.

## **PART FOUR**

### **SUPERVISION**

#### **Article 48**

#### **The exercise of supervision**

(1) Supervision under this Act shall be exercised over the activity of an insurance company, reinsurance company, branch of a foreign insurance company, branch of a foreign reinsurance company and the Slovak Insurers' Bureau. Under the conditions pursuant to Article 21 paragraph 3 and 4 insurance activity of an insurance company from other Member State and reinsurance activity of a reinsurance company from other Member State as well as the activity of other persons related to the activity or management of the insurance company, reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company shall be also subjected to supervision under this Act in the scope determined by this Act. The supervision is also executed over insurance companies in a group and over reinsurance companies in a group under Article 49.

(2) The subject of supervision under paragraph 1 shall be in particular

- a) the fulfilment of the provisions of this Act and of other generally binding legal regulations,
- b) the fulfilment of the terms and conditions defined in the authorisations issued under this Act.

(3) The supervision under paragraph 1 shall be exercised by the National Bank of Slovakia.

(4) The subject of supervision does not include hearing and deciding of lawsuits from the contractual relations of insurance companies, reinsurance companies, branches of foreign insurance companies and branches of foreign reinsurance companies and their clients, for the

hearing and deciding of which are competent courts of law<sup>36</sup>) or other bodies under special regulations.

(5) Based on an agreement concluded between the National Bank of Slovakia and the competent supervisory authority of other country, the supervisory authority of other country may exercise supervision in the territory of the Slovak Republic over the activity of a branch of a foreign insurance company, branch of a foreign reinsurance company, of the subsidiary of a foreign insurance company and the subsidiary of a foreign reinsurance company which is an insurance company or reinsurance company.

(6) The National Bank of Slovakia shall be obliged to allow the competent supervisory authority of the home Member State to exercise onsite supervision in the territory of the Slovak Republic over the activity of a branch of an insurance company from other Member State and a branch of reinsurance company from other Member State directly or through a third person empowered for this purpose. The subject of this supervision is the verification of information obtained when exercising supervision by the competent supervisory authority of other Member State over the respective insurance company from other Member State and reinsurance company from other Member State. The National Bank of Slovakia shall allow the exercise of such supervision only after the competent authority of the home Member State has notified it of its intention to exercise such supervision. The National Bank of Slovakia shall be authorised to participate in such supervision.

(7) The National Bank of Slovakia may also exercise supervision over the branches of insurance companies and branches of reinsurance companies which operate in the territory of other State and over the subsidiary of an insurance company and the subsidiary of a reinsurance company which is an insurance company or a reinsurance company in the territory of other State if it is admissible under legal regulations of that State and under the agreement concluded between the National Bank of Slovakia and the competent supervisory authorities of other Member States, unless otherwise stipulated by this Act.

(8) While exercising supervision the relations between the National Bank of Slovakia and the persons subject to such supervision shall be governed by the provisions of a special law.<sup>2)</sup>

(9) Persons subject to supervision under paragraph 1, supervision under Article 49 and supplementary supervision over financial conglomerates shall be obliged to submit to the National Bank of Slovakia the data required by it and within the time limit determined by it, including the records of phone calls and records of work done on data, the documents, information and other materials and explanations that the National Bank of Slovakia needs for the exercising of its tasks under this Act and a special law.<sup>2)</sup>

(10) The data, documents and information under paragraph 9 must be complete, correct, true, up-to-date, understandable, transparent, and provable and must be submitted on time. If the data, documents and information are not submitted in the manner prescribed by the National Bank of Slovakia or if reasonable doubts about their accuracy or completeness arise, the insurance company, reinsurance company, branch of a foreign insurance company and branch of a foreign reinsurance company shall be obliged upon request by the National Bank of Slovakia to submit materials and give explanation within the time limit set out by it.

## **Supervision over insurance companies in a group and reinsurance companies in a group**

### **Article 49**

(1) The National Bank of Slovakia exercises supervision over the activity of an insurance company or reinsurance company in a group (hereinafter referred as 'supervision over a group'),

- a) that has a concern in at least one insurance company, insurance company from another Member State, foreign insurance company, or reinsurance company, reinsurance company from another Member State or foreign reinsurance company,
- b) whose parent company is an insurance holding company, foreign insurance company or foreign reinsurance company,
- c) whose parent company is a mixed insurance holding company.

(2) The following companies are subject of the supervision over a group

- a) the company related to the insurance company or reinsurance company,
- b) the company with a concern in the insurance company or reinsurance company,
- c) the company related to the company with a concern in the insurance company or reinsurance company.

(3) The National Bank of Slovakia is authorised not to include into the supervision over a group a legal person

- a) that has its registered office in the territory of the State not being a Member State and the legal order of such State does not enable exchange of information for the purpose of supervision over a group,
- b) that has insignificant importance for the purpose of supervision over a group,
- c) the inclusion of which into supervision over a group is inconvenient in the term of objectives of supervision over a group.

(4) Where the insurance companies or reinsurance companies whose parent company is the same holding insurance company, foreign insurance company, foreign reinsurance company or mixed holding insurance company have granted the authorization in two or more Member States, the National Bank of Slovakia is authorised to agree on conditions of the exercise of supervision over a group in a written agreement concluded between the National Bank of Slovakia and the competent supervision authority of the other State and their mutual exchange of information.

(5) For the purpose of the exercise of supervision over a group

- a) 'company with a concern' shall mean the company that is a parent company or other company, and which controls another company,
- b) 'related company' shall mean a subsidiary or other company controlled by another company,
- c) 'insurance holding company' shall mean a parent company whose main activity is to obtain and keep concern in subsidiaries that are only or predominantly insurance companies, insurance companies from other Member State, foreign insurance companies including their branches, reinsurance companies, reinsurance companies from other Member State, foreign reinsurance companies including their branches, whereas at least one of these controlled companies is an insurance company, insurance company from other Member State or reinsurance company, reinsurance company from other Member

- State and which is not a mixed financial holding company under Article 53 paragraph 1 subparagraph e),
- d) 'mixed insurance holding company' shall mean other parent company than the insurance company, insurance company from another Member State, foreign insurance company including its branches, reinsurance company, reinsurance company from another Member State, foreign reinsurance company including its branches, holding insurance company or mixed financial holding company under Article 53 paragraph 1 subparagraph e), whereas at least one of the controlled companies is an insurance company, insurance company from another Member State, or reinsurance company or reinsurance company from another Member State
  - e) 'control' shall mean relationship of persons within a group where
    1. one person is controlling the other one,
    2. one person has a concern in other person, or
    3. persons are mutually linked by a relationship
      - 3a. which originated on the basis of a contract between two or more persons pursuant to which such persons are controlled by one person on a common basis, whereas such persons are not linked by the relationship of control under Article 3 subparagraph f), or
      - 3b. through the same persons in statutory bodies or supervisory bodies of two or more persons which are not linked by the relationship of control under Article 3 subparagraph f), whereas the same such persons have majority in the statutory bodies or supervisory bodies of those persons,
  - f) 'concern' shall mean a direct or indirect concern or their aggregate which represents 20 % of the registered capital of a legal person or of the voting rights in a legal person or ability to exercise influence upon management of such legal person which is comparable with the influence corresponding to this concern.

## **Article 50**

(1) The insurance company or reinsurance company over which the supervision over a group is exercised under Article 49 paragraph 1 shall be obliged to submit to the National Bank of Slovakia the data and information under Article 51 paragraph 4. If such data and information were not submitted to the National Bank of Slovakia, the National Bank of Slovakia is authorised to request them directly from the persons over whom the supervision over a group is exercised.

(2) For the purpose of verification of the data and information under paragraph 1 the National Bank of Slovakia is authorised to exercise the onsite supervision

- a) in the insurance company that is a subject to the supervision over a group, in subsidiaries of this insurance company, in a parent company of this insurance company or subsidiaries of a parent company of this insurance company,
- b) in the reinsurance company that is a subject to the supervision over a group, in subsidiaries of this reinsurance company, in a parent company of this reinsurance company or subsidiaries of the parent company of this reinsurance company.

(3) Upon a request of the competent supervisory authority of other Member State the National Bank of Slovakia shall exercise the onsite supervision over a group or shall allow the authorised persons of the competent supervisory authority of other Member State to exercise supervision over a group.

(4) If an insurance company, insurance company from another Member State or reinsurance, reinsurance from another Member State and foreign bank or foreign securities dealer are related companies or have a company with a concern in them, the supervision over a group is exercised in cooperation of the National Bank of Slovakia with competent supervisory authorities; for the purpose of exercising of the supervision over a group the National Bank of Slovakia shall be obliged to provide the competent supervisory authorities with necessary information.

## **Article 51**

(1) The National Bank of Slovakia exercises the supervision over a group over transaction between

- a) an insurance company or reinsurance company
  - 1. the company related to the insurance company or reinsurance company,
  - 2. the company with a concern in the insurance company or reinsurance company,
  - 3. the company related to the company with a concern in the insurance company or reinsurance company,
- b) an insurance company or reinsurance company and a natural person that has a concern in
  - 1. an insurance company or reinsurance company or its related company,
  - 2. a company with a concern in the insurance company or reinsurance company,
  - 3. a company related to the company with a concern in the insurance company or reinsurance company.

(2) The subject of supervision over a group under paragraph 1 shall be in particular

- a) credits and mutual liabilities,
- b) guarantees and operations out of a balance sheet,
- c) items that may be counted in the solvency margin,
- d) a manner of financial placement,
- e) reinsurance operations,
- f) agreements on costs division.

(3) The insurance company or reinsurance company that is a subject to the supervision over a group under Article 49 paragraph 1 subparagraph a) is obliged to create a system of risk management and a system of internal control, including of managing procedures and keeping accounts for the purpose of monitoring of observance of the provisions of paragraphs 1 and 2 on the level of the supervision over a group for the purpose of submission of the data and information necessary for the purpose of exercising the supervision over a group.

(4) An insurance company or reinsurance company shall be obliged to submit to the National Bank of Slovakia all the statements, reports and other information containing the date under paragraphs 1 and 2 that are necessary for exercising of supervision over a group, namely in a determined manner and within determined time limits; their structure, scope, form, structuring, deadlines, manners, procedure and place of submission, including the methodology for their drawing up shall be determined by the Decree to be issued by the National Bank of Slovakia and published in the Collection of Laws.

## **Supplementary supervision**

## Article 52

‘Supplementary supervision’ means the monitoring and regulation of risks of financial conglomerates whose part are insurance companies, insurance companies from other Member State, foreign insurance companies including their branches, reinsurance companies, reinsurance companies from other Member State, foreign reinsurance companies including their branches, securities dealers, banks, electronic money institutions, asset management companies for the purpose of limiting the risks to which the insurance company, insurance company from other Member State, foreign insurance company including their branches, reinsurance company, reinsurance company from other Member State, foreign reinsurance company including their branches or other regulated person is exposed because of its participation in a financial conglomerate.

## Article 53

For the purposes of this Act

- a) ‘financial conglomerate’ means
  1. a group if
    - 1a. it is controlled by a regulated person,
    - 1b. a regulated person under point 1a. is a parent company of a person within the financial sector or it is a person having a concern under Article 49 paragraph 5 subparagraph f) in a person within the financial sector, or it is a person linked to a person within the financial sector by the relationship of control under Article 49 paragraph 5 subparagraph e),
    - 1c. at least one person within the group is from the sector of insurance business and at least one is from the banking sector or from the sector of investment services, and
    - 1d. the consolidated activities or a complex of activities of persons in the group within the sector of insurance business and the consolidated activities or a complex of activities of persons in the group within the banking sector and within the sector of investment services are significant pursuant to Article 59 paragraph 2 and 4,
  2. a group if
    - 2a. at least one of the subsidiaries within the group is a regulated person,
    - 2b. it is not controlled by a regulated person and the activity of the group is concentrated within the financial sector pursuant to Article 56 paragraph 2 and 4,
    - 2c. at least one of the persons within the group is from the sector of insurance business and at least one is from the banking sector or from the sector of investment services, and
    - 2d. the consolidated activities or a complex of activities of persons in the group within the sector of insurance business and the consolidated activities or a complex of activities of persons in the group within the banking sector and within the sector of investment services are significant pursuant to Article 59 paragraph 2 and 4,
  3. a subgroup of other financial conglomerate complying with the conditions under first point or second point,
- b) ‘financial sector’ means a sector in which one or more legal persons out of the following legal persons operate:

1. credit institution,<sup>54)</sup> financial institution<sup>55)</sup> except of electronic money institution or an undertaking of ancillary banking services<sup>56)</sup>, all these constitute the banking sector,
  2. an insurance company, insurance company from another Member State, foreign insurance company including their branches, reinsurance company, reinsurance company from another Member State or foreign reinsurance company including their branches or legal person controlling a financial consolidated unit; all these constitute the sector of insurance business,
  3. a securities dealer or other legal person pursuant to a special law<sup>12)</sup>, excluding an electronic money institution; all these constitute the sector of investment activities,
  4. a mixed financial holding company,
- c) 'group' means a group of persons mutually linked by the relationship of control under Article 49 paragraph 5 subparagraph e), first point,
- d) 'regulated person' means an insurance company, insurance company from another Member State, foreign insurance company including their branches, reinsurance company, reinsurance company from another Member State or foreign reinsurance company including their branches, bank, securities dealer, asset management company and the same foreign person,
- e) 'mixed financial holding company' means a parent company another than the regulated person that together with its subsidiaries out of which at least one is a regulated person with its registered office in a Member State and which, and together with other controlled persons forms a financial conglomerate.

#### **Article 54**

- (1) The National Bank of Slovakia shall exercise supplementary supervision if
- a) a financial conglomerate is controlled by an insurance company or reinsurance company,
  - b) a financial conglomerate is controlled by a mixed financial holding company which is a parent company of the insurance company or reinsurance company and the financial conglomerate is not composed of other regulated persons,
  - c) a mixed financial holding company is a parent company of an insurance company or reinsurance company and the financial conglomerate is composed of other regulated persons with their registered office in other Member State, whereas the most significant financial sector of the financial conglomerate is the sector of insurance business,
  - d) a financial conglomerate is controlled by several mixed financial holding companies with their registered offices in various Member States and in each of such Member States a regulated person has its registered office, whereas an insurance company, insurance company from another Member State, foreign insurance company including of their branches, reinsurance company, reinsurance company from another Member State or foreign reinsurance company including their branches is a regulated person with the highest total assets in the financial conglomerate, or if the sector of insurance business is the most important financial sector of the financial conglomerate; if an insurance company from other Member State or a reinsurance company from other Member State with its registered office in other Member State is also a part of the sector of insurance business, if so agreed by the National Bank of Slovakia and the competent supervisory body of that Member State,
  - e) a financial conglomerate is controlled by a mixed financial holding company with its registered office in the Slovak Republic, which is a parent company of several regulated persons with their registered office in other Member State and none of such regulated person have been granted an authorisation in the Slovak Republic, whereas the sector of insurance business constitutes the most significant financial sector of a financial

conglomerate,

- f) a financial conglomerate is not controlled by a parent company or is controlled otherwise than referred to in subparagraphs a) through e), if the sector of insurance business constitutes the most significant financial sector of a financial conglomerate and an insurance company, insurance company from other Member State, foreign insurance company including their branches, reinsurance company, reinsurance company from other Member State, foreign reinsurance company including their branches is a regulated person with the highest total assets within this sector.

(2) The National Bank of Slovakia may, based on an agreement with the competent supervisory authorities of other Member States which are responsible for the supervision over the regulated persons constituting a part of a financial conglomerate and based on the statement of the person controlling the respective financial conglomerate, assume the exercise of supervision even in the cases not specified under paragraph 1 if it is appropriate in terms of the fulfilment of the objectives of supplementary supervision.

(3) The National Bank of Slovakia may, based on an agreement with the competent supervisory authorities of other Member States which are responsible for the supervision over the regulated persons constituting part of a financial conglomerate and based on the statement of the person controlling the respective financial conglomerate pass the exercise of supervision even in the cases not specified under paragraph 1 to the competent supervisory authority of other Member State if it is appropriate in terms of the fulfilment of the objectives of supplementary supervision.

## **Article 55**

(1) The National Bank of Slovakia in cooperation with the competent supervisory authorities of other Member States, which are responsible for the supervision over regulated persons constituting part of a financial conglomerate, shall determine based on the criteria under Article 56 the financial conglomerates which are subject to the supplementary supervision.

(2) The National Bank of Slovakia shall notify the competent supervisory authorities of other Member States, which are responsible for the supervision over regulated persons constituting part of a financial conglomerate, of any further proposal for inclusion of a financial conglomerate under supplementary supervision.

(3) The National Bank of Slovakia shall notify the legal person controlling a financial conglomerate pursuant to Article 54 paragraph 1 or an insurance company or reinsurance company with the largest total assets if the sector of insurance business is the most significant financial sector of a financial conglomerate that such financial conglomerate will be subject to supplementary supervision. The National Bank of Slovakia shall notify thereof also the competent supervisory authorities of other Member States, where a mixed financial holding company has its registered office, and the Commission.

(4) The National Bank of Slovakia shall notify the Committee for Financial Conglomerates at the Commission of the principles applied by it in the supplementary supervision over the concentration of risks of the financial conglomerate under Article 59 and over intra-group transactions under Article 60.

## Article 56

(1) The activities are considered to be concentrated within the financial sector if the proportion of the total assets of regulated persons and non-regulated persons of the financial sector within the group to the total assets as a whole exceeds 40%.

(2) The activities within financial sectors are significant if the average out of the values of proportions for each financial sector exceeds 10%, while the average shall be calculated

- a) from the proportion of total assets of one financial sector to the total assets of persons of the financial sector within a group, and
- b) from the proportion of minimum amount of own resources of one financial sector to the sum of minimum amount of own resources of persons of the financial sector within a group.

(3) The smallest financial sector within a financial conglomerate shall be the financial sector whose average from the proportions under paragraph 2 is the lowest; the most significant financial sector within a financial conglomerate shall be the financial sector whose average from the proportions under paragraph 2 is the highest. For the purposes of the calculation of the average from the proportions under paragraph 2 and for the measurement of the smallest financial sector within a financial conglomerate and the most significant financial sector within a financial conglomerate the banking sector and the sector of insurance business shall be considered as one sector.

