

Pursuant to Article 35, paragraph 1, subparagraph 1.1. of the Law No. 03/L-209 on Central Bank of the Republic of Kosovo (Official Gazette of the Republic of Kosovo, No. 77/16 August 2010), Article 4, paragraph 3, Article 104, paragraph 19, as well as Chapter XVIII of the Law No. 05/L-045 on Insurances (Official Gazette of the Republic of Kosovo No. 38/24 December 2015), the Board of the Central Bank, at the meeting held on 30 September 2019, approved the following:

REGULATION ON LIQUIDATION OF INSURERS

Article 1

Purpose and scope

1. This Regulation defines the liquidation of insurers as well as the criteria and procedures for liquidation of insurers in order to maintain financial stability in the country and to ensure adequate protection of policyholders' rights.
2. This Regulation applies to insurers and branches of foreign insurers licensed by the Central Bank of the Republic of Kosovo to carry out insurance and reinsurance activities in the life and non-life classes in the Republic of Kosovo.

Article 2

Definitions

1. All terms used in this Regulation have the same meaning as the terms defined in Law No. 05/L-45 on Insurance (hereinafter: Law on Insurances) and/or the following definitions for the purpose of this Regulation:
 - 1.1. **Interim Administrator** - means a person appointed by the CBK for the purpose of managing the interim administration process according to the Law on Insurances;
 - 1.2. **Liquidator** - means a person appointed or approved by the CBK to take full control of the insurer for the purpose of managing the liquidation process;
 - 1.3. **Liquidation** - means the realization of an insurer's assets and the distribution of income among creditors, shareholders or members as appropriate, which necessarily involves intervention by the CBK, whether voluntary or mandatory;
 - 1.4. **Liquidation process** - means collective proceedings involving the liquidation according to this Regulation and the Law on Insurances.
 - 1.5. **Insurer** - unless specifically referred to separately in this regulation, the term insurer means both insurer and reinsurer.

Article 3
Types of liquidation

1. Liquidation of the insurer or branch of the foreign insurer may be done in accordance with the Law on Insurances and this Regulation through the following:
 - 1.1 Voluntary liquidation;
 - 1.2 Liquidation.

Article 4
Voluntary liquidation

1. Voluntary liquidation may be initiated by the decision of the General Assembly of Shareholders of the insurer. The voluntary liquidation procedure can only begin after the insurer receives prior approval from the CBK.
2. The decision on voluntary liquidation may be approved by the CBK in the following cases:
 - 2.1. The insurer, which complies with legal and regulatory requirements/is solvent, decides to exit the market and terminate the insurance activities for which it is licensed by the CBK.
 - 2.2. The insurer, which complies with the legal and regulatory requirements/is solvent, decides that it has achieved its purpose and its shareholders decide to return their investments to the relevant insurer.
3. Voluntary liquidation can occur only if the insurer complies with regulatory requirements for capital and solvency during the liquidation process; consequently it covers its obligations.
4. For the approval of voluntary liquidation, the insurer must file a written request with the CBK, accompanied by the documentation specified in Article 5 of this Regulation. The CBK shall decide on the insurer's request for voluntary liquidation within forty-five (45) calendar days from the date of completion of the documentation.

Article 5
Request for approval of voluntary liquidation

1. The request for approval of voluntary liquidation referred to in Article 4, paragraph 4 of this Regulation shall be accompanied by the following documentation:
 - 1.1. The decision of the General Assembly of Shareholders for voluntary liquidation;
 - 1.2. Decision on the appointment of the proposed liquidator;
 - 1.3. Liquidation plan;
 - 1.4. Certificate of fulfilment of tax obligations by the competent tax authorities;
 - 1.5. Other additional information that may be considered appropriate by the CBK during the process of reviewing the request for voluntary liquidation approval.

