



Based on Article 35, paragraph 1, subparagraph 1.1 of Law No. 03/L-209 on the Central Bank of the Republic of Kosovo (Official Gazette of the Republic of Kosovo, No. 77, 16 August 2010), pursuant to Article 4, paragraph 3 of 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 of the Republic of Kosovo in the meeting held on 31 August 2017 adopted the following:

REGULATION ON LICENSING OF INSURERS AND BRANCHES OF FOREIGN INSURERS

Article 1

Purpose and scope

1. The purpose of this Regulation is to determine the conditions, requirements, procedures and deadlines to be followed for applying and granting a license to an insurer/reinsurer or to a branch of a foreign insurer/reinsurer;
2. This Regulation shall apply to all entities applying for licensing as insurers/reinsurers and branches of foreign insurers/reinsurers at the CBK, in order to conduct insurance activities in the Republic of Kosovo.

Article 2

Definitions

1. All terms used in this Regulation shall have the same meaning as the definitions in Article 3 of Law No. 05/L-045 on Insurances (hereinafter: Law on Insurances) and as the definitions below for the purpose of this Regulation.
 - 1.1. **Insurer** - shall mean any legal entity licensed to exercise insurance activities under the provisions of Law on Insurances and this Regulation;
 - 1.2. **Reinsurer** – shall mean the insurance that an insurer purchases from one or more other insurers directly or through an intermediary. Reinsurance is considered a risk management tool as it transfers certain risks from an insurer to a reinsurer.
 - 1.3. **Branch of foreign insurer** - shall mean the legally dependent branch of the foreign insurer, which has its headquarters in a country outside the Republic of Kosovo and is licensed to carry out insurance activities in the Republic of Kosovo;
 - 1.4. **Principal shareholder** – shall mean a person who directly or indirectly holds ten per cent (10%) or more of the shares with voting rights in an entity;

- 1.5. **Senior Manager** - shall mean the Chief Executive Officer, the Deputy Chief Executive Officer (if applicable), the Chief Financial Officer, the Chief Insurance Acquisition Officer, Chief Officer of Claims, the Internal Auditor, and any other person directly reporting to the Board of Directors, participating or having authority to participate in the main policy-making functions of the insurer; or who is appointed as a Senior Manager by the CBK. In the case of a branch of foreign insurer, it shall mean the Chief Branch Manager, the Chief Insurance Officer, and the Chief Officer for Assessing Damages, the Chief Financial Officer and the Internal Auditor.

Article 3

License Requirements

1. Entities interested to be licensed as insurers or branches of a foreign insurer shall comply with all requirements established by the Law on Insurances, this Regulation and other regulatory instruments issued by the CBK.
2. The applicant shall submit to the CBK the application completed and signed by all founding shareholders, along with a representative who possesses the authorization of the founding shareholders of the insurer or of the foreign insurer in cases when the foreign insurer applies for branch licensing in Kosovo. The application shall be submitted together with the full documentation required by the Law on Insurances, this Regulation and other regulatory instruments issued by the CBK.
3. The documentation provided shall be in one of the official languages of the Republic of Kosovo, either in the original copy or in a certified/notarized copy. In the case of documentation issued by the competent authorities of a foreign country, the documentation shall be certified by the responsible authorities of that country and in accordance with the provisions of the relevant legal acts applicable in the Republic of Kosovo.
4. In cases of applications for licensing as branches of foreign insurers, a letter of assurance shall be forwarded to CBK from the foreign parent insurer, accepting the legal obligation to pay all obligations incurred by its branch in Kosovo.
5. In addition to the requirements specified in Article 10 of the Law on Insurances, the application for a license to establish and operate as an insurer or as a branch of a foreign insurer shall be also accompanied by the following documentation and information:
 - 5.1. Business Registration Certificate obtained at the Business Registration Agency in Kosovo;
 - 5.2. The document certifying the possession of the charter capital and the additional fund for initial expenses as defined in Article 19, paragraphs 1 and 2 of the Law on Insurances;
 - 5.3. The planned re-insurance program;
 - 5.4. Proof of payment of the license fee;

5.5. Other additional information that may be required by the CBK.

Article 4 **The Charter Capital**

1. The applicant for a license as an insurer or as a branch of a foreign insurer to provide non-life insurance activity shall have a charter capital as a guarantee fund in the value of not less than two million and two hundred thousand (2,200,000) Euro. In case when one or several risks are included in classes 10 to 15 as defined by Article 7 of the Law on Insurances, the charter capital then cannot be lower than the value of three million and two hundred thousand (3,200,000) Euro;
2. The applicant for a license as an insurer or a as a branch of a foreign insurer in order to provide life insurance shall have a charter capital as a guarantee fund with a value of not less than three million and two hundred thousand (3,200,000) Euro.
3. The charter capital of reinsurers licensed for exercising the reinsurance activity in Kosovo shall not be less than three million and two hundred thousand (3,200,000).
4. In addition to the charter capital set out in paragraphs 1, 2 and 3 of this Article, the insurer/reinsurer shall also have an additional fund for initial expenditure, namely to cover the costs of establishment, operation and administration, which in any case shall not be less than twenty per cent (20%) of the charter capital.
5. Shareholders shall deposit in cash, on behalf of the insurer, the relevant value of the charter capital and of the fund for covering initial expenses, on a bank account in one of the licensed banks in the Republic of Kosovo. The charter capital shall be fully paid before obtaining the final license.