(4) If a group does not reach the value of the average from the proportions under paragraph 2, but the total assets of the smallest financial sector within a group exceed EUR 6,000,000,000.00, the National Bank of Slovakia shall be authorised, upon agreement with the competent supervisory authorities of other Member States that are responsible for the supervision over regulated persons constituting part of a financial conglomerate, to determine that the group shall not be deemed to be a financial conglomerate or that the provisions under Articles 58 through 61 shall not be applied if the exercise of supplementary supervision is inappropriate in terms of the objectives of the supplementary supervision, in particular if

- a) the average from the proportions under paragraph 2 does not exceed 5%,
- b) one of the proportions under paragraph 2 does not exceed 5%, or
- c) the market share of the smallest financial sector within a financial conglomerate does not exceed 5% in any Member State if it is measured with regard to the total assets within the banking sector or the sector of investment services and with regard to the gross written premium of insurance contracts concluded within the sector of insurance business.

(5) The National Bank of Slovakia shall communicate decisions of the National Bank of Slovakia adopted pursuant to paragraph 4 also to the competent supervisory authorities of other Member States which are responsible for the supervision over the regulated persons constituting part of a financial conglomerate.

(6) The National Bank of Slovakia shall be authorised, upon agreement with the competent supervisory authorities of other Member States which are responsible for the supervision over the regulated persons constituting part of a financial conglomerate, to exclude a legal person from the calculation of the proportions under paragraphs 1 through 3 if this regards a person

- a) having its registered office in the territory of a non-Member State and the legislation of

that State does not allow for the information exchange for the purposes of exercising supplementary supervision,

- b) having a negligible significance for the purposes of exercising supplementary supervision,
- c) whose inclusion in a financial conglomerate is not appropriate in terms of the objectives of supplementary supervision.

(7) The National Bank of Slovakia shall be authorised, based on a statement from the competent supervisory authorities of other Member States which are responsible for the supervision over the regulated persons constituting part of a financial conglomerate, to take into consideration the values of proportions under paragraphs 1 and 2 for three consecutive years in order to prevent a sudden change of the regime of exercising supplementary supervisions and not to take into consideration the values of proportions under paragraphs 1 and 2 if significant changes of the structure of a group have occurred.

(8) The National Bank of Slovakia shall be authorised, in specifically justified cases and based on a statement from the competent supervisory authorities of other Member States which are responsible for the supervision over the regulated persons constituting part of a financial conglomerate, when calculating the value of proportions under paragraphs 1 and 2, to replace or supplement the criterion based upon the total assets by the criteria based upon the structure of income and off-balance sheet activities, i.e. by one or both of them simultaneously, or to add one or both these criteria if they are of a special significance in terms of objectives of the supplementary supervision.

(9) If the value of the proportion under paragraph 1 decreases under 40% or if the value of the average from the proportions under paragraph 2 decreases under 10% in the case of financial conglomerates which are already subject to supplementary supervision, for the subsequent three years the value of the proportion at the amount of 35% shall apply to the calculation pursuant to paragraph 1 and the value of the average from proportions 8% shall apply to the calculation pursuant to paragraph 2.

(10) If in the case of a group which is already subject to the exercise of supplementary supervision the total assets of the smallest financial sector of a group decrease below EUR 6,000,000,000.00, for the subsequent three years the amount of EUR 5,000,000,000.00 shall apply to the calculation pursuant to paragraph 4.

(11) The National Bank of Slovakia may, upon approval by the competent supervisory authorities of other Member States which are responsible for the supervision over the regulated persons constituting part of a financial conglomerate, during the period set out in paragraphs 7 through 10, determine that the lower values of proportions or lower amounts specified in paragraphs 7 through 10 shall no longer apply to the financial conglomerates subject to the supplementary supervision.

(12) The calculations concerning total assets shall be made by summing up the total assets of persons in a group from their annual financial statements. For the purposes of such calculation, in the case of persons in which the participation has been acquired the amount of a share acquired in the respective person shall be taken into account. If consolidated financial statements have been drawn up, they will be used instead of the sum of data.

(13) Minimum amount of own resources of an insurance company, branch of a foreign insurance company, reinsurance company, branch of a foreign reinsurance company for the

purposes of supplementary supervision must reach the amount of the required solvency margin under Article 34 paragraph 3.

(14) The requirements regarding minimum amount of own resources of the regulated persons other than an insurance company, branch of a foreign insurance company, reinsurance company and a branch of a foreign reinsurance company which are included in the calculations according to paragraphs 2 through 6 shall be determined pursuant to special laws<sup>12)</sup> which apply to the determination of requirements for own resources and of the amount of own resources of the respective regulated person.

### **Article 57**

(1) An insurance company, foreign insurance company including their branches, reinsurance company or a foreign reinsurance company including their branches which constitutes part of a financial conglomerate shall be obliged to comply with the conditions under Articles 58 through 61 if

- a) it controls a financial conglomerate,
- b) its parent company is a mixed financial holding company whose registered office is located in other Member State,
- c) it is linked to a legal person from other financial sector by the relationship of control under Article 3 subparagraph f), third point and fourth point, or
- d) its parent company is a regulated person or a mixed financial holding company whose registered office is located in a non-Member State if in such State the supervision over financial conglomerates is exercised which is equal to the supplementary supervision exercised pursuant to this Act.

(2) If a financial conglomerate is a subgroup of another financial conglomerate whose part is an insurance company, foreign insurance company including its branches, reinsurance company or a foreign reinsurance company including its branches meeting some of the conditions under paragraph 1, the conditions under Articles 58 through 61 shall apply to the insurance company, foreign insurance company including its branches, reinsurance company or a foreign reinsurance company including its branches which constitutes part of a financial conglomerate involving a subgroup.

(3) An insurance company, foreign insurance company including its branches, reinsurance company or foreign reinsurance company including its branches, whose parent company is a regulated person or a mixed financial holding company with their registered office in a State that is not a Member State and no supervision over financial conglomerates equal to the supplementary supervision under this Act is exercised in that State, shall be obliged to comply with the conditions under Articles 58 through 61. If it is impossible to fulfil the conditions under Articles 58 through 61 for the reason that the supervision exercised in a State that is not a Member State is not equal to the supplementary supervision under this Act the National Bank of Slovakia may prescribe that an insurance company, foreign insurance company including its branches, reinsurance company, foreign reinsurance company including its branches which is part of such financial conglomerate shall submit to the National Bank of Slovakia special statements, notifications and reports of participation in such financial conglomerate, and it also may restrict or prohibit to such insurance company or reinsurance company the intra-group transactions which might affect the fulfilment of solvency requirements.

(4) The National Bank of Slovakia shall check whether supervision equal to the supplementary supervision under this Act is exercised over the financial conglomerate under paragraph 3 if it has so agreed with the supervisory authorities of other Member State where the regulated persons constituting part of the financial conglomerate have their registered office, namely at the request of the parent company pursuant to paragraph 3, at the request of a regulated person constituting part of the financial conglomerate, or on own initiative. The National Bank of Slovakia shall consult the issuance of a decision under paragraph 3 with the Committee for Financial Conglomerates at the Commission.

(5) If legal persons have participation in one regulated person or in more regulated persons, or having no participation they exert other significant influence in respect to such regulated persons, like influence under paragraph 1 through 3, the National Bank of Slovakia in cooperation with the competent supervisory authorities of other Member States, which are responsible for the supervision over regulated persons constituting part of a financial conglomerate, shall determine whether and to what extent the supplementary supervision over regulated persons should be exercised in such a manner as if they represented a financial conglomerate that should be subject to supplementary supervision. In order to enable the exercise of such supplementary supervision, at least one of the legal persons under the first sentence must be an insurance company, foreign insurance company including its branches, reinsurance company or a foreign reinsurance company including its branches, the conditions set forth under Article 53 subparagraph a) points 1c. and 1d. must be fulfilled, and this is necessary with a view to performing the objectives of supplementary supervision.

## **Article 58**

(1) An insurance company, insurance company from other Member State, foreign insurance company including their branches, reinsurance company, reinsurance company from other Member State, foreign reinsurance company including their branches which is part of a financial conglomerate shall be obliged to ensure that at the level of a financial conglomerate a sufficient amount of own resources is kept and that at the level of a financial conglomerate the rules ensuring maintenance of a sufficient amount of own resources have been adopted. Own resource of a financial conglomerate are sufficient if the difference between own resources at the level of a financial conglomerate and the sum of minimum amount of own resources of the persons constituting part of a financial conglomerate is zero or a positive number.

(2) An insurance company or reinsurance company which is part of a financial conglomerate shall be obliged to make calculations of the sufficient amount of own resources at the level of a financial conglomerate according to one of the methods laid down by a Decree to be issued by the National Bank of Slovakia pursuant to paragraph 9.

(3) The National Bank of Slovakia, based upon a statement from the competent supervisory authorities of other Member States which are responsible for the supervision over regulated persons constituting part of a financial conglomerate, shall be authorised at its own initiative or at the request of a regulated person or a mixed financial holding company under paragraph 4 to inform the regulated person or the mixed financial holding company which of the methods of calculation of a sufficient amount of own resources determined by a Decree to be issued by a National Bank of Slovakia under paragraph 9 is to be applied.

(4) An insurance company or reinsurance company controlling a financial conglomerate shall be obliged to submit to the National Bank of Slovakia, biannually and also at the request of the National Bank of Slovakia, data concerning the amount of own resources and the amount of own resources at the level of a financial conglomerate that are necessary to meet the requirements of a sufficient amount of own resources at the level of a financial conglomerate which is subject to supplementary supervision. If a financial conglomerate is not controlled by an insurance company or reinsurance company, a mixed financial holding company or a regulated person designated by the National Bank of Slovakia, based upon prior statement from regulated persons or mixed financial holding companies constituting part of a financial conglomerate, shall be obliged to submit to the National Bank of Slovakia the data under the first sentence.

(5) The requirements regarding only own resources for legal persons under Article 53 subparagraph b) shall be included in the calculation of a sufficient amount of own resources at the level of a financial conglomerate.

(6) The National Bank of Slovakia may decide not to include in the calculation of requirements for a sufficient amount of own resources at the level of a financial conglomerate subject to supplementary supervision a person

- a) that has its registered office in the territory of a non-Member State and the legislation of that State does not allow for the exchange of information necessary to exercise supplementary supervision,
- b) that is of a negligible significance for the purposes of supplementary supervision over regulated persons constituting a financial conglomerate; this shall not apply if more legal persons have been excluded from the calculation whose share in the financial conglomerate when summed up is significant pursuant to Article 56 paragraphs 2 and 4,
- c) whose inclusion would be inappropriate or inadequate in term of the objectives of supplementary supervision.

(7) The National Bank of Slovakia shall consult non-inclusion of a person under paragraph 6 subparagraph c) with the supervisory authorities of Member States which are responsible for supplementary supervision in the respective Member State.

(8) The provision of paragraph 6 shall be without prejudice neither to the obligation of the persons concerned to provide information for the purposes of exercising supplementary supervision, nor the authorisation of the supervisory authorities to provide information about such persons for the purposes of exercising supplementary supervision or supervision over financial conglomerates in other Member State.

(9) For the purposes of calculation of a sufficient amount of own resources at the level of a financial conglomerate a Decree to be issued by the National Bank of Slovakia and published in the Collection of Laws shall determine

- a) what constitutes own resources at the level of a financial conglomerate and the method of their calculation, including own resources of a mixed financial holding company,
- b) what a minimum amount of own resources of persons within a financial conglomerate means and the method of their calculation,
- c) methods of calculation of a sufficient amount of own resources of a financial conglomerate.

## **Article 59**

(1) An insurance company or reinsurance company controlling a financial conglomerate shall be obliged to submit to the National Bank of Slovakia by 31 March of a calendar year or at the request of the National Bank of Slovakia data on risks concentration of the financial conglomerate. If a financial conglomerate is not controlled by an insurance company or reinsurance company, a mixed financial holding company or a regulated person designated by the National Bank of Slovakia, based upon prior statement from regulated persons or mixed financial holding companies constituting part of a financial conglomerate, shall submit to the National Bank of Slovakia the data under the first sentence.

(2) For the purposes of supplementary supervision, 'risks concentration of a financial conglomerate' shall mean any activity of persons constituting part of a financial conglomerate that might cause such loss which could endanger the solvency and safety of the regulated persons constituting part of a financial conglomerate; such concentration may consist of the counterparty risk, credit risk, investment risk, insurance risk, market risk, liquidity risk, operational risk and other risk or of combination of such risks.

(3) If a financial conglomerate is controlled by an insurance company or reinsurance company, Article 34 shall apply equally to risks concentration of a financial conglomerate. If a financial conglomerate is controlled by another regulated person, provisions of a special regulation<sup>12)</sup> shall apply accordingly to risks concentration of a financial conglomerate.

(4) If a financial conglomerate is controlled by a mixed financial holding company and if the sector of insurance business is the most significant financial sector within financial conglomerate, provisions of Article 34 shall apply to risks concentration of the sector of insurance business and mixed financial holding company accordingly.

(5) For the purposes of identification of the concentration of risks of a financial conglomerate, a Decree to be issued by the National Bank of Slovakia and published in the Collection of Laws shall determine the method of calculation of

- a) property involvement of a financial conglomerate and what is by property involvement of a financial conglomerate understood,
- b) property involvement of the sector of insurance business and what is by property involvement of the sector of insurance business understood,
- c) property involvement of a mixed financial holding company and what is by property involvement of a mixed financial holding company understood,
- d) risks concentration of a financial conglomerate and details concerning risks concentration of a financial conglomerate.

## **Article 60**

(1) An insurance company or reinsurance company controlling a financial conglomerate shall be obliged at the request of the National Bank of Slovakia, but at least once a year by 31 March of a calendar year, to submit to the National Bank of Slovakia data on significant intra-group transactions of the financial conglomerate. If the financial conglomerate is not controlled by an insurance company or reinsurance company, a mixed financial holding company or a regulated person designated by the National Bank of Slovakia,

based upon prior statement from regulated persons or mixed financial holding companies constituting part of a financial conglomerate, shall be obliged to submit to the National Bank of Slovakia the data under the first sentence.

(2) For the purposes of this Act, 'intra-group transaction' shall mean a transaction in which the regulated persons constituting part of the financial conglomerate use directly or indirectly other companies of the same group or person which are controlled by them for the purpose of performing an obligation regardless of the fact whether such obligation has been stipulated by a contract or whether the fulfilment of such obligation is for consideration.

(3) For the purposes of supplementary supervision, a 'significant intra-group transaction' shall mean an intra-group transaction amounting to minimum 5% of own resources established at the level of a financial conglomerate under Article 58 paragraph 9 subparagraph a).

(4) Concerning the significant intra-group transactions with persons with a special relationship, a separate law<sup>57)</sup> shall apply.

#### **Article 61**

(1) An insurance company or reinsurance company being part of a financial conglomerate shall be obliged to establish a system of risk management and a system of internal control, including control procedures and book-keeping with a view to monitoring the compliance with provisions of this Act at the level of a financial conglomerate.

(2) For the purposes of supplementary supervision, the system of risk management shall include

- a) an appropriate management system ensuring at the level of a financial conglomerate that approval procedures and regular control of business strategy with respect to the risks arising from the activities of a financial conglomerate are performed.
- b) procedures ensuring a sufficient amount of own resources which include potential impact of business strategy on the risk profile and on own resources of an insurance company or reinsurance company,
- c) risk monitoring procedures and measures ensuring the monitoring and control of risks at the level of a financial conglomerate.

(3) For the purposes of supplementary supervision, the system of internal control shall involve the evaluation of the procedures of

- a) identifying and measuring risks affecting the compliance with provisions of this Act concerning a sufficient amount of own resources at the level of a financial conglomerate and the evaluation of their full operation and effect,
- b) accounting and rendering information serving for identifying, measuring, monitoring and auditing intra-group transactions and risks concentration of a financial conglomerate.

#### **Article 62**

(1) When exercising supplementary supervision in accordance with Article 54, the National Bank of Slovakia shall

- a) provide for the coordination of the collection and dissemination of information necessary to monitor the activities of a financial conglomerate, and it shall provide for the rendering of information important for the exercise of supplementary supervision in individual financial sectors to the competent supervisory authorities of other States which are responsible for the supervision over regulated persons constituting part of a financial conglomerate,
- b) collect information necessary to evaluate the financial situation of a financial conglomerate for the purposes of the exercise of supplementary supervision,
- c) monitor the compliance with provisions of this Act on maintenance of a sufficient amount of own resources, risks concentration of a financial conglomerate and intra-group transactions,
- d) monitor the structure of a financial conglomerate, its organization, and it shall monitor the functionality of the system of internal control under Article 61,
- e) plan and coordinate the exercise of supplementary supervision under circumstances in cooperation with the competent supervisory authorities of other States, which are responsible for the supervision over regulated persons constituting part of a financial conglomerate,
- f) perform other duties necessary to exercise supplementary supervision.

(2) The National Bank of Slovakia shall be obliged, in cooperation with the competent supervisory authorities of other States, which are responsible for the supervision over regulated persons constituting part of a financial conglomerate, to coordinate the exercising of supplementary supervision and to regulate the procedures of cooperation in application of provisions under Articles 55, 56 and Article 57 paragraphs 3 and 5, Article 58, Article 63 paragraph 2 and Article 68.

(3) The National Bank of Slovakia shall request the information necessary to exercise supplementary supervision that have already been provided to the competent supervisory authority of other State, which is responsible for the supervision over regulated persons constituting part of a financial conglomerate, from that authority. If National Bank of Slovakia has not obtained such information through the procedure under first sentence, it shall be authorised to request it directly from the persons constituting part of a financial conglomerate referred to in Article 58 paragraph 2.