2. The liquidation plan referred to in paragraph 1, sub-paragraph 1.2 of this Article shall contain at least the following:
 - 2.1. The manner of notification of the liquidation of all related parties;
 - 2.2. The manner and amount of the liquidator's compensation
 - 2.3. Assessment of total assets and by classes, including monetary, tangible and intangible long and short term assets, financial assets and receivables;
 - 2.4. The value of total liabilities and by classes and priority arising from the insurance portfolio and other liabilities;
 - 2.5. Timeframe for settlement of liabilities;
 - 2.6. Cost of liquidation;
 - 2.7. Estimated value of the insurer's assets after settlement of liabilities to creditors;
 - 2.8. Legal, organizational, financial, technical and other measures for implementation of the liquidation plan;
 - 2.9. Any other additional information claimed by the CBK on a case-by-case basis.

Article 6

Approval/rejection of voluntary liquidation

1. The CBK shall approve the request for voluntary liquidation if it determines the following:
 - 1.1. The interests of policyholders and other creditors of the insurers are adequately protected;
 - 1.2. The liquidation plan is in accordance with the Law on Insurance, this Regulation as well as other relevant laws and regulations in force;
 - 1.3. The request is completed and supported by the documentation required according to the Law on Insurances, this Regulation and other applicable laws and regulations;
 - 1.4. The insurer complies with regulatory requirements for capital, solvency and assets to cover technical provisions during the liquidation process in order to cover its liabilities.
2. The CBK shall refuse the request for voluntary liquidation if it determines the following:
 - 2.1. The interests of policyholders and other creditors of the insurers are not adequately protected;
 - 2.2. The liquidation plan does not contain the elements of Article 5 paragraph 2 of this Regulation;
 - 2.3. The documentation referred to in Article 5 of this Regulation has not been attached to the request;
 - 2.4. The insurer does not comply with regulatory requirements for capital, solvency and assets to cover technical provisions for the implementation of the voluntary liquidation process;
 - 2.5. The insurer's assets are insufficient to cover its liabilities during the liquidation process
3. In case of rejection of the request for approval of voluntary liquidation, the CBK shall require the insurer to take the necessary measures to eliminate the grounds on which the rejection is based or shall

decide on the application of the liquidation according to the provisions of the Law on Insurances and the provisions of this Liquidation Regulation.

4. If the CBK rejects the request for approval of voluntary liquidation because it determines that the insurer does not have adequate capital or management, or that the insurer does not comply with regulatory requirements during the voluntary liquidation process, and a voluntary liquidation may not be feasible on a regular basis, the CBK will then decide on the implementation of the liquidation pursuant to the provisions of the Law on Insurances and the provisions of this Liquidation Regulation.
5. If the CBK decides to reject the request for voluntary liquidation and decides to enforce the liquidation, the insurer's license shall be revoked in accordance with Articles 16 and 124 of the Law on Insurances.

Article 7 **Liquidation**

1. The CBK may issue a decision to commence the process of liquidating an insurer in the following cases:
 - 1.1. If the CBK determines that there is one or more reasons for revocation of the insurer's license pursuant to Articles 16 and 124 of the Law on Insurances;
 - 1.2. If the insurer fails to comply with regulatory requirements for capital, solvency and assets to cover technical provisions;
 - 1.3. If the CBK determines that the insurer cannot achieve the required level of liquidity and solvency during the interim administration process;
 - 1.4. If the CBK refuses the request for approval of the insurer's voluntary liquidation;
 - 1.5. If the CBK determines that the insurer during the interim administration process has not improved to comply with Article 99 of the Law on Insurances;
 - 1.6. If the General Assembly of Shareholders, held upon the request of the interim administrator in accordance with Article 98 of the Law on Insurances, fails to raise the capital;
 - 1.7. In addition to the cases mentioned in this article, in the case of a subordinate entity or branch of a foreign insurer, the CBK may decide to commence liquidation of the subordinate entity or branch if the supervisory authority or other competent authority in the home country of the insurer has decided to liquidate the insurer or branches of that insurer.