### **Article 63**

(1) When exercising supplementary supervision, the National Bank of Slovakia shall cooperate with the competent supervisory authorities of other Member States, which are responsible for the supervision over regulated persons constituting part of a financial conglomerate even when the supplementary supervision is exercised by a competent supervisory authority of other Member State, namely minimum within the scope under paragraph 3.

(2) The National Bank of Slovakia shall be obliged, at the request of the competent supervisory authorities of other Member States, which are responsible for the supervision over regulated persons constituting part of a financial conglomerate, to provide them with information necessary to exercise supervision over regulated persons constituting part of a financial conglomerate and to exercise supplementary supervision, however, at least within the scope under paragraph 3. The National Bank of Slovakia shall be obliged to provide such

information also on its own initiative if it ascertains that the aforementioned information is necessary to exercise supervision over financial conglomerates. The National Bank of Slovakia shall be authorised to request the competent supervisory authorities of other Member States, which are responsible for the supervision over regulated persons constituting part of a financial conglomerate, to provide it with information necessary to exercise supplementary supervision at least within the scope under paragraph 3, and it shall be authorised to exchange information necessary to exercise supplementary supervision also with foreign central banks, European System of Central Banks and the European Central Bank.

(3) The cooperation and information exchange under paragraphs 1 and 2 shall involve, in particular,

- a) the structure of a financial conglomerate and the competent supervisory authorities of other Member States which are responsible for the supervision over regulated persons constituting part of a financial conglomerate,
- b) the strategy and aiming of a financial conglomerate,
- c) the financial situation of a financial conglomerate, in particular a sufficient amount of own resources, intra-group transactions, risk concentration of a financial conglomerate and income from operations,
- d) the shareholders with qualified holding in persons constituting part of a financial conglomerate and members of statutory bodies constituting part of a financial conglomerate,
- e) the organisation, risk management and the system of internal control at the level of a financial conglomerate,
- f) the procedures of information collection from persons constituting part of a financial conglomerate and verification of such information,
- g) adverse development within regulated persons or other persons constituting part of a financial conglomerate, which might seriously negatively affect an insurance company or reinsurance company,
- h) serious sanctions and extraordinary measures taken by the National Bank of Slovakia and the competent supervisory authorities of other Member States, which are responsible for the supervision over regulated persons constituting part of a financial conglomerate.

(4) The National Bank of Slovakia shall be obliged to consult with the competent supervisory authorities of other Member States, which are responsible for supervision over regulated persons constituting part of a financial conglomerate

- a) the issuance of a decision on prior approval under Article 45 paragraph 1 subparagraphs a), c), d) if any changes within the structure of the shareholders or changes within the bodies of an insurance company or reinsurance company might affect the exercise of supplementary supervision,
- b) imposition of sanctions or taking of measures against regulated persons constituting part of a financial conglomerate which might affect also regulated persons subject to supplementary supervision exercised by the National Bank of Slovakia or competent supervisory authority of other Member State, which is responsible for the supervision over regulated persons constituting part of a financial conglomerate.

(5) The National Bank of Slovakia shall not be obliged to consult the facts under paragraph 4 if such consultation might threaten the adoption of decisions within the respective time limit or if the adoption of sanctions and may not be delayed. The National Bank of Slovakia shall inform the competent supervisory authority of other Member States, which are responsible for the supervision over regulated persons constituting part of a financial conglomerate, thereof without undue delay.

(6) When exercising supplementary supervision, the National Bank of Slovakia shall be authorised to call upon the competent supervisory authority of other Member State, which is responsible for the supervision over regulated persons constituting part of a financial conglomerate, in that Member State where the parent company has its registered office to request from the parent company the information necessary to perform the duties of the National Bank of Slovakia under Article 62 and to communicate to it such information.

(7) Provisions of paragraphs 1 through 6 shall apply to the cooperation of the National Bank of Slovakia with supervisory bodies of the States with which the European Union has signed an agreement on cooperation in the exercise of supplementary supervision.

(8) The provision under paragraph 7 shall be without prejudice to the right to conclude an agreement concerning the terms and conditions of the exercise of supervision over financial conglomerates and on mutual information exchange with the competent supervisory authority of other non-Member State unless such agreement is in contravention to the rules of the exercise of supplementary supervision.

#### **Article 64**

(1) At the request of the competent supervisory authority of other Member State, which is responsible for the supervision over regulated persons constituting part of a financial conglomerate, the National Bank of Slovakia shall verify the information necessary to exercise supplementary supervision concerning the person constituting part of the financial conglomerate and having its registered office in the territory of the Slovak Republic, or it shall verify such information through the persons entrusted. Persons entrusted by the competent supervisory authority of other Member State shall be authorised to participate in the verification performed by the National Bank of Slovakia, or upon approval by the National Bank of Slovakia they may verify such information independently.

(2) The National Bank of Slovakia shall be authorised to request the competent supervisory authority of other Member State, which is responsible for the supervision over regulated persons constituting part of a financial conglomerate, to verify information necessary to exercise supervision over the financial conglomerate and information concerning the person that is part of the financial conglomerate and whose registered office is in the territory of the Member State, or to verify such information through the persons entrusted. Persons entrusted by the National Bank of Slovakia shall be authorised to participate in the verification performed by the competent supervisory authority of the other Member State, or upon approval by the competent supervisory authority they may verify such information independently.

#### **Article 65**

For the purposes of supplementary supervision, persons not being part of a financial conglomerate shall be obliged to provide each other with information necessary to perform duties under Articles 58 through 61.

#### **Article 66**

(1) Mixed financial holding companies under Article 54 shall be obliged to draw up and submit to the National Bank of Slovakia all statements, reports and other information containing data necessary to exercise supplementary supervision according to Article 58 paragraph 2, Article 59 paragraph 1 and Article 60 paragraph 1, in the manner as prescribed and within the determined time limits; the structure, scope, content, form, structuring, deadlines, manner, procedure and place of the submission of statements, reports and other information, including the methodology of their elaboration, shall be determined by Decree to be issued by the National Bank of Slovakia and published in the Collection of Laws.

(2) The data and other information indicated in the statements, reports and other information must be understandable, transparent, and provable, must provide a truthful image of the reported facts and must be submitted on time. If the statements, reports and other information do not comply with the methodology set out or if any reasonable doubts about their accuracy or completeness arise, the mixed financial holding company shall be obliged upon request by the National Bank of Slovakia to submit supporting materials and give explanation within the time limit set out by the National Bank of Slovakia.

## **Article 67** **Sanctions**

(1) If the National Bank of Slovakia finds deficiencies in the activity of an insurance company, reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company, consisting in not complying with the conditions determined in the authorisation under Article 5 or Articles 7 through 9 or in the decision on prior approval, conditions or obligations arising from other decisions of the National Bank of Slovakia imposed on the insurance company, reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company, of not complying with or evading other provisions of this Act, special laws<sup>58</sup>) or other generally binding legal regulations which apply to the pursuit of insurance activity or reinsurance activity, or if the National Bank of Slovakia finds out that the activity performed by the insurance company, reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company might lead to endangering the interests of its clients, it may, depending on the seriousness, extent, duration and consequences, and nature of the ascertained deficiencies,

- a) impose on the insurance company, insurance company from other Member State, reinsurance company, reinsurance company from other Member State, branch of a foreign insurance company or branch of a foreign reinsurance company measures to remove and eliminate the ascertained deficiencies,
- b) impose on the insurance company, reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company an obligation to draft a recovery plan,
- c) impose on the insurance company, insurance company from other Member State, reinsurance company, reinsurance company from other Member State, branch of a foreign insurance company or branch of a foreign reinsurance company an obligation to submit special statements, reports and information,
- d) impose on the insurance company, insurance company from other Member State, reinsurance company, reinsurance company from other Member State, branch of a foreign insurance company or branch of a foreign reinsurance company an obligation to terminate unauthorised activity,

- e) impose on the insurance company, insurance company from other Member State, reinsurance company, reinsurance company from other Member State, branch of a foreign insurance company or branch of a foreign reinsurance company a penalty from SKK 20,000.00 to SKK 20,000,000.00,
- f) restrict or suspend to the insurance company, insurance company from other Member State, reinsurance company, reinsurance company from other Member State, branch of a foreign insurance company or branch of a foreign reinsurance company the authorisation to conclude insurance contracts or reinsurance contract and to extend obligations,
- g) order the insurance company or branch of a foreign insurance company to transfer the insurance portfolio or its part to other insurance company or branch of a foreign insurance company, or order the reinsurance company or branch of a foreign reinsurance company to transfer the reinsurance portfolio or its part to other reinsurance company or branch of a foreign reinsurance company,
- h) restrict to the insurance company, reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company the free disposal of assets,
- i) withdraw from the insurance company or branch of a foreign insurance company the authorisation to pursue insurance activity for a certain insurance class, narrow the scope of insurance activity for some insurances within the insurance class, withdraw from the insurance company or branch of a foreign insurance company pursuing both life assurance and non-life insurance the authorisation to pursue insurance activity either within life assurance or non-life insurance,
- j) impose on the insurance company, reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company an obligation to correct the accounting or other records,
- k) impose on the insurance company, reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company an obligation to publish a correction of incomplete, inaccurate or false information which it had published based on a statutory obligation,
- l) impose on the insurance company or reinsurance company an obligation to carry to account the losses from operations with the registered capital after having carried to account the losses with retained profit from past years and with funds created from the profit,
- m) impose compulsory receivership on an insurance company, reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance (hereinafter 'compulsory receivership'),
- n) withdraw from the insurance company or foreign insurance company pursuing insurance activity in the territory of the Slovak Republic by means of a branch the authorisation to pursue insurance activity, or withdraw from the reinsurance company or foreign reinsurance company pursuing reinsurance activity in the territory of the Slovak Republic by means of a branch the authorisation to pursue reinsurance activity for the reasons referred to in Article 82.

(2) If the National Bank of Slovakia reveals deficiencies in the activity of the Slovak Insurers' Bureau consisting of non-compliance with the conditions under a separate law,<sup>59)</sup> it shall be authorised, depending on the seriousness, degree of fault and nature of the ascertained deficiencies, to impose on the Slovak Insurers' Bureau sanctions under paragraph 1 subparagraphs a), c), e) and j).

(3) If the National Bank of Slovakia reveals that a person pursues, without an authorisation under this Act, the activities which are subject to an authorisation under this

Act, it shall be authorised to impose on the person, depending on the seriousness, extent, duration and consequences, a penalty from SKK 20,000.00 to SKK 20,000,000.00 and shall notify a law enforcement agency thereof.<sup>37)</sup>

(4) The National Bank of Slovakia may impose on a legal person, which is included in supervision over a group, depending on the seriousness, extent, duration and consequences and nature of the ascertained deficiencies, a penalty from SKK 20,000.00 to SKK 20,000,000.00 if such legal person

- a) does not allow the exercise of onsite supervision,
- b) fails to provide the requested statements, reports and other information for the purposes of exercising supervision over a group,
- c) provides inaccurate, false or incomplete statements, reports and other information, or fails to comply with the deadlines for their submission, or
- d) fails perform the duty under Article 34 paragraph 18.

(5) For the breach of duties arising from this Act or other generally binding legal regulations applicable to the pursuit of insurance activity or reinsurance activity on an individual basis, within a group and within a financial conglomerate, from Articles of Association of the insurance company or reinsurance company, or for the breach of the conditions or obligations imposed by a decision issued by the National Bank of Slovakia, depending on the seriousness, extent, duration, consequences and nature of the ascertained deficiencies the National Bank of Slovakia may impose

- a) on a member of the Board of Directors or a member of the Supervisory Board of an insurance company or reinsurance company, head of the branch of a foreign insurance company or his/her deputy, head of the branch of a foreign reinsurance company or his/her deputy, official receiver or the deputy of the official receiver, a member of the Board of Directors or a chief executive of the mixed financial company in accordance with Article 54 paragraph 1 subparagraphs b) through e), on a responsible actuary or proctor a penalty up to the amount of twelvefold of the monthly average of his/her total income from the insurance company, reinsurance company, branch of a foreign insurance company, branch of a foreign reinsurance company or persons within a group or persons constituting a financial conglomerate in which the insurance company, reinsurance company, branch of an insurance company or branch of a reinsurance company are included,
- b) on a chief executive managing the department of internal audit or on a chief executive in direct managing competence of the Board of Directors of the insurance company or reinsurance company a penalty up to the amount of 50 % of twelvefold of the monthly average of his/her total income from the insurance company, reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company or a group in which the insurance company, reinsurance company, branch of an insurance company or branch of a reinsurance company are included.

(6) If the National Bank of Slovakia ascertains that a person has performed an act subject to a prior approval by the National Bank of Slovakia without such approval, the National Bank of Slovakia shall be authorised to impose on the person, depending on the extent, duration and degree of fault, a penalty from SKK 20,000.00 to SKK 1,000,000.00.

(7) The National Bank of Slovakia shall notify the competent supervisory authority of other Member State in which the insurance company or reinsurance company pursues its activity on the sanction under paragraph 1 subparagraph h) imposed on an insurance company

or reinsurance company without undue delay. The National Bank of Slovakia may request a competent supervisory authority from other Member State to impose the same sanction.

(8) Upon request by the competent supervisory authority of other Member State, the National Bank of Slovakia shall be obliged to restrict or prohibit free disposal of the property of an insurance company from other Member State pursuing insurance activity in the territory of the Slovak Republic through its branch or of a reinsurance company from other Member State pursuing reinsurance activity in the territory of the Slovak Republic through its branch. The restriction or prohibition of free disposal of property may be imposed only on the kind of property which has been designated for this purpose by the competent supervisory authority of other Member State.

(9) An insurance company, reinsurance company, branch of a foreign insurance company or branch of foreign reinsurance company, mixed financial holding company under Article 54 paragraph 1 subparagraphs b) through e) shall be obliged, without undue delay, to remove from the position or ensure suspension from an office the natural person that is no longer a credible person under Article 3 paragraph a) based on a final and conclusive imposition of a penalty.

(10) Sanctions and measures under paragraphs 1 through 9 can be imposed separately or concurrently and repeatedly. Sanctions and measures under paragraphs 1 through 8 can be imposed within two years from ascertaining the deficiencies, however, within five years after their origination at the latest. A penalty under paragraph 6 may be imposed within one year from ascertaining the deficiencies, however, within three years after their origination at the latest.

(11) Even out of the proceedings to impose a penalty or measure, the National Bank of Slovakia shall be authorised to consult the deficiencies in the activity of the insurance company or reinsurance company with the members of the Board of Directors of the insurance company or reinsurance company, in the activity of the branch of a foreign insurance company or the branch of a foreign reinsurance company with the head of the branch of a foreign insurance company or of the branch of a foreign reinsurance company, with the members of the Supervisory Board of the insurance company or reinsurance company, with the chief executives, with the chief executive managing the department of internal audit or with the responsible actuary, who are obliged to provide collaboration to the National Bank of Slovakia as requested by it.

(12) The National Bank of Slovakia shall report every penalty and measure under paragraph 1 imposed on the branch of a foreign insurance company or the branch of a foreign reinsurance company without undue delay to the competent supervisory authority of the State of the registered office of the foreign insurance company or foreign reinsurance company on which the penalty or measure under paragraph 1 was imposed.

(13) A penalty under paragraphs 1 through 6 shall be due within thirty (30) days of the day of entry into force of the decision on the imposition of the penalty. The penalties are a source of income for the State budget.

## Article 68

(1) The National Bank of Slovakia may impose on a mixed holding company, which is part of a financial conglomerate and over which the National Bank of Slovakia exercises supplementary supervision, a penalty from SKK 20,000.00 to SKK 20,000,000.00 depending on the seriousness, extent, duration and consequences, and nature of the ascertained deficiencies if it

- a) does not allow the exercise of onsite supervision,
- b) fails to submit the required statements, reports and other information for the purposes of exercising supplementary supervision,
- c) provides inaccurate, false or incomplete statements, reports and other information, or fails to comply with the deadlines for their submission, or
- d) fails to fulfil duties under Articles 58 through 61.

(2) In the case when the solvency of a financial conglomerate is endangered, or if the maintenance of a sufficient amount of own resources within a financial conglomerate subject to supplementary supervision is endangered, the National Bank of Slovakia shall be authorised to

- a) impose measures to recover the financial conglomerate in accordance with Article 69,
- b) restrict or suspend performance of certain intra-group transactions.

(3) If a person, over which the National Bank of Slovakia exercises supervision pursuant to Article 48 paragraph 1, is part of a financial conglomerate, the National Bank of Slovakia shall be authorised to impose a sanction under Article 67 on the basis of a notification from the competent supervisory authority of other Member State, which is responsible for the supervision over the financial conglomerate whose part is the person under Article 48 paragraph 1.

(4) If the National Bank of Slovakia has imposed a sanction on a person under Article 48 paragraph 1 which is part of the financial conglomerate subject to the supervision of the competent supervisory authority of other Member State and if the imposition of such sanction is significant for the exercise of supplementary supervision, it shall notify the competent supervisory authority of other Member State thereof.

## **Article 69**

### **Recovery plan**

(1) The National Bank of Slovakia shall impose on the insurance company, reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company the obligation to submit for approval a recovery plan if the insurance company, reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company

- a) seriously fails to comply with the approved business and financial plan or does not fulfil the obligations stated in this Act or special regulations<sup>60)</sup> and the originated situation can threaten the capacity of the insurance company, branch of a foreign insurance company to fulfil the obligations resulting from the performed insurance activity or the originated situation can threaten the capacity of the reinsurance company, branch of a foreign reinsurance company to fulfil the obligations resulting from the performed reinsurance activity,
- b) has actual solvency margin lower than the required solvency margin, but higher than the guarantee fund under Article 34 paragraph 12,

- c) reports losses which result in the situation that the shareholders' equity is lower than the minimum amount of the registered capital of the insurance company under Article 4 paragraph 9 or the registered capital of the reinsurance company under Article 6 paragraph 8.