Article 8 **Liquidator**

1. In cases of voluntary liquidation, simultaneously with the decision to initiate the process of voluntary liquidation, the insurer must assign a person as a liquidator to lead the voluntary liquidation process.
 - 1.1. The liquidator assigned by the insurer shall meet all the criteria required for the approval of the directors and senior managers of the insurers, including qualification and experience;

- 1.2. The decision to initiate the voluntary liquidation process and the appointment of the liquidator shall be approved by the CBK.
- 1.3. In the event of a change of liquidator during the voluntary liquidation process, the insurer must obtain the prior approval of the CBK.
2. In cases of liquidation, simultaneously with the decision to initiate the liquidation process, the CBK shall issue a decision on the appointment of the liquidator.
3. The decision to appoint a liquidator shall determine the duties and responsibilities of the liquidator, in accordance with the duties and responsibilities set forth in Article 104 of the Law on Insurances. This decision will also determine the terms of the liquidator's payment.
4. The liquidator shall be the person who meets at least the following criteria:
 - 4.1. criteria for approval of directors and senior managers of insurers, including the qualification in accordance with the Law on Insurances.
 - 4.2. has at least five (5) years of professional experience in financial or other relevant fields, or experience in the liquidation of at least two legal entities of similar size to the insurer in liquidation;
 - 4.3. he/she has not been a shareholder, member of the board of directors or senior manager of the insurer subject to liquidation in the last three years before the decision for liquidation is made.
5. The CBK may terminate the liquidator's mandate for the following reasons:
 - 5.1. If he/she no longer meets the criteria referred to in paragraph 4, subparagraph 4.1 of this Article;
 - 5.2. If he/she is appointed as liquidator of another insurer;
 - 5.3. If he/she performs liquidation activity in an unprofessional manner;
 - 5.4. If he/she is unable to perform his/her activities.
6. In case of resignation, the liquidator must submit his/her resignation in writing to the CBK, stating the reasons for his/her resignation.
7. In case of changing the liquidator, the dismissed or resigned liquidator shall continue the liquidation activity until the appointment of the new liquidator.

Article 9

Portfolio transfer in liquidation process

1. During the liquidation process of an insurer licensed for life insurance activity, the liquidator appointed by the CBK shall make an effort to transfer the insurance portfolio to one or more other insurers licensed for life insurance activity.
2. During the process of liquidating an insurer licensed for non-life insurance activity, the liquidator may, if it deems appropriate for policyholders, attempt to transfer part or the entire insurance portfolio to one or more other insurers licensed for non-life insurance classes. In such cases, the insurer receiving the insurance portfolio must be licensed for the non-life insurance classes whose portfolio it receives.

3. Portfolios referred to in paragraphs 1 and 2 of this Law may be transferred only with the prior approval of the CBK in accordance with the provisions of Articles 36, 37 and 38 of the Law on Insurances.
4. In the case of transfers of insurance portfolios under paragraphs 1 and 2 of this Article, the receiving insurer shall be in good financial standing (in terms of capital, solvency and liquidity) and acceptance of the insurance portfolio shall not worsen this financial standing.
5. The insurance portfolio can only be transferred within thirty (30) days from the date of the opening of the liquidation, after which the term of the insurance contract must be terminated according to the Law on Obligations and Article 10 of this Regulation.
6. Priorities for the payment of claims according to the Law on Insurances and this Regulation shall not apply to expenses incurred in transferring the insurance portfolio according to this Article.

Article 10

Validity of insurance contracts

In the cases of liquidation of insurers, insurance contracts shall be terminated after thirty (30) days from the date of entry into force of the Decision to open liquidation by the CBK.

Article 11

Liquidation Notice

1. The liquidator appointed by the CBK shall, as soon as possible but not longer than within two (2) business days of the appointment, send a notice to all offices of the insurer, including the intermediary offices which mediate on behalf of that insurer, where it notifies him/her of his/her appointment as a liquidator under the provisions of the Law on Insurances and the time when he/she will assume his/her responsibilities as a liquidator.
2. The notice referred to in paragraph 1 of this Article shall contain the following:
 - 2.1. Notice that the authorizations and responsibilities of the persons engaged in the financial responsibilities of the insurer, as soon as the liquidator assumes responsibility, they are cancelled.
 - 2.2. Notice that persons who previously had authorizations to give instructions on behalf of the insurer regarding payments or transfers of the insurer's assets or to administer the insurer's assets no longer have those authorizations.
 - 2.3. Notice that persons who previously had authorizations to give instructions on behalf of the insurer regarding payments or transfers of the insurer's property or to administer the insurer's property no longer have those authorizations;
 - 2.4. Notice that the insurer's license has been revoked;
 - 2.5. The legal consequences of cancelling a license on existing insurance contracts;