(2) The recovery plan must be approved by the Board of Directors and the Supervisory Board of the insurance company, reinsurance company, foreign insurance company or foreign reinsurance company. The insurance company, reinsurance company, foreign insurance company or foreign reinsurance company shall be obliged to submit this recovery plan to the National Bank of Slovakia within the time limit determined by the National Bank of Slovakia. The National Bank of Slovakia shall be obliged to approve or dismiss the recovery plan approved by the Board of Directors and the Supervisory Board of the insurance company, reinsurance company, foreign insurance company or foreign reinsurance company within fifteen (15) working days of its delivery. The National Bank of Slovakia shall dismiss the recovery plan if it does not contain the data under paragraph 3 or if there is a precondition that the recovery plan would not lead to elimination of deficiencies. If the National Bank of Slovakia does not dismiss the recovery plan submitted within such time limit, the recovery plan shall be considered approved. Within the period to be determined by the National Bank of Slovakia the recovery plan must lead to elimination of the deficiencies that resulted in imposition of an obligation to draw up the recovery plan.

(3) The recovery plan must include in particular the following data related to the pursuit of insurance activity or reinsurance activity in the following three years:

- a) a plan of actual and expected development of the economic situation minimum in the scope of balance sheets, profit and loss statements, strategic business plan, plan of a capital strengthening of own resources,
- b) identification of possible risks of the recovery plan,
- c) management of financial risks within the insurance company,
- d) the expected financial resources designed to cover the obligations arising from insurance and the expected required solvency margin,
- e) the expected manner and scope of reinsurance.

(4) The National Bank of Slovakia is authorised to request from the insurance company, reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company higher required solvency margin together with imposition of an obligation to submit the recovery plan. The insurance company, reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company shall be obliged to take into account this requirement in the recovery plan.

(5) If the circumstances referred to in the paragraph 1 occur, the National Bank of Slovakia is entitled to decrease the value of all items forming the actual solvency margin at calculation of solvency, in particular if market value of assets related to these items had changed.

## **Compulsory receivership**

### **Article 70**

- (1) The purpose of the compulsory receivership is in particular

- a) suspending the performing of functions of the bodies of the insurance company or reinsurance company responsible for the worsening economic situation of the insurance company or reinsurance company,
- b) removing the most serious deficiencies in the management and activity of the insurance company or reinsurance company with the objective of stopping the worsening of the economic situation of the insurance company or reinsurance company,
- c) finding out the real state of the insurance company or reinsurance company in all areas of its activity and management,
- d) protecting the rights of the clients of the insurance company or reinsurance company against the origination or increase of damage,
- e) accepting a recovery regime, if it is possible to reasonably expect that its acceptance will ensure the economic recovery of the insurance company or reinsurance company, including the accepting of performance of organizational measures, for the gradual stabilization of the insurance company or reinsurance company and renewing its solvency, specially in cooperation with the shareholders performing control over the insurance company or reinsurance company,
- f) if necessary, providing conditions for the assertion of the claims of the clients,
- g) performing the necessary acts leading towards announcing bankruptcy or entering liquidation, if required by the economic situation of the insurance company or reinsurance company.

(2) Compulsory receivership is a restructuring and reorganizing measure by which the rights of third persons might be affected, including the possibility to suspend the claim payment or to reduce the claim payment.

(3) If the value of own resources of the insurance company or reinsurance company falls below the value of the guarantee fund under Article 34 paragraph 12, the National Bank of Slovakia shall be obliged to impose compulsory receivership.

(4) The National Bank of Slovakia may impose compulsory receivership of property when the insurance company or reinsurance company has not fulfilled measures of a recovery plan under Article 69 or if the National Bank of Slovakia dismissed the recovery plan or if deficiencies in the activity of the insurance company or reinsurance company are threatening the safe functioning of insurance company or reinsurance company and the shareholders of the insurance company or reinsurance company have not taken action necessary to remove such deficiencies.

(5) Compulsory receivership is considered imposed at the moment of delivery of a decision on the imposition of compulsory receivership on the insurance company or reinsurance company and other persons. The commencement of the proceedings to impose compulsory receivership shall not be announced.

(6) A decision to impose compulsory receivership shall be effective in all Member States.

(7) A foreign restructuring measure having a similar purpose and effect on the existing rights of third persons as the purpose and effect of compulsory receivership imposed in other Member State on an insurance company from other Member State or reinsurance company from other Member State shall apply from the moment of its imposition also to their branches established in the territory of the Slovak Republic and shall be effective also in respect of

third person in the territory of the Slovak Republic. A foreign restructuring measure imposed in other Member State on a branch of a foreign insurance company or on a branch of a foreign reinsurance company shall be effective also in respect of third persons in the territory of the Slovak Republic from the moment of its imposition. A foreign restructuring measures imposed in other Member State shall be enforced in the territory of the Slovak Republic and its effects shall be governed by the legal regulations of that Member State unless otherwise stipulated by this Act.

(8) The National Bank of Slovakia shall, without undue delay cause a decision to impose the foreign restructuring measure under paragraph 7, communicated to it by the competent supervisory authority of other Members State, to be published in the Journal of the National Bank of Slovakia.

(9) The National Bank of Slovakia shall without undue delay cause the statement of a decision to impose compulsory receivership, notice of remonstrance and the purpose of imposition of compulsory receivership to be published in the Journal of the National Bank of Slovakia, at least in two nation-wide daily newspapers and in the open-to-public areas of the registered office and commercial establishments of the insurance company or reinsurance company on which the compulsory receivership was imposed; persons requested by the National Bank of Slovakia to publish such data shall be obliged to comply with such request. If compulsory receivership has been imposed on an insurance company or reinsurance company which has established a branch in the territory of other Member State, the National Bank of Slovakia shall without undue delay cause the statement of a decision to impose compulsory receivership, notice of remonstrance and the purpose of imposition of compulsory receivership to be published also in the Official Journal of the European Communities. The publication of such data shall be without prejudice to the effects of the imposition of compulsory receivership.

(10) The National Bank of Slovakia shall be obliged to notify without undue delay the competent supervisory authorities of other Member States of the imposition of compulsory receivership on an insurance company or reinsurance company. The effects of the imposition of compulsory receivership shall be indicated in that notification.

(11) If the National Bank of Slovakia while exercising supervision pursuant to Article 48 paragraph 1 over a branch of an insurance company from other Member State or branch of a reinsurance company from other Member State ascertains the reasons for the imposition of a foreign restructuring measure on an insurance company from other Member State or on a reinsurance company from other Member State to which such branch belongs, it shall notify the competent supervisory authority of that Member State thereof.

(12) Paragraphs 1 through 9 and Articles 71 through 78 shall apply to the compulsory receivership on a branch of a foreign insurance company or branch of a foreign reinsurance company accordingly.

## **Article 71**

(1) The compulsory receivership is performed by the official receiver of the insurance company or reinsurance company and the deputy of the official receiver. The official receiver and a maximum of three deputies of the official receiver shall be appointed and removed by

the National Bank of Slovakia. The official receiver of property and the deputy of the official receiver of property can be appointed only for a definite period.

(2) A certificate of appointment of the official receiver and official receiver's deputy to perform compulsory receivership and of persons to perform a foreign restructuring measure in an insurance company from other Member State or reinsurance company from other Member State shall constitute of an original document of appointment or certificate issued by the National Bank of Slovakia or by the competent supervisory authority of other Member State. Official attestation or other similar procedure with regard to the translation of such certificate into official language of other Member is not required.

(3) The official receiver can only be a person referred to in paragraph 5 and the deputy of the official receiver can only be a natural person. If the official receiver or the deputy of the official receiver is a natural person, he/she must be professionally qualified. The provision of Article 5 paragraph 9 or Article 7 paragraph 9 shall apply accordingly to the professional qualification of the official receiver of property and the deputy of the official receiver of property.

(4) The official receiver and the official receiver's deputy, if it is a natural person, may not be a person who

- a) is an employee of the National Bank of Slovakia or who was an employee of the National Bank of Slovakia during the period of two years before the imposition of the compulsory receivership,
- b) has been convicted upon a final judgment of a crime committed in exercising management function or of a deliberate crime and who is not credible,
- c) during the period of three years before the imposition of the compulsory receivership performed in the insurance company or reinsurance company, on which the compulsory receivership was imposed, the function of a member of the Supervisory Board, a member of the Board of Directors, proctor or chief executive,
- d) during the period of one year before the imposition of the compulsory receivership provided to the insurance company or reinsurance company, on which the compulsory receivership was imposed, auditing services without expressing objections to the activity of that insurance company or reinsurance company,
- e) has a special relationship under Article 84 paragraph 4 with the insurance company or reinsurance company on which the compulsory receivership was imposed,
- f) is a debtor or creditor of the insurance company or reinsurance company on which the compulsory receivership was imposed,
- g) is an employee or a member of the Board of Directors or of the supervisory body of a legal person which is a debtor or creditor of the insurance company or reinsurance company on which the compulsory receivership was imposed,
- h) is a member of the Board of Directors or of the supervisory body of another insurance company or reinsurance company, the head of the branch of a foreign insurance company or its deputy or the head of the branch of a foreign reinsurance company or its deputy.

(5) The official receiver, if it is a legal person, may be only the legal person established for the common performance of advocacy or an auditing company under a special regulation <sup>61)</sup> if such legal person has unlimited insurance against damage caused in connection with its activity while performing the compulsory receivership and in connection with performance of the function of the official receiver and if no natural person that cannot be an official receiver under paragraph 4 is a partner of such legal person, statutory body,

member of the statutory body, member of a supervisory body of such legal person or an employee of such legal person. If the official receiver is a legal person, the deputy of the official receiver shall not be appointed, expert advisers shall not be engaged and such legal person may exercise the compulsory receivership only by means of persons meeting conditions of and are not excluded under paragraph 4.

(6) The official receiver shall be authorised to manage the insurance company or reinsurance company and its employees. The competences of the official receiver are defined by this Act and in the contract under Article 74 paragraph 1. The official receiver is bound by the limitations referred to in the decision of the National Bank of Slovakia on imposition of the compulsory receivership or in the contract under Article 74 paragraph 1.

(7) The deputy of the official receiver shall be responsible for the area of the activity of the insurance company or reinsurance company entrusted to the official receiver and subordinated to the official receiver in performing compulsory receivership. The competences of the deputy of the official receiver shall be defined by the contract under Article 74 paragraph 1. Upon prior approval by the National Bank of Slovakia, the official receiver may authorise one of his/her deputies to perform acts on behalf of him/her on the basis of a written power of attorney with a signature attested in compliance with special regulations;<sup>62)</sup> prior approval can be expressed directly in the contract under Article 74 paragraph 1.

(8) The official receiver and the official receiver's deputy in implementing compulsory receivership in the territory of other Member State must proceed in compliance with legislation of the Member State on whose territory they operate, in particular in realizing assets and in providing information to employees.

(9) A person and its deputy implementing a foreign restructuring measure imposed in other Member State shall have in implementing such foreign restructuring measure the same legal status and shall be authorised to exercise all powers in the territory of the Slovak Republic as in implementing compulsory receivership in the territory of other Member State where such restructuring measure had been imposed; in exercising their powers, however, they have to proceed in compliance with laws and other generally binding legal regulations of the Slovak Republic, in particular in realizing assets and providing information to employees.

(10) In connection with the implementation of compulsory receivership, the official receiver shall be authorised, upon prior approval by the National Bank of Slovakia and in the interest of a prompt resolution of serious problems of an insurance company or reinsurance company, to engage expert advisors; such prior approval can be expressed directly in the contract under Article 74 paragraph 1. An expert advisor may be only a natural person professionally qualified. The provision of Article 5 paragraph 9 or Article 7 paragraph 9 shall apply to the professional qualification of the expert advisor accordingly. A person under paragraph 4 cannot be the expert advisor.

(11) The discharge of the position of an official receiver and its deputies shall terminate on the date of the termination of compulsory receivership or expiry of the period of time for which they had been appointed, or upon their removal from the position. The official receiver and official receiver's deputies may be removed on the grounds of violation of this Act or other generally binding legal regulations in connection with the implementation of compulsory receivership or breach of the contract under Article 74 paragraph 1.

## Article 72

(1) The imposition of compulsory receivership shall suspend the performance of the function of all bodies of the insurance company or reinsurance company and the chief executives of the insurance company or reinsurance company and the powers of the Board of Directors and the Supervisory Board shall pass to the official receiver. In the case of members of the Board of Directors and members of the Supervisory Board, the continuity of their term of office shall be suspended. This shall be without prejudice to the right of the Board of Directors to apply for remedial measures against the imposition of the compulsory receivership. In exercising the powers of the Board of Directors and the Supervisory Board, special legislation shall not apply to the official receiver.<sup>63)</sup>

(2) The official receiver shall be authorised to convene a General Meeting of the insurance company or reinsurance company, manage its course and shall have the right to submit proposals at the General Meeting. The General Meeting may only take decisions upon prior approval by the National Bank of Slovakia.

(3) The official receiver shall be authorised to adopt measures necessary for the gradual stabilization of the insurance company or reinsurance company and the renewal of the solvency of the insurance company or reinsurance company, in particular to dispose of the receivables and other property, including the sale of a branch of the insurance company, a branch of the reinsurance company or an organizational unit of the insurance company or an organizational unit reinsurance company as part of the undertaking of the insurance company or reinsurance company or the sale of the undertaking of the insurance company or reinsurance company at reasonable price, close a branch of the insurance company or a branch of the reinsurance company or another organizational unit of the insurance company or reinsurance company or terminate the activity of the insurance company or reinsurance company; this shall be without prejudice to the provisions of Article 45 paragraph 1. An approval of the General Meeting to do such acts is not required.

(4) The official receiver shall be obliged within thirty (30) days after the imposition of compulsory receivership to submit to the National Bank of Slovakia a project of the economic recovery of the insurance company or reinsurance company, on which the compulsory receivership was imposed, or another proposal to solve the situation in the insurance company or reinsurance company.

(5) If required by the situation in the insurance company or reinsurance company, the official receiver, upon prior approval by the National Bank of Slovakia, may partially or completely suspend the disposal of the resources of the insurance company or reinsurance company, however, no longer than for a period of thirty (30) days.

(6) Based on prior approval of the National Bank of Slovakia, the official receiver may submit a petition in bakruptcy<sup>64)</sup> if the insurance company or reinsurance company is bankrupt.

(7) The official receiver may submit to the National Bank of Slovakia a petition to withdraw an authorisation to pursuit insurance activity or reinsurance activity if it ascertains the facts referred to in Article 82.

### **Article 73**

(1) The official receiver, the official receiver's deputy and the engaged expert adviser shall be obliged to perform their activities with proper professional care and they shall be responsible for the damage caused by their activities. The official receiver and the deputy of the official receiver authorised by it shall be obliged to regularly inform the National Bank of Slovakia about the acts performed during the compulsory receivership.

(2) The official receiver, the deputy of the official receiver and the engaged expert adviser may not misuse the information obtained while performing the compulsory receivership for their own benefit or for the benefit of other persons and must not dispose of the property of the insurance company or reinsurance company for their own benefit or for the benefit of persons related to them.<sup>21)</sup>

(3) The official receiver, the deputy of the official receiver and the engaged expert adviser shall be obliged to maintain confidentiality about all facts related to the implementation of compulsory receivership towards all persons with the exception of the National Bank of Slovakia in connection with the fulfilment of its duties under this Act or special legislation; the duty of non-disclosure shall continue even after termination of their activity related to the implementation of compulsory receivership and this shall be without prejudice to the provision of Article 40 paragraph 3.

### **Article 74**

(1) The National Bank of Slovakia shall conclude a contract of mandate with the official receiver,<sup>65)</sup> which shall define in details its rights and obligations and shall regulate its responsibility for the damage caused in connection with the discharge of its office and shall conclude a contract of mandate with the deputy of the official receiver, which shall define in details its rights and obligations and shall regulate its responsibility for the damage caused in connection with the discharge of its office.

(2) The official receiver shall engage expert advisers under Article 71 paragraph 10 on a contractual basis and under the terms and conditions approved by the National Bank of Slovakia.

(3) The National Bank of Slovakia shall determine the amount of the reward for the official receiver and for the deputy of the official receiver for exercise of their offices.

(4) The expenses related to the implementation of the compulsory receivership, including the rewards for the official receiver, the deputy of the official receiver and expert advisers shall be covered by the insurance company or reinsurance company, on which compulsory receivership was imposed.

### **Article 75**

(1) Members of the Board of Directors, members of the Supervisory Board, chief executives, the chief executive managing the department of internal audit and the responsible

actuary shall be obliged, upon request by the official receiver, to cooperate with the official receiver, especially to provide it with all the documents and other supporting documents requested by the official receiver in connection with the implementation of compulsory receivership.

(2) The official receiver shall be authorised to immediately terminate the employment of, dismiss or transfer to another position<sup>66)</sup> the chief executives and chief executive managing the department of internal audit.

(3) As a result of the imposition of compulsory receivership, members of the Board of Directors and members of the Supervisory Board cannot be paid any reward in the case of termination of the membership in such bodies of the insurance company or reinsurance company which would arise from the contract between the insurance company or reinsurance company and the member of the Board of Directors or the member of the Supervisory Board or agreed in the internal rules of the insurance company or reinsurance company.

## Article 76

(1) The effects of the imposition of compulsory receivership on an insurance company or reinsurance company which has established a branch in other Member State if this regards

- a) employment contracts and employment relations, shall be governed by the law of that Member State by which such employment contract is governed,
- b) purchase contracts and lease contracts concerning real properties, shall be governed by the law of that Member State on whose territory such property is located,
- c) the title to the real property, ship or aircraft which are subject to registration in the Land Register or in other public register, shall be governed by the law of that Member State on whose territory the respective public register is kept; this shall equally apply also to the legal acts performed upon the imposition of compulsory receivership with respect to the real property, ship, aircraft and the title related to it when their entry in the public register or other similar register kept in other Member State is required,
- d) the right in property or other rights in investment instruments<sup>67)</sup> which are subject to registration in the public register of securities or in other similar register and which are kept or located in other Member State, shall be governed by the law of the Member State on whose territory the respective register or other similar register is kept; this shall equally apply also to the legal acts performed upon the imposition of compulsory receivership with respect to the investment instruments and the rights related to it when their entry in the public register or other similar register kept in other Member State is required,
- e) settlement contracts or other similar agreements having the purpose to replace or change the total difference in several mutual claims and liabilities of the contracting parties to make one aggregate mutual claim and liability of such contracting parties, purchase contracts of repurchase and contracts of exchange transactions shall be governed by the law which is the governing law for such contracts.

(2) For a period of six months after the imposition of the compulsory receivership it is not permissible to assign the claims towards the insurance company or reinsurance company, on which the compulsory receivership was imposed, and to set off mutual claims between such insurance company or reinsurance company and other persons, with the exception of cases when the law of other Member State where the creditor has its permanent residence or registered office allows for the claim to be assigned and for the claims to be set off even

during the imposition of a restructuring measure.

(3) The official receiver can challenge a legal act<sup>68</sup>) done during the last three years before the imposition of the compulsory receivership with the intention of harming the insurance company or reinsurance company or its creditors, if this intention must have been known to the insurance company or reinsurance company; this shall not apply if the other party proves that it could not have known, even with proper care, the intention of the insurance company or reinsurance company to harm its creditor.

(4) The imposition of compulsory receivership or foreign restructuring measure in other Member State shall be without prejudice to the real rights of creditors or third persons with regard to assets belonging to the insurance company, insurance company from other Member State, reinsurance company or reinsurance company from other Member State, which are located in the territory of other Member State at the time of imposition of compulsory receivership or foreign restructuring measure.

(5) The imposition of compulsory receivership on an insurance company or reinsurance company purchasing an asset or the imposition of a foreign restructuring measure on an insurance company from other Member State or reinsurance company from other Member State purchasing an asset shall be without prejudice to the right of the seller to retain the title if such asset was located in the territory of other Member State at the time of imposition of compulsory receivership or imposition of a foreign restructuring measure in the Member State.

(6) The imposition of compulsory receivership on an insurance company or reinsurance company selling an asset or the imposition of a foreign restructuring measure on an insurance company from other Member State or reinsurance company from other Member State selling an asset shall not constitute grounds for cancellation or termination of the sale of an asset already supplied and shall not prevent the buyer to acquire ownership if the asset sold was located in the territory of other Member State at the time of imposition of compulsory receivership or imposition of a foreign restructuring measure in the Member State.

(7) The imposition of compulsory receivership or the imposition of a foreign restructuring measure in other Member State and the provisions under paragraphs 2, 4, 5 and 6 shall not preclude submitting to the court a motion to determine invalidity of legal acts or ineffectiveness of challengeable legal acts harming creditors, a motion to determine the right to withdrawal from legal acts or a motion to state invalidity of legal acts doing harm to creditors or a motion to deliver a preliminary ruling on an obligation to restrain from doing legal acts which do harm to the creditors of the insurance company or reinsurance company under compulsory receivership or creditors of an insurance company from other Member State or reinsurance company from other Member State on which a foreign restructuring measure has been imposed. If before imposing compulsory receivership judicial proceedings concerning the asset or right which was withdrawn from the insurance company or reinsurance company commenced in other Member State, such proceedings shall be even after the imposition of compulsory receivership governed by the law of that Member State where such proceedings commenced and is conducted.

(1) The imposition of the compulsory receivership, the name, surname, birth registration number, permanent residence of the official receiver and his/her deputy, termination of the compulsory receivership and changes in these facts are to be entered in the Commercial Register.<sup>63)</sup> A motion to enter the compulsory receivership shall be submitted by the National Bank of Slovakia; the provision of special legislation<sup>69)</sup> shall not be applied when recording such fact.

(2) The official receiver may suggest that compulsory receivership be recorded in the Commercial Register or in a similar public register kept in other Member State in whose territory a branch of an insurance company or a branch of a reinsurance company is located on which compulsory receivership has been imposed if the law of the respective Member State allows for such entry of a record.

(3) The imposition of a foreign restructuring measure on an insurance company from other Member State or on a reinsurance company from other Member State which has established a branch in the territory of the Slovak Republic, its termination and the changes related thereto shall be entered in the Commercial Register based upon a motion of the competent supervisory authority of other Member State or person implementing a foreign restructuring measure. The name, surname and address of residence of the person implementing a foreign restructuring measure shall also be entered in the Commercial Register.

## **Article 78**

(1) The compulsory receivership shall terminate

- a) upon the delivery of a decision of the National Bank of Slovakia to terminate compulsory receivership if the grounds for its continuance cease to exist,
- b) upon bankruptcy petition of the insurance company or reinsurance company,
- c) upon the elapse of twelve (12) months from the imposition of the compulsory receivership,
- d) upon withdrawal of the authorisation to pursue insurance activity or upon withdrawal of the authorisation to pursue reinsurance activity.

(2) The announcement of the termination of the compulsory receivership under paragraph 1 shall be published by the National Bank of Slovakia without undue delay in at least one nationwide daily newspaper and in the publicly accessible areas of the registered office of the insurance company or reinsurance company, on which the compulsory receivership was imposed and in all its branches. The persons requested by the National Bank of Slovakia to publish such fact shall be obliged to comply with such request.

(3) Upon termination of the compulsory receivership, an insurance company or reinsurance company shall be obliged without undue delay to convene an Extraordinary General Meeting so that it is held within thirty (30) days after the termination of compulsory receivership. The insurance company or reinsurance company shall be obliged to include in the programme of the Extraordinary General Meeting the removal of the current members and the election of new members of the Board of Directors of the insurance company or reinsurance company and of the Supervisory Board of the insurance company or reinsurance company.

## **Article 79**

### **Suspension of the conclusion of insurance contracts or reinsurance contracts and of extension of obligations**

(1) The National Bank of Slovakia may suspend the conclusion of insurance contracts or reinsurance contracts and extension of obligations for an insurance company, reinsurance company, a branch of a foreign insurance company or branch of a foreign reinsurance company if the capacity of the insurance company, reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company to fulfil the obligations arising from such contracts is endangered and the sanctions imposed by the National Bank of Slovakia under Article 67 did not lead to the improvement of the economic situation. The National Bank of Slovakia may suspend the conclusion of insurance contracts or reinsurance contracts and the extension of obligations for the insurance company, branch of a foreign insurance company, reinsurance company or branch of a foreign reinsurance company also in connection with the imposition of compulsory receivership.

(2) The suspension under paragraph 1 may apply to the conclusion of insurance contracts for all or some insurance classes within individual insurance types for which the insurance company was granted an authorisation. The suspension under paragraph 1 shall be announced by the National Bank of Slovakia without undue delay in at least one nation-wide daily newspaper. The entities requested by the National Bank of Slovakia to publish this fact shall be obliged to comply with such request. In the case of the branch of a foreign insurance company or the branch of a foreign reinsurance company, the National Bank of Slovakia shall notify of the suspension under paragraph 1 the competent supervisory authority of the State of the registered office of the foreign insurance company or foreign reinsurance company which established such branch.

## **Article 80**

### **Transfer of the insurance portfolio and the reinsurance portfolio**

(1) The National Bank of Slovakia may order an insurance company or a branch of a foreign insurance company to transfer to another insurance company or branch of a foreign insurance company the insurance portfolio or its part if the insurance company or a branch of a foreign insurance company does not comply with measures imposed by the National Bank of Slovakia in connection with endangered capacity of the insurance company or a branch of a foreign insurance company to fulfil its obligations arising from the concluded insurance contracts or in connection with the imposition of compulsory receivership, or in connection with the suspension of the conclusion of insurance contracts and the extension of obligations or in connection with the withdrawal of the authorisation to pursue insurance activity. The insurance company or the branch of a foreign insurance company shall be obliged, within thirty (30) days of the effective date of a decision to transfer the insurance portfolio or its part, to submit a proposal of the procedure of this transfer to the National Bank of Slovakia for approval. Such proposal shall involve also a statement by the receiving insurance company or receiving branch of a foreign insurance company that it agrees with the transfer of the insurance portfolio or part thereof.

(2) The receiving insurance company or receiving branch of a foreign insurance

company shall be obliged, within thirty (30) days after entry into force of the decision of the National Bank of Slovakia by which the proposal of the procedure of the transfer of the insurance portfolio or part thereof has been approved, to notify the persons whose insurance contracts are involved in the transfer of the insurance portfolio of the commercial name and registered office of the receiving insurance company or receiving branch of a foreign insurance company and the deadline for the completion of the transfer of the insurance portfolio.

(3) The transfer of financial means of the transferring insurance company or transferring branch of a foreign insurance company to the receiving insurance company or receiving branch of a foreign insurance company at the amount of the technical reserves corresponding to the insurance portfolio or part thereof being transferred shall be performed simultaneously with the transfer of the insurance portfolio or part thereof.

(4) The receiving insurance company or receiving branch of a foreign insurance company shall enter all the rights and obligations of the transferring insurance company or transferring branch of a foreign insurance company which were the subject of the transfer of the insurance portfolio or part thereof, on the date agreed in the contract on the transfer of the insurance portfolio or part thereof. The transfer of the insurance portfolio or part thereof must be completed within sixty (60) days after the effective date of the decision of the National Bank of Slovakia under paragraph 1 or paragraph 5.

(5) The transfer of the insurance portfolio or part thereof can also be performed on the basis of a request of the transferring insurance company or transferring branch of a foreign insurance company, on which the National Bank of Slovakia shall decide within thirty (30) days after its submission. Paragraphs 2 through 4 shall apply equally to the transfer of the insurance portfolio or part thereof on the basis of a request of the transferring insurance company or the transferring branch of a foreign insurance company.

(6) The proposal of procedure under paragraph 1 or the request under paragraph 5 shall contain

- a) the reasons for the transfer of the insurance portfolio or part thereof, in the case of a transfer of the insurance portfolio or part thereof on the basis of a request of an insurance company or branch of a foreign insurance company,
- b) description of the insurance portfolio or part thereof being transferred,
- c) the expected changes in the management of the transferring insurance company or the transferring branch of a foreign insurance company and the receiving insurance company or the receiving branch of a foreign insurance company as a result of the transfer of the insurance portfolio or its part,
- d) the amount of the actual solvency margin and the required solvency margin of the receiving insurance company or the receiving branch of a foreign insurance company after the transfer of the insurance portfolio or part thereof, including their calculation,
- e) the manner and content of the notification to the persons with whom the insurance contracts which are the subject of the transfer of the insurance portfolio or part thereof have been concluded, including the deadline for the completion of such transfer.

(7) Annex to the proposal of the procedure under paragraph 1 or of the request under paragraph 5 is a contract on the transfer of the insurance portfolio or its part between the transferring insurance company or the transferring branch of a foreign insurance company and the receiving insurance company or the receiving branch of a foreign insurance company; the

receiving insurance company or the receiving branch of a foreign insurance company may only be an insurance company or branch of a foreign insurance company which has been granted the authorisation to pursue insurance activity for those insurance classes within insurance types which are related to the insurance portfolio or its part being transferred.

(8) The National Bank of Slovakia shall not approve the transfer of the insurance portfolio or part thereof if such transfer would affect the capacity to fulfil the obligations arising from the insurance contracts which are the subject of the transfer of the insurance portfolio or part thereof, or the stability of the receiving insurance company or receiving branch of a foreign insurance company or the stability of the transferring insurance company or transferring branch of a foreign insurance company, or if after this transfer the amount of the actual solvency margin of the receiving insurance company or the receiving branch of a foreign insurance company would not comply with Article 34, if the transfer of the insurance portfolio or part thereof is performed on the basis of a request under paragraph 5.

(9) The provisions of paragraphs 1 through 8 shall apply equally to the transfer of the reinsurance portfolio.

## **Article 81**

### **Transfer of the insurance portfolio within Member States and transfer of the reinsurance portfolio within Member States**

(1) An insurance company or a branch of a foreign insurance company shall be authorised to transfer the insurance portfolio or its part to an insurance company from another Member State or a branch established in other Member State (hereinafter referred to as the 'receiving entity'). The National Bank of Slovakia shall be obliged to consult such transfer with the competent supervisory authority of the Member State of the registered office of the receiving entity and with the competent supervisory authority of the Member State of the commitment and request from them a statement on this transfer.

(2) If the statement of the competent supervisory authority of the Member State of the registered office of the receiving entity or of the competent supervisory authority of the Member State of the commitment on the transfer under paragraph 1 is negative, the National Bank of Slovakia shall not approve such transfer.

(3) If the competent supervisory authority of other Member State requests from the National Bank of Slovakia a statement on the transfer of the insurance portfolio or part thereof of an insurance company from other Member State to an insurance company, other insurance company from other Member State or a branch of a foreign insurance company, the National Bank of Slovakia shall be obliged to issue a statement within three months from the date of delivery of the request; if the National Bank of Slovakia fails to issue the statement within such time limit, it shall be considered as its approval of such transfer.

(4) A decision on approval of the transfer under paragraph 1 shall be binding for all persons having the rights or obligations arising from insurance contracts which are a subject of the transfer under paragraph 1.

(5) The National Bank of Slovakia shall cause a decision on the approval of the

transfer under paragraph 1 to be published in the Member State of commitment.

(6) The provisions of Article 80 shall apply equally to the transfer under paragraph 1.

(7) The provisions of paragraphs 1 through 6 shall apply equally to the transfer of the reinsurance portfolio.

### **Withdrawal of an authorisation to pursue insurance activity or withdrawal of of an authorisation to pursue reinsurance activity**

#### **Article 82**

(1) The National Bank of Slovakia shall be obliged to withdraw the authorisation to pursue insurance activity or the authorisation to pursue reinsurance activity, if

- a) an insurance company, reinsurance company, a branch of a foreign insurance company or branch of a foreign reinsurance company obtained such authorisation on the basis of false data stated in the application for the granting of such authorisation;
- b) it is a branch of a foreign insurance company or branch of a foreign reinsurance company and such foreign insurance company or foreign reinsurance company has lost in the State of its registered office the right to pursue insurance activity or the right to pursue reinsurance activity.

(2) The National Bank of Slovakia may withdraw an authorisation to pursue insurance activity or an authorisation to pursue reinsurance activity in the case of occurrence of serious deficiencies in the activity of the insurance company, reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company, and in the case of a breach of the requirements for business pursued by the insurance company, reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company, if

- a) an insurance company, reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company does not take up the pursuit of the insurance activity or reinsurance activity within twelve (12) months from the effective date of such authorisation or does not pursue the insurance activity or reinsurance activity for six months;
- b) an insurance company under Article 5 paragraph 2, reinsurance company under Article 7 paragraph 2, branch of a foreign insurance company under Article 8 paragraph 2 or branch of a foreign reinsurance company under Article 9 paragraph 2 does not fulfil the conditions for granting of the authorisation,
- c) the insurance company or reinsurance company achieves a loss exceeding 50% of the registered capital in one year or 10 % in three consecutive years,
- d) the insurance company, reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company failed to fulfil the conditions to take up the insurance activity or reinsurance activity within the time limit determined in such authorisation;
- e) the imposition of compulsory receivership did not result in economic recovery of the insurance company or reinsurance company,
- f) the insurance company or reinsurance company failed to comply with the obligation under Article 95,
- g) sanctions imposed in accordance with this Act did not result in the correction of the

deficiencies ascertained.

### **Article 83**

(1) From the moment of the delivery of a decision on the withdrawal of an authorisation to pursue insurance activity or on the withdrawal of an authorisation to pursue reinsurance activity or from the date of the expiry of such authorisation, the legal person from which this authorisation has been withdrawn or whose authorisation expired may not pursue insurance activity or reinsurance activity, except those activities which are necessary to claim its receivables and settle its liabilities.

(2) A decision on the withdrawal of an authorisation to pursue insurance activity or a decision on the withdrawal of an authorisation to pursue reinsurance activity shall be sent by the National Bank of Slovakia to the Commercial Journal for publication within thirty (30) days of the effective date of such decision.

(3) The National Bank of Slovakia shall notify the competent supervisory authority of the State of the registered office of the foreign insurance company or foreign reinsurance company, which established such branch, of a valid decision on the withdrawal of an authorisation to pursue insurance activity or on the withdrawal of an authorisation to pursue reinsurance activity of the branch of a foreign insurance company or of the branch of a foreign reinsurance company. In the case when a decision on the withdrawal of an authorisation to pursue insurance activity from an insurance company or a decision on the withdrawal of an authorisation to pursue reinsurance activity from a reinsurance company which has established a branch abroad has been issued, the National Bank of Slovakia shall notify thereof also the competent supervisory authority of the State in which the insurance company or reinsurance company from which such authorisation has been withdrawn has a branch.

(4) The withdrawal of an authorisation to pursue insurance activity or the withdrawal of an authorisation to pursue reinsurance activity shall be entered in the Commercial Register. The National Bank of Slovakia shall send a decision including a motion to enter a record thereof to the court which keeps the Commercial Register within fifteen (15) days of the effective date of the decision on the withdrawal of an authorisation to pursue insurance activity or on the withdrawal of an authorisation to pursue reinsurance activity; the provision of a special law<sup>69)</sup> shall not apply when entering a record of such fact.

(5) The National Bank of Slovakia shall, without undue delay after the effective date of a decision on the withdrawal of an authorisation to pursue insurance activity or on the withdrawal of an authorisation to pursue reinsurance activity, submit to the relevant court a motion for the dissolution and liquidation of such legal person and for the appointment of the liquidator. Before taking a decision on the dissolution, the court cannot apply the procedure under a special law.<sup>70)</sup>

(6) The proceedings to withdraw an authorisation to pursue insurance activity or to withdraw an authorisation to pursue reinsurance activity shall be discontinued on the basis of a valid decision on the petition in bankruptcy under a special law.<sup>11)</sup>

### **Article 84**

### **Liquidation of an insurance company or reinsurance company**

(1) The liquidation of the insurance company or reinsurance company shall be governed by the provisions of the Commercial Code, unless otherwise stipulated by this Act.

(2) If an insurance company or reinsurance company is dissolved with liquidation, only the National Bank of Slovakia shall be authorised to submit a proposal for the appointment and removal of the liquidator. When entering a record of the commencement of liquidation of an insurance company or reinsurance company and entering a record of the liquidator the provision of a special law shall not be applied.<sup>69)</sup>

(3) The liquidator may not be a person that has or had a special relationship with the insurance company or reinsurance company.