- 2.6. Notice that all claims against the insurer accompanied by relevant evidence must be addressed to the appointed liquidator within 90 days after the last publication in the newspaper according to paragraph 3 of this Article.
- 2.7. Notice of possible legal consequences if the claims are not sent to the appointed liquidator within the deadline.
 - 1.1. The name, surname and contact details of the liquidator and the name and address of where claims are to be filed against the insurer.
 - 1.2. Notice of creditors' rights and obligations in the liquidation process, in particular notice of priority of claims.
2. The liquidator shall publish a notice specifying the action taken in one or more most read newspapers in Kosovo. The publication should be done not less than once a week and will last for one month. The CBK will review and approve the content of the notice.
3. The notice according to paragraph 3 of this Article shall be published in the official languages of Kosovo, an advertisement in size not less than one-eighth (1/8) of the newspaper page on which it is published.
4. Pursuant to Article 103, paragraph 2 of the Law Insurances, the content of the notice must be approved by the CBK.
5. Notice according to this Article shall also be published in the official website of the insurer that is in the process of liquidation.

Article 12

Liquidator duties and responsibilities and effects of liquidation

1. The main functions of the liquidator are to administer the insurer in liquidation, to liquidate their assets, to pay for damages caused to policyholders and creditors.
2. The liquidator has all the powers of the Board of Directors and shareholders of the insurer in question.
3. Depending on the primary purpose for maximum fulfilment of the obligations of insurer to policyholders and creditors, the liquidator speeds up the sale of property of insurers and policyholders payments.
4. The liquidator may take any action regarding the liquidation of the insurer.
5. The liquidator cannot issue new policies or extend the existing policies.
6. The liquidator, with the written approval of the CBK, can borrow guaranteed by insurer assets, or without guarantee.
7. The liquidator may prohibit or restrict the payment of any obligation, to hire and dismiss employees, managers or consultants, to execute any instrument on behalf of the insurer or to initiate or defend on behalf of the insurers any action or legal proceeding.
8. The liquidator shall have unrestricted access to and control over the offices, books of accounts and other records, as well as assets and liabilities of insurers.

9. At the request of the liquidator, law enforcement officer or other officers will help the liquidator to enter the premises of insurers, to control its assets.
10. The liquidator has the right to file lawsuits and defend against lawsuits in the regular courts and in arbitration proceedings, on behalf of insurers in liquidation.
11. The liquidator has the same rights and privileges and may be subject to duties, penalties, conditions and restrictions that apply to the Board of Directors or other employees of an insurer licensed under this law.
12. The rights of the Board of Directors and shareholders of the insurer are suspended during the liquidation. The liquidator maintains some or all members of the Board of Directors and employees with reasonable compensation needed to manage liquidity and to perform its functions, specifically designated in writing by the liquidator.
13. The liquidator may dismiss all employees of the insurer and they may not receive any compensation because of the removal.
14. The liquidator secures the property of the insurer and requires its protection from theft or any other improper action taking action that include:
 - 14.1. replacement of keys and restricting use of them of external offices of the insure and internal offices, where there are financial tools, data or equipment that would enable a person to gain unlawful access to financial resources;
 - 14.2. changing or creating codes in insurer's computers and to allow access only to a certain number of reliable employees;
 - 14.3. issuing new photo identification for entrance to authorize employees in the premises of the insurer and to control access of other persons on the premises;
 - 14.4. cancellation of permits for persons with financial responsibility of the insurer and issuing new authorizations and notification of third parties on this;
 - 14.5. informing policyholders, agents, intermediaries, reinsurers, relevant tax offices, banks and businesses which have business relations with the insurer, the persons who have previously been authorized to give advice on behalf of the insurer concerning the management of the property and accounts, that have no such authority and that only the liquidator and authorized individuals have such authority, and;
 - 14.6. suspension of payments in general with broad distribution and payment of any kind to the Board of Directors and shareholders provided that the Board of Directors will be paid basic salary for services rendered in their capacity as member of the Board of Directors.
15. The liquidator will prepare a new balance sheet of the insurer in liquidation, based on determination of the value of assets in liquidation with equivalent reduction of value of liabilities of the insurer in liquidation. Obligations shall be considered as due and interest will cease to accrue from the date of appointment of the liquidator.