(4) For the purposes of liquidation of an insurance company or reinsurance company, persons having a special relationship with the insurance company or reinsurance company are considered to be

- a) members of a statutory body of the insurance company or reinsurance company, chief executives of the insurance company or reinsurance company, other employees of the insurance company or reinsurance company designated in the Articles of Association of the insurance company or reinsurance company and a proctor of the insurance company or reinsurance company,
- b) members of the Supervisory Board of the insurance company or reinsurance company,
- c) natural persons having control over the insurance company or reinsurance company and members of the Board of Directors of legal persons having control over the insurance company or reinsurance company and their chief executives,
- d) persons close<sup>21)</sup> to the members of the Board of Directors of the insurance company or reinsurance company, of the Supervisory Board of the insurance company or reinsurance company, to the chief executives of the insurance company or reinsurance company or to the natural persons having control over the insurance company or reinsurance company,
- e) shareholders, if they are natural persons, with significant influence on the insurance company or reinsurance company,
- f) a natural person which in the period of five years before the submission of a motion for liquidation was an auditor of the insurance company or reinsurance company or participated in the audit of the insurance company or reinsurance company without expressing objections to the activity of the insurance company or reinsurance company,
- g) a member of the Board of Directors of other insurance company or reinsurance company and the head of a branch of a foreign insurance company or branch of a foreign reinsurance company or his/her deputy.

(5) Taking into account the scope of the activity of a liquidator, the National Bank of Slovakia shall determine the amount and maturity of his/her reward.

(6) The persons participating in the liquidation of the insurance company or reinsurance company shall be obliged to maintain confidentiality about all facts related to the performance of liquidation towards all persons with the exception of the National Bank of Slovakia in connection with the fulfilment of its duties under this Act or a special law;<sup>2)</sup> this shall be without prejudice to the provisions of Article 45.

(7) The liquidator shall submit to the National Bank of Slovakia without undue delay the accounting statements and documents processed in the course of liquidation in accordance with a special regulation <sup>60)</sup> and other materials requested by the National Bank of Slovakia for the purpose of assessing the activity of the liquidator and the process of liquidation.

(8) In the case of liquidation of an insurance company or reinsurance company, all obligations arising from insurance contracts or reinsurance contracts concluded through branches or based on the right of the free provision of services must be fulfilled in the same way as the obligations arising from other insurance contracts or from other reinsurance contracts regardless the citizenship of a policyholder.

## **Article 85**

### **Liquidation of an insurance company, insurance company from another Member State or reinsurance company, reinsurance company from other Member State within Member States**

(1) The National Bank of Slovakia shall be obliged to inform without undue delay the competent supervisory authorities of other Member States of having submitted a motion for the dissolution and liquidation of an insurance company, reinsurance company including their branches in other Member States and on the commencement of their liquidation.

(2) A decision on the dissolution and liquidation of an insurance company, reinsurance company including their branches in other Member States is valid for all Member States.

(3) The National Bank of Slovakia shall publish in the Journal of the National Bank of Slovakia a notification on the commencement of liquidation of an insurance company from other Member State or a notification on the commencement of liquidation of a reinsurance company from other Member State after having learnt of that fact.

(4) The liquidator shall without undue delay publish the statement of the decision under paragraph 2 in the Official Journal of the European Communities in Slovak language.

(5) The liquidator shall, without undue delay after the commencement of liquidation, inform in writing the known creditors with permanent residence or registered office in other Member State of the deadline before which they should register their claims, effects of not registering the claims and other information connected to the liquidation of entities under paragraph 1, in particular the information of whether the creditors which have preferred claims are obliged to register their claims and the date of the discharge of the insurance contracts and reinsurance contracts.

(6) The information in the statement under paragraph 5 shall be entered in the official language or one of more official languages of the Member State of the permanent residence or registered office of the creditors. The statement under paragraph 5 shall bear the heading 'Appeal for assertion of claims; deadlines that must be fulfilled'.

(7) A creditor having its permanent residence or registered office in other Member State is entitled to assert its claim with the competent body in the Slovak Republic in the official language or in one of more official languages of that Member State, or in Slovak

language if spoken by the creditor. The document in which the creditor files its claim shall bear the heading 'Assertion of a claim'.

(8) A liquidator shall be obliged to inform the creditors regularly about the course of the liquidation of the entities under paragraph 1. The National Bank of Slovakia shall be obliged to provide, upon request, the competent supervisory authorities of other Member States with information about the course of the liquidation of entities under paragraph 1.

(9) If a liquidator from other Member State which performs liquidation of an insurance company from other Member State or liquidation of a reinsurance company from other Member State wants to operate in the territory of the Slovak Republic, his/her appointment shall be proved to the National Bank of Slovakia by means of an officially verified copy of the decision on the appointment of a liquidator or by means of other similar document issued by the competent supervisory authority of other Member State and the National Bank of Slovakia is authorised to request translation of such documents into Slovak language.

## **Article 86**

### **Suspension of the exercise of shareholders' rights**

(1) A person which did an act in breach of Article 45 paragraph 1 subparagraph a) or which obtained prior approval under Article 45 paragraph 1 subparagraph a) on the basis of false data, may have the exercise of the right to participate in and vote at the General Meeting of the insurance company or reinsurance company and of the right to convene an Extraordinary General Meeting of the insurance company or reinsurance company suspended by the National Bank of Slovakia.

(2) An insurance company or reinsurance company shall be obliged, five working days before the date of the General Meeting, to give an order to the central depository to register the suspension of the right of disposal with respect to all the registered shares it issued.

(3) An insurance company or reinsurance company shall be obliged to submit to the National Bank of Slovakia a copy from its register of the issuer of securities and from its list of shareholders made on the day on which the order of the insurance company or reinsurance company to register the suspension of the right of disposal of all the registered shares the insurance company or reinsurance company issued was performed. The copy may not be made before such registration took place. The insurance company or reinsurance company shall be obliged to submit this copy to the National Bank of Slovakia within three working days before the date of holding the General Meeting. In such copy, the National Bank of Slovakia shall without undue delay mark in writing the person to which it suspended the exercise of the rights referred to in paragraph 1 and shall deliver it to the insurance company or reinsurance company no later than on the day before the date of holding of the General Meeting of the insurance company or reinsurance company.

(4) The proceedings to suspend the exercise of the rights referred to in paragraph 1 is deemed commenced if the National Bank of Slovakia on the copy under paragraph 3 marks in writing the person in which it has identified grounds for the suspension of the exercise of the rights referred to in paragraph 1.

(5) A decision to impose a preliminary ruling<sup>2)</sup> on the merits of the suspension of the exercise of the rights referred to in paragraph 1 shall be delivered by the National Bank of Slovakia to the insurance company or reinsurance company no later than on the date of holding the General Meeting. The insurance company or reinsurance company shall be bound by such decision on the imposition of a preliminary ruling<sup>2)</sup>. Such decision on the imposition of a preliminary ruling<sup>2)</sup> is considered to be delivered when delivered also to the representative empowered to represent such person at the General Meeting.

(6) An insurance company or reinsurance company must not admit the participation in its General Meeting of a person designated by the National Bank of Slovakia under paragraph 3, or of persons empowered by such persons to act on behalf of them.

(7) The shares connected with the suspended rights referred to in paragraph 1 shall not be considered to be shares with voting rights during the suspension of these rights. These shares shall not be taken into account either during the assessment of the capacity of the General Meeting to have a quorum or during the decision-making process of the General Meeting. Thus obtained increase in the share of the voting rights of other persons stated in the copy submitted by the insurance company or reinsurance company under paragraph 3 does not require prior approval by the National Bank of Slovakia under Article 45 paragraph 1 subparagraph a).

(8) If the grounds for the suspension of the exercise of the rights referred to in paragraph 1 cease to exist, the National Bank of Slovakia shall cancel the suspension without undue delay. The entities requested by the National Bank of Slovakia to publish such decision shall be obliged to comply with such request.

(9) The National Bank of Slovakia shall be authorised to submit to a court a motion for declaring the decision of the General Meeting of the insurance company or reinsurance company invalid because of contradiction to laws, other generally binding legal regulations or the Articles of Association of the insurance company or reinsurance company within three months after the day when it learnt about that decision, however, within one year after the adoption of that decision at the latest.

## **PART FIVE**

### **SPECIAL PROVISIONS**

#### **Article 87 Joint insurance**

(1) The insurance activity may be pursued also in the form of joint insurance. In the case of joint insurance an insurance contract can be concluded between the policyholder and several insurance companies, insurance companies from other Member State or foreign insurance companies (hereinafter referred to as the 'joint insurer') in the name and on the account of all joint insurers. The insurance contract must contain who are the principal insurer and the amount of shares of the individual joint insurers in the rights and obligations resulting

from the joint insurance.

(2) The principal joint insurer shall manage the joint insurance, in particular, it shall determine general insurance terms and conditions and the amount of premium, receive premiums, receive reports of insurance claims from the insured person, conduct investigation necessary to establish the scope of joint insurers' obligation to pay insurance benefits, and the principal joint insurer shall act within such scope on behalf of other joint insurers.

(3) The entitled person shall be entitled to the full payment of benefits with respect to the principal insurer only provided that it was agreed within the insurance contract. In such case the insurers shall make mutual settlement according to the proportion of their shares under paragraph 3, unless agreed otherwise.

(4) In the case of liquidation of a joint insurer, the liabilities arising from the joint insurance must be settled in the same way as other liabilities arising from insurance contracts concluded by such joint insurer regardless the citizenship of a policyholder.

(5) Within joint insurance the insurance contract may be concluded between a policyholder and several insurers who concluded a mutual contract on a common policy when insuring certain insurance risks and this in the name and on the account of all insurers. By such contract on a common policy a common body established for this purpose might be authorised to fulfil the duties of a principal insurer stipulated to it by this Act.

(6) No deviation from the provisions of paragraphs 1 through 5 within the insurance contract is possible, and this even in the case that some insurer shall take part in the joint insurance by means of a business network established in the location of the registered office of the insurer or its branch that is located in other Member State than the Member State of the registered office of the principal insurer, or if the insurance risk is located in other Member State than in the Slovak Republic.

## **Article 88**

### **Settlement of claims arising from the insurance of legal protection**

(1) In settling the claims from the insurance of legal protection, including legal counselling within such insurance class, the insurance company, insurance company from other Member State or foreign insurance company shall have to ensure that

- a) none of the employees charged with the settlement of claims arising from the insurance of legal protection, including legal counselling within such insurance class pursued simultaneously similar activity within other insurance class of the insurance company, insurance company from other Member State or foreign insurance company which has concluded an insurance contract of the insurance of legal protection; this shall apply also if such activity is pursued by other insurance company, insurance company from other Member State or foreign insurance company within other insurance class of non-life insurance which is a controlling or controlled person in relation to the insurance company, insurance company from other Member State or foreign insurance company which has concluded an insurance contract concerning insurance of legal protection,
- b) the settlement of claims arising from the insurance of legal protection is pursued by other insurance company, insurance company from other Member State or foreign insurance company independent of the insurance company, insurance company from other Member

State or foreign insurance company which is indicated in the insurance contract or in a special contract; if such other insurance company, insurance company from other Member State or foreign insurance company is a controlling or controlled person in relation to other insurance company, insurance company from other Member State or foreign insurance company, its employees charged with the settlement of claims arising from the insurance of legal protection, including legal counselling related to such settlement may not pursue simultaneously the same or similar activity in such other insurance company, insurance company from other Member State or foreign insurance company, or

c) an insurance contract contains the insured person's right to choose freely a legal representative in the protection of its rights.

(2) Provisions of the Commercial Code shall apply to the insurance of legal protection unless otherwise stipulated by this Act.

### **Article 89** **Governing law**

(1) An insurance contract within non-life insurance shall be governed by the law of the Member State where the insurance risk is located unless the contracting parties agreed to apply other law.

(2) If the insurance contract under paragraph 1 contains one insurance risk or more insurance risks located in several Member States, such insurance contract shall be considered as several insurance contracts out of which each shall be governed by the law of that Member State where the insurance risk or part thereof is located unless the contracting parties agreed to apply other law.

(3) If the insurance contract under paragraph 1 contains insurance risk located in the territory of the Slovak Republic and the contracting parties agreed on to use other law in this contract, the use of this law shall be without prejudice to the provisions of the law of the Slovak Republic from which no deviation is possible.

(4) The provisions under paragraphs 1 and 2 shall not apply if a special regulation lays down that an insurance contract must be governed by the Slovak law, or if the law of the Member State where the insurance risk is located or whose legal regulations prescribe an obligation to make a policy, it shall prescribe that such law has to be applied no matter by which law the insurance contract would be otherwise governed.

(5) The insurance contract within life assurance shall be governed by the law of the Member State of the habitual residence of a policyholder, unless the contracting parties agreed on to use other law; this shall not apply if a special regulation determines that the insurance contract must be governed by the Slovak law or if the law of the Member State of the permanent residence or registered office of the policyholder enacts the use of this law no matter by which law the insurance contract would be otherwise governed.

(6) If a Member State consists of several territorial units and contractual relations in that territorial unit are governed by special regulations of that territorial unit, then for the purposes of paragraphs 1 through 4 each such territorial unit shall be considered as an independent Member State.

## **PART SIX**

### **COMMON, TRANSITIONAL AND FINAL PROVISIONS**

#### **Article 90**

(1) Liability for damages caused by a breach of duties under this Act shall be governed by adjustment of compensation for damages pursuant to Civil Code, unless stipulated otherwise by this Act.

(2) The insurance company, reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company is subject to the provisions of the Commercial Code, unless otherwise stipulated by this Act.

(3) An insurance company and reinsurance company can only issue shares as registered securities; any change of their nature or form is prohibited.

(4) Proceedings under this Act are subject to a special law,<sup>2)</sup> unless otherwise stipulated by this Act.

(5) If this Act requires entering identification number or birth registration number, these numbers shall not be mentioned in the cases of persons not assigned such numbers.

#### **Article 91**

Provisions of this Act shall govern also the legal relations originated before the entry into force of this Act; however, the origination of such legal relations, as well as the claims resulted thereof before this Act came into effect, shall be assessed according to the existing rules, unless otherwise stipulated by this Act.

#### **Article 92**

(1) The division, merger, consolidation or dissolution of the insurance company or reinsurance company, including the merging of another legal person with an insurance company or reinsurance company, must not damage the creditors of the insurance company or reinsurance company.

(2) The legal person from which an authorisation to pursue insurance activity or an authorisation to pursue reinsurance activity has been withdrawn, or whose authorisation expired, shall pursue the activities under Article 83 paragraph 1 as an insurance company, reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company under this Act as long as it settles its claims and obligations. The obligations of the an insurance company, reinsurance company, branch of a foreign insurance company or branch of a foreign reinsurance company to submit accounting statements and

statistical statements and reports under this Act shall not apply to such legal person.

### **Article 93**

Any act for which prior approval is required shall be invalid without prior approval by the National Bank of Slovakia under Article 45. Any act performed on the basis of prior approval granted on the basis of false data shall be also invalid.

### **Article 94**

(1) Persons pursuing activity in the area of insurance business in accordance with the existing regulations shall be obliged to harmonize their legal situation with the provisions of this Act no later than on 1 January 2009; this does not affect the provision of Article 4 paragraph 8 subparagraph b).

(2) The insurance companies or branches of foreign insurance companies which pursued insurance activity in accordance with the existing regulations shall be, starting from the effective date of this Act, considered as insurance companies or branches of a foreign insurance company which have been granted an authorisation under this Act.

(3) The branch of an insurance company from other Member State pursuing insurance activity in the territory of the Slovak Republic based on an authorisation granted under the existing regulations shall be, starting from the effective date of this Act, considered as a branch of an insurance company from other Member State established in accordance with Article 18 paragraph 1.

(4) Based on a written request of the insurance company or reinsurance company and after prior approval by the National Bank of Slovakia under Article 45 paragraph 1 subparagraph g) the actual solvency margin can include before 31 December 2009 50 % of future surpluses of the insurance company or reinsurance company related to life assurance, however, only up to the amount of 25 % of the lower of the values of the actual solvency margin and the required solvency margin in the case of an insurance company or reinsurance company performing life assurance. The prior approval by the National Bank of Slovakia with including of the item into the actual solvency margin cannot be granted if the future surpluses of the insurance company or reinsurance company related to life assurance constitute a part of some of the items under Article 34 paragraph 4 or 5.

(5) The proceedings commenced and not completed by a final and conclusive decision of the National Bank of Slovakia before 1 January 2008 shall be completed under the regulations effective to 31 December 2007.

### **Article 94a**

The prior approval by the National Bank of Slovakia pursuant to Article 45 paragraph 1 subparagraph g) pertaining to the inclusion of an item in the actual solvency margin cannot be granted after 1 August 2008 if the future surpluses of the insurance company or the reinsurance company related to life assurance constitute part of some of the items pursuant to Article 34 paragraph 5 or 10 effective from 1 August 2008.

## Article 95

The insurance companies, the insurance companies from other Member State and the branches of the foreign insurance companies are obliged to create the technical reserve for payment of the liabilities towards the Slovak Insurers' Bureau arising from the activities pursuant to a special regulation<sup>28)</sup> at the latest to

- a) 1 May 2008 at least in the amount of one third of the extent, in which they participate in the total liabilities arising from the activities pursuant to a special regulation<sup>28)</sup> according to the proportion of the insurance company, insurance company from other Member State or the branch of the foreign insurance company in the market to 31 December of the preceding calendar year,
- b) 1 May 2009 at least in the amount of two thirds of the extent, in which they participate in the total liabilities arising from the activities pursuant to a special regulation<sup>28)</sup> according to the proportion of the insurance company, insurance company from other Member State or the branch of the foreign insurance company in the market to 31 December of the preceding calendar year,
- c) 1 May 2010 in the whole extent, in which they participate in the total liabilities arising from the activities pursuant to a special regulation<sup>28)</sup> according to the proportion of the insurance company, insurance company from other Member State or the branch of the foreign insurance company in the market to 31 December of the preceding calendar year.