16. Within one (1) month after taking possession of the insurers, the liquidator makes registration of all assets of the insurer and sends a copy of that recording to the CBK, which shall make a copy available to the public for evaluation.
17. After taking the possession of the insurer by the liquidator:
 - 17.1. any deadline, any statutory issue, contractual or other; claims or rights of insurers that expire or terminate, will be extended for six (6) months from the date of expiration or termination;
 - 17.2. any attachment or security interest that has happened the last six (6) months before the effective date of the liquidation, is cancelled and no attachment or security interest, except those created by the liquidator during the implementation of this Article may not be confiscated from the estate of the insurer under liquidation, while the liquidation continues; and
 - 17.3. the rights of shareholders are abolished, except the right to receipt of property if something remains after satisfactory performance of applications that have priority over shareholders and the right to receive any payment received from net income of the insurer and all its possessions, if the liquidator verifies that the insurer has had positive net value at the time of sale.
18. Requirements against the insurer must be submitted to the liquidator within ninety (90) days of the last announcement in the newspaper. If not submitted within this deadline, claims may be taken into consideration only after the satisfactory clearance of all claims submitted on time, and only when the applicant has provided sufficient justification regarding non-submission within the specified time; otherwise the claims will not be paid.
19. Procedures for determining the validity and amount of claims and liquidation of the assets of the insurer and payment of claims shall be determined by a regulation of the CBK.
20. The sale of the property should be made in a transparent and commercially reasonable manner.
21. The liquidator reports to the CBK every month on the progress of the liquidation proceeding, in the manner prescribed by the CBK.

Article 13

Professional persons

1. The liquidator may engage accountants, actuaries, appraisers, lawyers, consultants and other professionals, only after receiving written approval from the CBK.
2. Request for approval of the persons mentioned in paragraph 1 of this Article, shall specify in detail the need for their engagement, the proposed compensation to such persons and a certificate stating all material facts if the person is related to the insurer. A person engaged should not be related to the liquidator and the insurer. Before making any payments to such a person, the liquidator must receive written approval of the CBK on the amount of such payment.
3. The professional persons referred to in this Article shall at a minimum meet the criteria for directors and senior managers of insurers, as defined by the law on insurances and the regulation on licensing of insurers and branches of foreign insurers. In addition to these criteria, they must also meet the statutory criteria for their professions in accordance with the relevant laws.

Article 14

Avoiding transfers prior to liquidation

1. The liquidator may bring an action in court to cancel a transaction based on a false or misleading document that the insurer has issued to the detriment of policyholders or creditors during the last five (5) years preceding the effective date of liquidation.
2. The liquidator may sue in court to cancel the following transactions affecting the property of the insurer or to recover from third parties, the insurer transfers as follows:
 - 2.1. gratuitous transfers to any person with respect to the insurer made during five (5) years prior to the effective date of liquidation;
 - 2.2. gratuitous transfers to third parties within five (5) years prior to the effective date of liquidation;
 - 2.3. transactions in which the indemnity granted by the insurer considerably exceeded the real estimation, which was conducted over three (3) years preceding the effective date of liquidation;
 - 2.4. any act done with the intention of all parties involved, to hide wealth from policyholders or creditors, or otherwise impair their rights during the five (5) years preceding the effective date of liquidation;
 - 2.5. the creation of a lien, or any loan of property of the insurer without prior approval of the CBK; and
 - 2.6. if during the twelve (12) months prior to the effective date of liquidation, the insurer made transfers of assets or cash in the name of a debt to a creditor, and this transfer made the creditor to profit more than the profit in case the payment is done after liquidation, provided that the cancellation of this subparagraph shall not apply to transfers made to policyholders arising from their insurance policies.
3. The liquidator can sue in court to cancel transactions with persons connected with the insurer which are made within one year before the effective date of the liquidation, if such transactions have been detrimental to the interest of policyholders and other creditors. The liquidator can take action for annulment of such transactions (transfers) within one (1) year after the effective date of the liquidation.
4. Notwithstanding the provisions set forth above in this Article, the liquidator cannot cancel a payment or transfer of the insurer, if it is made in the ordinary course of business, or if it was part of a contemporaneous exchange for reasonably equivalent value, or to the extent that after the transfer the recipient has provided an unsecured loan to the insurer, which is not met by the insurer as of the date of entry into force of liquidation.
5. The liquidator can return property or value of the property transferred to the insurer by a beneficiary of the initial transfer, only if the initial transferee has not paid the real value of the property and knew that the initial transfer could be suspended under the provisions of this Law.
6. The landlord of the premises of the insurer and/or providers of public services, such as electricity, natural gas, water, telephone service may not discontinue such service to the insurer only because of liquidation or because the insurer has not paid such services prior to liquidation. Despite this limitation, a landlord or provider of such public services may require the liquidator to deposit a

security deposit in a bank, subject to landlord and utility company to continue performing the duty of public services, in the case liquidation. The maximum amount of such deposit cannot be greater than the cost of services provided to the insurer during the last month before the start liquidation.

Article 15

Priorities in Payment of claims

1. In any liquidation of the insurer, the claims allowed and are paid from proceeds of the sold assets or otherwise the assets of the guarantor are given to the creditor of the insurer. Any amount of an allowed claim to the insurer that remains after the spent of pledge, is treated as an insured claim.
2. Other allowed claims are paid to all other debts of priority described below:
 - 2.1. necessary and reasonable expenses incurred by the liquidator and the CBK, including charges of professionals when applying the legal provisions on liquidation;
 - 2.2. reasonable wages and social security benefits for non-managerial employees of insurers in liquidation;
 - 2.3. legitimate unpaid insurance policies;
 - 2.4. taxes and duties remained within one (1) year prior to the liquidation; and
 - 2.5. other creditors and unsecured amounts of the insured claims.
3. Fulfilment of the requirements that belong to a subsequent class with lower priority may be initiated only after the complete and full of payment of requirements prior class of highest priority.
4. If the amount available for payment, for any class of claims is insufficient to make full payment, such requirements are reduced proportionally.
5. Any proceeds remaining after the payment of claims to insurance policyholders and other creditors, are divided between shareholders or owners of the insurer, in accordance with their rights.

Article 16

Validity of the claim for payment

1. To be valid, the claim for payment must be submitted to the liquidator and meet the following criteria:
 - 1.1 To be filed within the time limit set by Article 103 paragraph 1, subparagraph 1.4 of the Law on Insurances;
 - 1.2 The nature and value of the claim corresponds to the insurer's records in liquidation, if available.
2. If the claim cannot be substantiated by the insurer's registers, or if the registers available to the insurer are inadequate to determine the validity of the claim, the liquidator will require the applicant to submit, within a specified period of time, evidence that proves that the claim must be paid by the insurer.

3. The liquidator may decide on the validity of any claim for which it considers to have been reasonably filed and submitted.

Article 17

Form and content of payment claim

1. The claim for payment must be in writing and must contain at least the following elements:
 - 1.1. Value and details of the claim;
 - 1.2. Information on whether the claim is secured or unsecured. If secured, details of the instrument and the value at which the claim was secured.
 - 1.3. Indication of whether payments have been made by the insurer regarding that claim.
 - 1.4. Data that confirm the insurer is responsible for paying the required value.
 - 1.5. Information that there is no offset agreement applicable to the claim in question.
 - 1.6. Other information the liquidator may require, with the consent of the CBK.

Article 18

Submission of claims that have not been assigned a value

1. Claims that have not been assigned value must be submitted to the liquidator within the time limit set forth in Article 103 paragraph 1, subparagraph 1.4 of the Law on Insurances, in the form referred to in Article 17 of this Regulation.
2. Third-party claims, pending at the time the liquidation process has begun, must be presented as claims that have been accepted but that no value has been assigned to them.
3. Payment of claims received but that no value has been assigned to them, cannot be made until the nature and value of the claims have been determined and classified according to payment priorities in accordance with Article 107 of the Law on Insurances and this Regulation.