## Article 96

(1) Proceedings on the imposition of penalties or other sanctions commenced and not completed by a final and conclusive decision before entry into effect of this Act shall be completed in compliance with the existing regulations and the penalty or other sanctions may be imposed in accordance with this Act if it is more advantageous for insurance companies, reinsurance companies and other persons. From the effective date of this Act, the deficiencies ascertained in the activities of insurance companies and reinsurance companies and other persons which occurred under the existing regulations and with regard to which no proceedings under the existing regulations took place shall be judged and heard in compliance with this Act if it is more advantageous for these entities. Legal effects of the acts, which occurred in the proceedings before entry into effect of this Act, shall remain preserved.

(2) Provisions of the existing regulations shall apply to the time limits which have not elapsed at the effective date of this Act. If the existing regulations did not prescribe deadlines for the issuing of a decision or for the performing of other acts in proceeding commenced and not completed by a final and conclusive decision before the effective date of this Act, time limits under this Act shall be employed so that they start to run on the effective date of this Act.

## Article 97

(1) At least within three months before the date of introduction of the Euro in the Slovak Republic an insurance company, branch of a foreign insurance company, insurance company from another Member State, reinsurance company, branch of a foreign reinsurance company and reinsurance company from another Member State that pursues insurance

activity or reinsurance activity in the territory of the Slovak Republic shall be obliged to prepare and carry out measures, rules and procedures by means of which it shall ensure continuous and untroubled transformation of the Slovak currency to the Euro in pursuance of the insurance activity or reinsurance activity, in particular the measures, rules and procedures applied at conversions, calculations and rounding of the money amounts and values related to the insurance activity or reinsurance activity including insurance contracts or reinsurance contracts and other administration of insurance or other administration of reinsurance.

(2) At least within three months before the date of introduction of the Euro in the Slovak Republic and no less than during six months after the date of introduction of the Euro in the Slovak Republic an insurance company, branch of a foreign insurance company, insurance company from another Member State, reinsurance company, branch of a foreign reinsurance company and reinsurance company from another Member State that pursues insurance activity or reinsurance activity in the territory of the Slovak Republic shall be obliged to publish information on measures, rules and procedures that it is set to execute, is executing or has executed to ensure transformation of the Slovak currency to the Euro within its web-site and in all its operational premises serving for the contact with clients.

(3) An insurance company, branch of a foreign insurance company, insurance company from other Member State, reinsurance company, branch of a foreign reinsurance company and reinsurance company from other Member State that pursues insurance activity or reinsurance activity in the territory of the Slovak Republic shall be obliged to draw up the information within the scope under paragraph 1. Within three months before the date of introduction of the Euro in the Slovak Republic the insurance company, branch of a foreign insurance company, insurance company from other Member State, reinsurance company, branch of a foreign reinsurance company and reinsurance company from other Member State that pursues insurance activity or reinsurance activity in the territory of the Slovak Republic shall be obliged to provide, free of charge, each client with whom it shall conclude an insurance contract or reinsurance contract within this period with such information; it shall provide, free of charge, other clients with such information only upon their request.

(4) As of the determination of the conversion rate<sup>71)</sup> cash data on the values related to insurance activity or reinsurance activity including insurance contracts or reinsurance contracts and other administration of insurance or other administration of reinsurance shall be calculated from the Slovak currency to the Euro according to the conversion rate and other principles for transformation of the Slovak currency to the Euro. The cash data on the values related to insurance activity or reinsurance activity including insurance contracts or reinsurance contracts and other administration of insurance or other administration of reinsurance constituting part of the information intended for clients shall be subject to dual displaying within the scope under special regulations<sup>71)</sup> in the case of the information issued or published during the compulsory period of the dual displaying under the special regulations.<sup>71)</sup>

## **Article 98**

Up until the date of the introduction of the Euro in the Slovak Republic an insurance company, reinsurance company, branch of a foreign insurance company and branch of a foreign reinsurance company shall be obliged to calculate the assets and liabilities expressed in the foreign currency to the Slovak crowns on the daily basis under the exchange rate

defined and announced by the National Bank of Slovakia<sup>72)</sup> valid by that day.

## **Article 99**

Legal acts of the European Communities and of the European Union listed in Annex No. 2 are implemented by this Act.

## **Article 100** **Repealing provisions**

The following shall be repealed:

1. SECTION I of Act No. 95/2002 Coll. on insurance and on amendments and supplements to certain laws as amended by Act No. 430/2003 Coll., Act No. 186/2004 Coll., Act No. 580/2004 Coll., Act No. 645/2004 Coll., Act No. 747/2004 Coll., Act No. 7/2005 Coll., Act No. 340/2005 Coll., Act No. 10/2006 Coll., Act No. 262/2006 Coll., Act No. 644/2006 Coll. and Act No. 110/2007 Coll.
2. Decree of the Ministry of Finance of the Slovak Republic No. 155/2002 Coll. stipulating the manner of proving fulfilment of conditions for granting the authorisation for pursuing of insurance activity and for granting the authorisation for pursuing of reinsurance activity,
3. Decree of the Ministry of Finance of the Slovak Republic No. 171/2002 Coll. which determines the requirements of the request for the granting of prior approval under Article 36 paragraph 1 of Act No. 95/2002 Coll. on insurance and on amendments and supplements to certain laws as amended by Decree No. 568/2004 Coll.,
4. Decree of the Ministry of Finance of the Slovak Republic No. 380/2002 Coll. which determines the manner of defining the value of the securities and real property in which are placed the means of the technical reserves within the insurance industry,
5. Decree of the Ministry of Finance of the Slovak Republic No. 381/2002 Coll. on the requisites of the actuarial report on activity of an insurance company and of a report of an actuary on activity of a reinsurance company,
6. Decree of the Ministry of Finance of the Slovak Republic No. 441/2004 Coll. on the manner of calculation and demonstration of the actual solvency margin of an insurance company and a branch of a foreign insurance company, on the manner of calculation of the required solvency margin of the insurance company and the branch of a foreign insurance company and on risk capital as amended by Decree No. 685/2006 Coll.,
7. Decree of the Ministry of Finance of the Slovak Republic No. 567/2004 Coll. which stipulates the minimum amount of a guarantee fund of an insurance company or of a branch of a foreign insurance company as amended by Decree No. 665/2006 Coll.,
8. Decree of the Ministry of Finance of the Slovak Republic No. 39/2005 Coll. stipulating location limits of the means of the technical reserves within the insurance industry,
9. Decree of the Ministry of Finance of the Slovak Republic No. 228/2005 Coll. on own resources of a financial conglomerate and methods of calculation of a sufficient amount of own resources of a financial conglomerate under Act No. 95/2002 Coll. on insurance and on amendments and supplements to certain laws as amended by Decree No. 640/2006 Coll.,
10. Decree of the Ministry of Finance of the Slovak Republic No. 448/2005 Coll. on professional examination of an actuary as amended by Decree No. 461/2006 Coll.,
11. Decree of the National Bank of Slovakia No. 172/2006 Coll. stipulating the maximum

- amount of technical interest rate within life assurance,
12. Decree of the National Bank of Slovakia No. 8/2006 on submission of statements by insurance companies and branches of foreign insurance companies (Notice No. 607/2006 Coll.),
  13. Decree of the National Bank of Slovakia No. 9/2006 on submission of statements, reports and other information of an insurance consolidated unit or insurance sub-consolidated unit, financial consolidated unit or financial sub-consolidated unit and mixed consolidated unit or mixed sub-consolidated unit (Notice No. 610/2006 Coll.),
  14. Decree of the National Bank of Slovakia No. 11/2006 on submission of a statement on sufficient amount of own resources of a financial conglomerate under Act No. 95/2002 Coll. on insurance and on amendments and supplements to certain laws as amended by later regulations (Notice No. 643/2006 Coll.).

## SECTION II

Act No. 429/2002 Coll. on the Stock Exchange as amended by Act No. 594/2003 Coll., Act No. 43/2004 Coll., Act No. 635/2004 Coll., Act No. 747/2004 Coll., Act No. 336/2005 Coll. and Act No. 209/2007 Coll. shall be amended as follows:

1. In Article 37b paragraph 2 the words 'other than shares' shall be omitted.
2. In Article 41 paragraph 19 the word 'relate' shall be replaced by the term 'do not relate'.
3. In Article 42 paragraph 6 subparagraph b) the number '4' shall be replaced by the number '5'.
4. In Article 46 paragraph 2 subparagraphs a) and b) the word 'supervision' shall be omitted.
5. In Article 49 paragraph 1 the words 'Article 34 through 37, Article 37b paragraph 1 through 3, Article 42 paragraph 12 and Article 44 paragraphs 1 and 2' shall be replaced by the words 'Article 34, Article 35 paragraphs 1 through 4, 9 and 11, Article 36 paragraphs 1 and 3, Article 37, Article 37b paragraph 1 through 3, Article 37c, Article 37d paragraph 3, Article 42 paragraph 1 through 4 and 11 and Article 44 paragraphs 1 and 2'.
6. In Article 58 the paragraph 1 shall read:  
(1) The National Bank of Slovakia performs supervision under this Act and a special law<sup>12)</sup> over the stock exchange, members of the stock exchange, organiser of a multilateral trade system, over issuers of securities that were accepted for trading in the stock market or within the multilateral trade system or for which the application for acceptance for trading in the stock market or within the multilateral trade system has been submitted and over the persons that issued other financial instruments accepted for trading in the stock market or within the multilateral trade system or for which the application for acceptance for trading in

the stock market or within the multilateral trade system has been submitted; within the scope stipulated by this Act also the activity of persons related to acceptance of securities for trading in the stock market or within the multilateral trade system shall be subject to supervision. 7.

### SECTION III

Act No. 266/2005 Coll. on protection of consumer at remote financial services and on amendments and supplements to certain laws shall be amended and supplemented as follows:

1. In Article 7 the paragraph 1 shall be omitted.

The existing paragraphs 2 and 3 shall be marked as paragraphs 1 and 2.

2. In Article 7 paragraph 1 the reference 23a shall be placed above the word 'unsolicited'.

The footnote to the reference 23a shall read:

<sup>23a)</sup> Annex No. 1 Part Aggressive Trade Practices point 6 to Act No. 250/2007 Coll. on consumer protection and on amendments of Act of the Slovak National Council No. 372/1990 Coll. on misdemeanours as amended by subsequent legislation.'

3. In Article 7 paragraph 2 the words 'paragraphs 1 and 2' shall be replaced by the words 'paragraph 1' and the following sentence shall be attached to the end: 'This shall be without prejudice to the provisions of a special regulation.'<sup>23b)</sup>'.

The footnote to the reference 23b shall read:

<sup>23b)</sup> Article 7 of Act No. 250/2007 Coll.'

4. The existing text of Annex shall be marked as point 1 and shall be supplemented by point 2 which shall read:

'2. Directive of the European Parliament and of the Council 2005/29/EC of 11 May 2005 on unfair commercial practices of enterprisers towards consumers in the internal market and amending Council Directive 84/450/EEC, Directive of the European Parliament and of the Council 97/7/EC and 2002/65/EC and Regulation of the European Parliament and of the Council (EC) No. 2006/2004 ('Directive on Unfair Commercial Practices') (OJ EU L 149, 11.06.2005).'

## **SECTION IV**

This Act shall come into effect on 15th February 2008 with the exception of Section I and Section III which shall come into effect on 1 April 2008.

Act No. 207/2008 came into effect on August 1<sup>st</sup> 2008 with the exception of the provisions of Article I, item 3 [Article 3, paragraph 2], items 4 and 5 [Article 4, paragraph 5 to 7], item 8 [Article 7, paragraph 2, letter c)], item 9 [Article 16, paragraph 1], item 16, items 19 and 20 [Article 31, paragraph 2 to 8], item 24 [Article 32, paragraph 5], item 25 [Article 32, paragraph 6], item 26 [Article 32, paragraph 10], item 30 [Article 36, paragraph 7], item 32 [Division Two and Three of Part Four] and item 34 [Article 61, paragraph 2, letter b)], which shall come into effect on the day of introduction of the euro in the Slovak Republic.

**Ivan Gašparovič**, on his own hand

**Pavol Paška**, on his own hand

**Robert Fico**, on his own hand

**CLASSIFICATION OF INSURANCE CLASSES ACCORDING TO INSURANCE  
TYPES**

**Part A - Life assurance classes**

1. Assurance on death only, assurance on survival to a stipulated age only, or assurance on survival to a stipulated age or on earlier death.
2. Marriage assurance or birth assurance.
3. Assurance linked to capitalisation contracts.
4. Assurance referred to in points 1 and 3 linked to an investment fund.
5. Retirement assurance.
6. Accident or sickness insurance, when representing supplementary insurance to some class of assurance referred to in points 1 through 5.

**Part B - Classes of non-life insurance**

1. Accident insurance
  - a) with fixed pecuniary benefits,
  - b) with benefits in the nature of indemnity,c) with combinations of the two,
  - d) of passengers,
  - e) individual health insurance.
2. Sickness insurance
  - a) with fixed pecuniary benefits
  - b) with benefits in the nature of indemnity
  - c) with combinations of the two
  - d) contractual insurance and additional insurance,
  - e) individual health insurance.
3. Land vehicles damage or loss insurance (other than railway rolling stock)
  - a) motor vehicles,
  - b) other than motor vehicles.
4. Railway rolling stock damage or loss insurance.
5. Aircraft damage or loss insurance.
6. Ships damage and loss insurancea) river vessels,
  - b) lake vessels,c) sea vessels.
7. Goods in transit insurance, including baggage and all other goods, irrespective of the form of transport.
8. Property damage and loss insurance other than referred to in points 3 through 7 due to
  - a) fire,

- b) explosion, c) storm,
  - d) natural forces other than storm,
  - e) nuclear energy, f) land subsidence.
9. Other property insurance against damages and losses other than those referred to in points 3 through 7 due to hail or frost or any event (such as theft) other than those mentioned under point 8.
10. Liability insurance
- a) for damage and loss arising out of the use of motor vehicle,
  - b) carrier's liability.
11. Liability insurance arising out of the use of aircraft, including carrier's liability.
12. Liability insurance arising out of the use of ships, vessels or boats on the sea, lakes, rivers or canals, including carrier's liability.
13. General liability insurance other than referred to in points 10 through 12.
14. Credit insurance
- a) general insolvency,
  - b) export credit, c) instalment credit, d) mortgage, e) agricultural credit.
15. Suretyship insurance
- a) direct suretyship, b) indirect suretyship.
16. Miscellaneous financial losses due to
- a) employment,
  - b) insufficiency of income,
  - c) bad weather,
  - d) loss of benefits,
  - e) continuing general expenses,
  - f) unforeseen trading expenses,
  - g) loss of market value,
  - h) loss of regular income source,
  - i) other indirect trading losses,
  - j) other forms of financial loss.
17. Legal expenses insurance.
18. Assistance insurance for persons in difficulties while travelling or while away from their permanent residence.

### **Part C - Groups of non-life insurance classes**

The supervisory authority within insurance business issues licences authorising to operate in several insurance classes, designated as the following groups:

- a) 'Accident and sickness insurance' including insurance classes referred to in point 1 and 2,

- b) 'Motor vehicles insurance' including insurance classes referred to in points 3, 7 and 10,
- c) 'Marine and transport insurance' including insurance classes referred to in points 6, 7 and 12,
- d) 'Aviation insurance' including insurance classes referred to in points 5, 7 and 11,
- e) 'Insurance against fire and other damage to property' including insurance classes referred to in points 8 and 9,
- f) 'Liability insurance' including insurance classes referred to in points 10 through 13,
- g) 'Credit and suretyship insurance' including insurance classes referred to in points 14 and 15,
- h) 'General non-life insurance' including insurance classes referred to in points 1 through 18.

The insurance company authorised to pursue one or more insurance classes may conclude insurance contract covering also risks relating to other insurance class than those included in the authorisation (supplementary insurance) providing that such risks represent

- a) risks appearing in connection with the principal insured risk,
- b) risks relating to the subject covered against the principal insured risk, and
- c) risks covered by the insurance contract relating to the principal insured risk.

The risks involved in the insurance classes referred to in points 14, 15 and 17 cannot be considered supplementary insurance.

**Annex No. 2  
to Act No. 8/2008 Coll.**

**LIST OF THE IMPLEMENTED LEGAL ACTS  
OF THE EUROPEAN COMMUNITIES AND OF THE EUROPEAN UNION**

1. Council Directive 64/225/EEC of 25 February 1964 on the abolition of restrictions on freedom of establishment and freedom to provide services in respect of reinsurance and

retrocession (OJ EC L 56, 04.04.1964, ). Special Edition OJ EU 06/Volume 01).