Article 19

Valid claims without submitting them

1. The following claims are considered valid and payable according to the payment priorities in accordance with Article 107 of the Law on Insurances and this Regulation, even if they are not filed under the provisions of this Regulation:
 - 1.1. The unpaid portion of the policy benefits for which the insurer has initiated payments prior to the commencement date of liquidation.
 - 1.2. Completed claims that the insurer has received prior to the commencement date of the liquidation.
 - 1.3. Claims arising from unearned premiums.

- 1.4. Claims arising from tax authorities within one year prior to the commencement of the liquidation process.
- 1.5. Any other requirement that the CBK may determine, similar to the requirements of subparagraph 1.1 up to subparagraph 1.3 of this Article.

Article 20

Determining the value of secured claims

1. Determining the value of secured claims should be based on the following guidelines:
 - 1.1. The value of the secured claim cannot be higher than the value of the secured instrument (collateral).
 - 1.2. The secured claimant may submit the security instrument (collateral) to the liquidator, where the secured claimant is entitled to a payment equal to the value of the security instrument or the value of the claim depending on whichever is lower. An adjustor appointed by the liquidator and approved by the CBK will determine the value of the security instrument (collateral).
 - 1.3. The calculation of interest on a secured claim is prohibited from the date of commencement of liquidation.

Article 21

Determining the value of remaining claims for non-life insurance classes

1. The remaining statutory claims arising from non-life insurance policies consist of the following claims and for such amounts as set forth in the following instructions:
 - 1.1. For the claims for claims incurred and regulated (adjusted) before the date of commencement of liquidation, and for which the periodic payment is effective on that date, the value of the claim shall be determined by the actuarial calculation, or the discounted value of all outstanding periodic payments, by methods as the CBK determines to be reasonable.
 - 1.2. For the claims for damages incurred and regulated prior to the commencement date of the liquidation but not paid up to that date, the value of the claim shall be equal to the value established during the regulation (adjustment) prior to the commencement of the liquidation process.
 - 1.3. For the claims for damages incurred from the commencement of liquidation but not yet reported (IBNR), the value of the claim in such cases shall be determined by the liquidator appointed and approved by the CBK.
 - 1.4. If the conditions of the policy provide the right to return the premium, in such cases the policy is considered cancelled from the date of commencement of liquidation. The value of the claim is made for the unexpired value of the premium determined by the “short period scale” formula approved by the insurer.
 - 1.5. Unearned premium, if it is stipulated by the policy conditions that the policy is valid from a certain date to another fixed date and may be discontinued by either party within the validity

period of the policy. In such cases, the value of claim is the portion of the premium paid but unearned.

1.6. In all other cases, the best possible value that can be determined.

Article 22

Determining the value of remaining claims for life insurance classes

1. The statutory claims for life insurance policies consist of the following claims and for such amounts as set forth in the following instructions:
 - 1.1. Benefits mature prior or on the date of commencement of liquidation, for which periodic payments are effective from that date. The value of the claim is determined by the actuarial calculation or discounted value of all future periodic outstanding payments, according to the methods the CBK determines as reasonable.
 - 1.2. Death or maturity benefits incurred prior to the date of commencement of liquidation, but the payment of which has not been determined or made until this date. The value of the claim must be equal to the value of the benefit.
 - 1.3. In assessing the benefits of the life insurance policy that are in force until the date of commencement of liquidation, the liquidator shall appoint an independent actuary who shall be approved by the CBK. The actuary will determine the value that reflects the benefits of the applicable policies. The actuary will determine values separately for all policies in force based on methods and assumptions adopted by the CBK. The valuation made by the actuary under this subparagraph represents the value of the insurance policy benefits.

Article 23

Determining the value of other claims

1. The Liquidator shall determine the value of all other claims in accordance with the instructions below:
 - 1.1. All claims arising from contracts or obligations for which the insurer pays interest, rent, dividends or fixed charges will be assessed at principal and interest until the date of commencement of liquidation. All fixed interest, rents, dividends and charges do not continue to accrue after the date of commencement of liquidation.
 - 1.2. Liabilities to reinsurers (other than liabilities secured by funds held by the insurer), agents and brokers are considered uninsured liabilities of the insurer.
 - 1.3. The value of claims under this Article shall be determined by the liquidator taking into account their validity in accordance with the requirements of this regulation. The value of the claim will be based on the insurer's data and/or the claimant's data and evidence. In all other cases the value shall be determined according to the reasonable assessment of the liquidator.