2. First Directive of the Council 73/239/EEC of 24 July 1973 on the coordination of Acts, other legal regulations and administrative measures for commencement and pursuit of the business of direct insurance with the exception of life assurance (OJ EC L 228, 16.08.1973, Special Edition OJ EU 06/Volume 01) as amended by Directive of the Council 76/580/EEC of 29 June 1976 (OJ EC L 189, 13.07.1976, Special Edition OJ EU 06/Volume 01) as amended by Directive of the Council 84/641/EEC of 10 December 1984 (OJ EC L 339, 27.12.1984, Special Edition OJ EU 06/Volume 01) as amended by Directive of the Council 87/343/EEC of 22 June 1987, (OJ EC L 185, 04.07.1987, Special Edition OJ EU 06/Volume 01) as amended by Directive of the Council 87/344/EEC of 22 June 1987 (OJ EC L 185, 04.07.1987, Special Edition OJ EU 06/Volume 01) as amended by Directive of the Council 88/357/EEC of 22 June 1988 (OJ EC L 172, 04.07.1988, Special Edition OJ EU 06/Volume 01) as amended by Directive of the Council 90/618/EEC of 8 November 1990, (OJ EC L 330, 29.11.1990, Special Edition OJ EU 06/Volume 01) as amended by Directive of the Council 92/49/EEC of 18 June 1992 (OJ EC L 228, 11.08.1992, Special Edition OJ EU 06/Volume 01) as amended by Directive of the European Parliament and of the Council 95/26/EC of 29 June 1995 (OJ EC L 168, 18.07.1995, Special Edition OJ EU 06/Volume 02) as amended by Directive of the European Parliament and of the Council 2002/13/EC of 5 March 2002 (OJ EC L 77, 20.03.2002, Special Edition OJ EU 06/Volume 04) as amended by Directive of the European Parliament and of the Council 2002/87/EC of 16 December 2002 (OJ EU L 35, 11.02.2003, Special Edition OJ EU 6/volume 4) as amended by Directive of the European Parliament and of the Council 2005/1/EC of 9 March 2005 (OJ EU L 79, 24.03.2005) as amended by Directive of the European Parliament and of the Council 2005/68/EC of 16 November 2005 (OJ EU L 323, 09.12.2005) as amended by Council Directive 2006/101/EC of 20 November 2006 (OJ EU L 363, 20.12.2006).
3. Directive of the Council 73/240/EEC of 24 July 1973 which cancel limitations of the right to settle in the field of direct insurance with exception of life assurance (OJ EC L 228, 16.08.1973, Special Edition OJ EU 06/Volume 01).
4. Directive of the Council 78/473/EEC of 30 May 1978 on the coordination of Acts, other legal regulations and administrative measures related to joint insurance within the Community (OJ EC L 151, 07.06.1978, Special Edition OJ EU 06/Volume 01).
5. Directive of the Council 87/344/EEC of 22 June 1987 on the coordination of Acts, other legal regulations and administrative measures related to insurance of legal protection (OJ EC L 185, 04.07.1987, Special Edition OJ EU 06/Volume 01).
6. Second Directive of the Council 88/357/EEC of 22 June 1988 on the coordination of Acts, other legal regulations and administrative measures related to direct insurance with the exception of life assurance and laying down provisions for easement of effective exercise of freedom to provide services and on amendments and supplements to Directive 73/239/EEC (OJ EC L 172, 04.07.1988, Special Edition OJ EU 06/Volume 01) as amended by Directive of the Council 90/618/EEC of 8 November 1990 (OJ EC L 330, 29.11.1990, Special Edition OJ EU 06/volume 01) as amended by Directive of the Council 92/49/EEC of 18 June 1992 (OJ EC L 228, 11.08.1992, Special Edition OJ EU 06/volume 01) as amended by Directive 2000/26/EC of the European Parliament and of the Council of 16 May 2000 (OJ EC L 181, 20.07.2000, Special Edition OJ EU 06/volume

03) as amended by Directive of the European Parliament and of the Council 2005/14/EC of 11 May 2005 (OJ EU L 149, 11.06.2005).

7. Council Directive 91/371/EEC of 20 June 1991 on performance of the Agreement between the European Economic Community and the Swiss Confederation on direct insurance with the exception of life assurance (OJ EC L 205, 27.07.1991, Special Edition OJ EU 06/Volume 01).
8. Directive of the Council 91/675/EEC of 19 December 1991 setting up the Insurance Committee (OJ EC L 374, 31.12.1991, Special Edition OJ EU 06/Volume 01) as amended by Regulation (EC) No. 1882/2003 of the European Parliament and of the Council of 29 September 2003 (OJ EU L 284, 31.10.2003, Special Edition OJ EU 01/Volume 04) as amended by Directive of the European Parliament and of the Council 2005/1/EC of 9 March 2005 (OJ EU L 79, 24.03.2005).
9. Directive of the Council 92/49/EEC of 18 June 1992 on the coordination of Acts, other legal regulations and administrative measures related to direct insurance with the exception of life assurance and on amendments and supplements to Directives 73/239/EEC and 88/357/EEC (third directive on non-life insurance) (OJ EC L 228, 11.08.1992, Special Edition OJ EU 06/Volume 01) as amended by Directive of the European Parliament and of the Council 95/26/EC of 29 June 1995 (OJ EC L 168, 18.07.1995, Special Edition OJ EU 06/Volume 02) as amended by Directive 2000/64/EC of the European Parliament and of the Council of 7 November 2000 (OJ EC L 290, 17.11.2000, Special Edition OJ EU 06/Volume 03) as amended by Directive of the European Parliament and of the Council 2002/87/EC of 16 December 2002 (OJ EU L 35, 11.02.2003, Special Edition OJ EU 6/Volume 4) as amended by Directive of the European Parliament and of the Council 2005/68/EC of 16 November 2005 (OJ EU L 323, 09.12.2005).
10. Directive of the European Parliament and of the Council 98/78/EC of 27 October 1998 on supplementary supervision over insurance companies in a group of insurance companies (OJ EC L 330, 05.12.1998, Special Edition OJ EU 06/Volume 03) as amended by Directive of the European Parliament and of the Council 2002/87/EC of 16 December 2002 (OJ EU L 35, 11.02.2003, Special Edition OJ EU 6/Volume 4) as amended by Directive of the European Parliament and of the Council 2005/1/EC of 9 March 2005 (OJ EU L 79, 24.03.2005) as amended by Directive of the European Parliament and of the Council 2005/68/EC of 16 November 2005 (OJ EU L 323, 09.12.2005).
11. Directive of the European Parliament and of the Council 2001/17/EC of 19 March 2001 on the reorganization and liquidation of insurance companies (OJ EC L 110, 20.04.2001, Special Edition OJ EU 06/Volume 04).
12. Directive 2002/83/EC of the European Parliament and of the Council of 5 November 2002 (OJ EC L 345, 19.12.2002, Special Edition OJ EU 06/Volume 06) as amended by Directive of the Council 2004/66/EC of 26 April 2004 (OJ EU L 168, 01.05.2004) as amended by Directive of the European Parliament and of the Council 2005/1/EC of 9 March 2005 (OJ EU L 79, 24.03.2005) as amended by Directive of the European Parliament and of the Council 2005/68/EC of 16 November 2005 (OJ EU L 232, 09.12.2005) as amended by Council Directive 2006/101/EC of 20 November 2006 (OJ EU L 363, 20.12.2006).

13. Directive of the European Parliament and of the Council 2002/87/EC of 16 December 2002 on supplementary supervision over credit institutions, insurance companies and investment firms in a financial conglomerate and amending Council Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC and Directives of the European Parliament and of the Council 98/78/EC and 2000/12/EC (OJ EU L 35, 11.02.2003) as amended by Directive of the European Parliament and of the Council 2005/1/EC of 9 March 2005 (OJ EU L 79, 24.03.2005).
14. Directive of the Council 2004/113/EC of 13 December 2004 implementing the principle of equal treatment between men and women in the access to and supply of goods and services and their provision (OJ EU L 373, 21.12.2004).
15. Directive of the European Parliament and of the Council 2005/68/EC of 16 November 2005 on reinsurance and amending Directives of the Council 73/239/EEC, 92/49/EEC and Directives 98/78/EC and 2002/83/EC (OJ EU L 323, 09.12.2005).

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**Footnotes relating to references:**

- 1) For example Act No. 461/2003 Coll. on social insurance as amended by later regulations, Act No. 580/2004 Coll. on health insurance and on amendments and supplements to Act No. 95/2002 Coll. on insurance industry and on amendments and supplements to certain laws as amended by subsequent legislation, Act No. 650/2004 Coll. on supplementary pension savings and on amendments and supplements to certain laws as amended by subsequent legislation.
- 2) Act No. 747/2004 Coll. on supervision over financial market and on amendments and supplements to certain laws as amended by subsequent legislation.
- 3) Act No. 562/2004 Coll. on a European Company and on amendments and supplements to certain laws.
- 4) Article 21 of Commercial Code as amended by subsequent legislation, Article 2 of the Act No. 530/2003 Coll. on Commercial Register and on amendments and supplements to certain laws as amended by subsequent legislation.
- 5) Articles 10 through 12 of Act No. 330/2007 Coll. on Criminal Record and on amendments and supplements to certain laws.
- 6) Article 6 of Act No. 340/2005 Coll. on insurance intermediation and on reinsurance intermediation and on amendments and supplements to certain laws.
- 7) Article 7 of Act No. 340/2005 Coll.
- 8) Article 9 of Act No. 340/2005 Coll.
- 9) Article 4 of Act No. 340/2005 Coll. as amended by Act No. 644/2006 Coll.
- 10) Article 5 of Act No. 340/2005 Coll. as amended by Act No. 644/2006 Coll.
- 11) Act No. 7/2005 Coll. on bankruptcy and restructuring and on amendments and supplements to certain laws as amended by subsequent legislation.
- 12) For example Act No. 483/2001 Coll. on banks and on amendments and supplements to certain laws as amended by subsequent legislation, Act No. 566/2001 Coll. on securities and investment services and on amendments and supplements to certain laws (Securities Act) as amended by subsequent legislation
- 13) Article 8 paragraph b) of Act No. 566/2001 Coll. as amended by subsequent legislation. Article 6 paragraphs 10, 11 and 12 of Act No. 594/2003 Coll. on collective investment and on amendments and supplements to certain laws as amended by Act No. 747/2004 Coll.
- 14) Act No. 483/2001 Coll. as amended by subsequent legislation.
- 15) Act No. 650/2004 Coll. as amended by subsequent legislation.
- 16) Act No. 566/2001 Coll. as amended by subsequent legislation.
- 17) Article 3 of Act No. 594/2003 Coll.
- 18) Act No. 43/2004 Coll. on retirement pension savings and on amendments and supplements to certain laws as amended by subsequent legislation.
- 19) For example Act of the National Council of the Slovak Republic No. 78/1992 Coll. on tax counsellors and Slovak association of tax counsellors as amended by subsequent legislation, Act No. 540/2007 Coll. on auditors, audit and supervision over performance of audit and on amendments and supplements to Act No. 431/2002 Coll. on accountancy as amended by subsequent legislation.
- 20) Act No. 80/1997 Coll. on Export and Import Bank of the Slovak Republic as amended by subsequent legislation.

- Act No. 381/2001 Coll. on compulsory contractual motor vehicle third party liability insurance and on amendments and supplements to certain laws as amended by subsequent legislation.
- 21) Article 116 of Civil Code.
  - 22) Article 15a of Act No. 381/2001 Coll. as amended by subsequent legislation.
  - 23) Article 29 of Act No. 747/2004 Coll.
  - 24) Council Decision as of 20 June 1991 on conclusion of an Agreement between the European Economic Community and the Swiss Confederation on direct insurance with the exception of life assurance (OJ EC L 205; Special Edition OJ EU Chapter 6/Volume 1).
  - 25) Article 27 of Act No. 747/2004 Coll. as amended by subsequent legislation.
  - 26) Articles 476 through 488 of Commercial Code as amended by subsequent legislation.
  - 27) Article 5 of Act No. 428/2002 Coll. on personal data protection as amended by Act No. 90/2005 Coll.
  - 28) Article 20 paragraph 2 subparagraphs a) and b) and Article 28 paragraphs 3 and 4 of Act No. 381/2001 Coll. as amended by Act No. 430/2003 Coll.
  - 29) Article 66b of Commercial Code as amended by later regulations.
  - 30) Directive of the European Parliament and of the Council (EC) No.1606/2002 of 19 July 2002 on application of international accounting standards (Special Edition OJ EU Chapter 13/Volume 29 OJ EC L 243, 11.09.2002).  
Directive of the Commission (EC) No. 1725/2003 of 29 September 2003 on adoption of certain international accounting standards in accordance with the Directive of the European Parliament and of the Council (EC) No. 1606/2002 (Special Edition OJ EC Chapter 12/Volume 32 OJ EU L 261, 13.10.2003) as amended
  - 31) Act No. 594/2003 Coll. as amended by subsequent legislation.
  - 32) Article 4 paragraph 7 of Act No. 594/2003 Coll. as amended by Act No. 213/2006 Coll.
  - 33) Act No. 211/2000 Coll. on free access to information and on amendments and supplements to certain laws (Freedom of Information Act) as amended by subsequent legislation.
  - 34) Article 66 of Commercial Code as amended by subsequent legislation.
  - 35) Act No. 340/2005 Coll. as amended by Act No. 644/2006 Coll.
  - 36) Code of Civil Procedure as amended by subsequent legislation.
  - 37) Code of Criminal Procedure as amended by subsequent legislation.
  - 38) Act of the National Council of the Slovak Republic No. 511/1992 Coll. on administration of taxes and fees and on changes of the system of territorial financial authorities as amended by subsequent legislation.  
Act No.150/2001 Coll. on tax offices amending and supplementing Act No. 440/2000 Coll. financial control administrations as amended by subsequent legislation.
  - 39) Act of the National Council of the Slovak Republic No. 171/1993 Coll. on the Police Force as amended by subsequent legislation.
  - 40) Act of the National Council of the Slovak Republic No. 46/1993 Coll. on Slovak Information Service as amended by subsequent legislation.  
Act No. 215/2004 Coll. on classified information protection and on amendments and supplements to certain laws as amended by subsequent legislation.
  - 41) Act of the National Council of the Slovak Republic No. 233/1995 Coll. on judicial executors and on execution activity (Execution Rules) and on amendments and supplements to certain laws as amended by subsequent legislation.
  - 42) Articles 340 and 341 of Criminal Act.
  - 43) Act No. 431/2002 Coll. on accountancy as amended by subsequent legislation.
  - 44) Act No. 136/2001 Coll. on protection of competition and on amendments and

- supplements to Act of the Slovak National Council No. 347/1990 Coll. on organization of ministries and other central bodies of the state administration of the Slovak Republic as amended by subsequent legislation, as amended by subsequent legislation.
- 45) Article 3 of Act No. 428/2002 Coll. on personal data protection.
  - 46) For example Articles 6, 7, 9 and 9a of Act No. 83/1990 Coll. on association of citizens as amended by subsequent legislation, Article 3a and Article 27 through 33 of Commercial Code as amended by subsequent legislation, Article 6 paragraph 1 and Article 7 of Act of the National Council of the Slovak Republic No. 182/1993 Coll. on ownership of residential and non-residential premises as amended by subsequent legislation, Article 5 paragraphs 1 and 2 of Act of the National Council of the Slovak Republic No. 222/1996 Coll. on organization of local state administration and on amendments and supplements to certain laws, Article 9 paragraph 1 and 2 and Article 10 of Act No. 147/1997 Coll. on non-investment funds and on supplements to Act of the National Council of the Slovak Republic No. 207/1966 Coll., Article 9 paragraph 1 and 2 and Article 11 of Act No. 213/1997 Coll. on non-profit organizations providing community services as amended by Act No. 35/2002 Coll., Article 2 paragraph 2 and Articles 10 and 11 of Act No. 34/2002 Coll. on foundations and on amendments to Civil Code as amended by subsequent legislation.
  - 47) For example Act No. 367/2000 Coll. on protection against legalization of proceeds from criminal activity and on amendments and supplements to certain laws as amended by subsequent legislation, Act No. 395/2002 Coll. on archives and registers and on supplements to certain laws as amended by subsequent legislation, Act No. 431/2002 Coll. as amended by subsequent legislation.
  - 48) Article 4 paragraph 5 and Article 7 paragraph 3 of Act No. 428/2002 Coll. as amended by Act No. 90/2005 Coll.
  - 49) Article 4 paragraph 1 subparagraphs a), b) and c), Article 7 paragraph 3, paragraph 5 second sentence and paragraph 6 second sentence, Article 8 paragraph 2 and Article 10 paragraph 6 of Act No. 428/2002 Coll. as amended by Act No. 90/2005 Coll.
  - 50) Article 2 of Act of the National Council of the Slovak Republic No. 301/1995 Coll. on birth registration number.
  - 51) Article 7 paragraph 6 of Act No. 428/2002 Coll. as amended by Act No. 90/2005 Coll.
  - 52) Articles 23 and 55 of Act No. 428/2002 Coll. as amended by Act No. 90/2005 Coll.
  - 53) Article 2 subparagraph c) of Act No. 340/2005 Coll.
  - 54) Article 5 subparagraph p) of Act No. 483/2001 Coll. as amended by Act No. 644/2006 Coll.
  - 55) Article 6 paragraph 17 of Act No. 483/2001 Coll. as amended by subsequent legislation.
  - 56) Article 25 paragraph 7 of Act No. 483/2001 Coll.
  - 57) Article 35 of Act No. 483/2001 Coll. as amended by subsequent legislation.
  - 58) For example Act No. 367/2000 Coll. as amended by subsequent legislation, Act No. 381/2001 Coll. as amended by subsequent legislation, Act No. 659/2007 Coll. on the introduction of the Euro currency in the Slovak Republic and on amendments and supplements to certain laws.
  - 59) Act No. 381/2001 Coll. as amended by subsequent legislation
  - 60) For example Commercial Code as amended by subsequent legislation.
  - 61) Articles 13, 14 and 15 of Act No. 586/2003 Coll. on advocacy and on amendments and supplements to Act No. 455/1991 Coll. on small businesses (Trade Licensing Act) as amended by subsequent legislation.
  - 62) Act of the National Council of the Slovak Republic No. 323/1992 Coll. on notaries and notarial activity (Notarial Code) as amended by subsequent legislation.
  - 63) Articles 154 through 229 of Commercial Code as amended by subsequent legislation.

- 64) Articles 3 through 107 and Article 176 through 195 of Act No. 7/2005 Coll. as amended by subsequent legislation.
- 65) Articles 566 through 576 of Commercial Code.
- 66) Labour Code as amended by subsequent legislation.
- 67) Article 5 of Act No. 566/2001 Coll.
- 68) Articles 42a and 42b of Civil Code as amended by subsequent legislation.
- 69) Article 5 paragraph 3 of Act No. 530/2003 Coll.
- 70) Article 68 paragraph 7 of Commercial Code as amended by subsequent legislation.
- 71) Article 1 paragraph 2 subparagraph i), Article 2 and 18 of Act No. 659/2007 Coll.
- 72) Article 28 subparagraph a) of Act of the National Council of the Slovak Republic No. 566/1992 Coll. on the National Bank of Slovakia.