Article 24
Notifying the other regulatory authorities

1. The CBK shall notify the relevant foreign supervisory authority and the foreign insurer before taking a decision on the liquidation of the subsidiary or branch of the foreign insurer.
2. In cases where the country of origin of the subordinate entity or branch of a foreign insurer is a member of the European Occupational Insurance and Pensions Authority (EIOPA), the notification referred to in paragraph 1 shall also be sent to this authority.
3. The notice of liquidation decision shall include, but is not limited to, the legal consequences of the liquidation.
4. Except as provided in paragraph 1 of this Article, in cases where due to the protection of interests of the insureds the prior notification regarding the commencement of liquidation procedures is not possible, the CBK shall notify the supervisory authority of the foreign country and the foreign country insurer whose subsidiary or branch is subject to the liquidation process within 7 calendar days of receipt of the liquidation decision.

Article 25
Other liquidation provisions

1. Employees and professional persons appointed to represent or assist the liquidator or the CBK regarding the liquidation may not be paid in excess of what is paid to employees or insurer agents for similar services in Kosovo unless the CBK can allow higher payments if it considers that higher payments are needed to recruit and retain the necessary and professional staff.
2. The CBK is empowered to make a decision to compensate liquidators and their agents for their actions, on such terms as the CBK deems appropriate.

Article 26
Reporting to CBK

1. The liquidator during the voluntary liquidation process must report to the CBK at least once a month or upon the request of the CBK, until the completion of the liquidation process.
2. Liquidator of the insurer shall regularly submit, upon the request of CBK, the following to CBK according to Law on Insurances:
 - 2.1. The financial statements, together with clarifications on the key positions of the financial statements:
 - 2.1.1. Statement of financial position;
 - 2.1.2. Statement of income and expenses;
 - 2.1.3. Statement of cash flow;
 - 2.1.4. Statement on cash flow planning;

- 2.1.5. Report on the diversification of assets in banks, including bank confirmation on the status of assets in the account as well as confirmation for authorized persons of the accounts;
- 2.1.6. Liquidity ratio;
- 2.1.7. Report on the status of pending damages, including damages in litigation;
- 2.1.8. Report on paid damages (list of compensated persons):
- 2.1.9. List of compensated persons and amount of compensation;
- 2.1.10. Damages resolved by extrajudicial settlement;
- 2.1.11. Damages in litigation;
- 2.1.12. Report on the balance of accounts payable;
- 2.1.13. Report on the status of properties - investment properties;
- 2.1.14. Report on the status of accounts receivable and the status of their receivables.
- 2.1.15. Audited financial statements and the opinion of the external auditor.

Article 27

Final reporting to the CBK

1. Once the insurer's property has been sold, the liquidator submits a summary report to the CBK, which should include the balance sheet, statement of income and expenses, and the sources of income used during the liquidation process. The report should also contain data on paid claims and outstanding claims, if any. The report under this paragraph shall be kept in the file of the insurer liquidated with the CBK.
2. Upon approval by the CBK of the report under paragraph 1 of this Article, the CBK and the liquidator shall be relieved of any other liability with respect to the liquidation of the insurer.
3. At the end of the voluntary liquidation process, the liquidator will submit a summary report to the CBK regarding the entire liquidation process. This report should include the balance sheet, statement of income and expenses, as well as the sources of income used during the liquidation process, as well as confirmation by the liquidator of payment of all creditors' claims. The report under this paragraph shall be kept in the file of the insurer liquidated with the CBK.

Article 28

Enforcement, remedial measures and civil penalties

Any violation of the provisions of this Regulation by the liquidator shall be subject to administrative penalties as set forth in the Law on Central Bank and the Law on Insurances.

Article 29

Repeal

With the entry into force of this Regulation, Rule 30 on the Validity and Amount of Policyholders' and Creditors' Claims in Liquidation dated 28 March 2002, shall be repealed.

Article 30

Entry into force

This Regulation shall enter into force fifteen (15) days from the date of its adoption.

Flamur Mrasori

Chairperson of the Board of the Central Bank of the Republic of Kosovo