Article 5 **Sources of Capital**

1. Shareholders of insurer/reinsurer shall provide the CBK with information on the source of capital paid for founding of the establishment of insurer, as well as any additional capital during the exercise of the insurer activity as defined in Articles 20 and 42 of the Law on Insurances.

Article 6 **Suitability of Shareholders**

1. The CBK shall assess the suitability of the prospective principal shareholders, in respect of a new application for licensing of an insurer/reinsurer according to requirements set forth in Article 10 and 24 of the Law on Insurances. During the application process, the applicant must disclose the list of all founding shareholders, as well as beneficiary owners, if different. The source of funds invested in the company by the shareholders shall be disclosed to the CBK in all cases.

2. Each prospective shareholder shall be able to demonstrate financial soundness. This includes evidence of prompt satisfaction of past financial liabilities and an existing sound financial condition. Each proposed shareholder shall submit valid documentation certifying timely payment of tax obligations. Such a document shall be issued by the tax competent authorities not earlier than 30 days from the date of application.
3. The CBK shall independently verify the data for the suitability of principal shareholders of the insurer/reinsurer. For this purpose, CBK shall have the right to collect evidence in accordance with the relevant administrative procedures.

Article 7

Requirements for adequacy and appropriateness of Directors and Senior Managers

Every director, senior manager and actuary of the insurer/reinsurer shall meet the requirements for adequacy and appropriateness, according to the provisions of Article 24 of the Law on Insurance.

Article 8

Qualification and Experience of Directors and Senior Managers

1. In addition to the requirements set out under Article 32 of the Law on Insurance, directors and senior managers should have the following qualifications and experience:
 - 1.1. have a university degree in any of the following fields: economy, finance, insurance, jurisprudence or other relevant field;
 - 1.2. have at least three years of experience in the field of insurance management, management of financial institutions or any business of similar size.
2. The CBK shall, in special cases, request to interview the concerned individual. CBK shall also assess the adequacy of the Board of Directors as a whole and not only its individual members.
3. In the case of branches of foreign insurers/reinsurers, paragraphs 1 and 2 of this Article apply only to senior branch managers.

Article 9

Evaluating Procedure of the Application for License

1. CBK reviews the application submitted in accordance with the requirements of the Law on Insurance, this regulation and other regulatory instruments issued by the CBK.
2. The CBK shall review the documentation submitted within 90 days after the day of receipt of the application and notify the applicant in writing on whether the documentation is or is not completed.
3. If the documentation submitted is incomplete and/or does not meet the requirements set forth in the Law on Insurance or this Regulation, the CBK shall notify the applicant about the deficiencies or non-compliance with the provisions of the Law on Insurance or this Regulation, along with the request for additional requested information or documents.

The deadline for submitting additional documents or information is no later than 90 days after the notice under this paragraph.

4. If additional documents or information requested under paragraph 3 of this Article are submitted within the deadline, the CBK shall notify the party that the application is complete.
5. The CBK terminates the review procedures of the application for licensing should the data and/or the additional documentation required for licensing are not completed by the applicant within 90 days following the date of notification under paragraph 3 of this Article. In case of termination of the procedure for reviewing the application for licensing, the CBK shall notify the applicant in writing.
6. The CBK issues a decision approving or refusing to grant a preliminary license as an insurer or as a branch of a foreign insurer within three (3) months from the date the applicant is notified that the licensing application is complete. The CBK shall immediately inform the applicant of the decision.
7. During the application review period, the CBK may request additional information or certain changes/improvements when the same are deemed reasonable. In this phase, the request for additional clarification information shall not affect the extension of the period of three (3) months to decide on the application for license.
8. At any phase prior to granting the license, the CBK may request insurer to change the proposed name if it considers that such a name may create confusion to the public or to the insurance industry.
9. After the application for license is completed, the CBK assesses data in application and documentation submitted, and verifies them as needed;
10. If necessary, the CBK may organize meetings with authorized representatives of the applicant to discuss CBK's requirements, which may relate to envisaged market strategy, objectives presented by the applicant, the business plan, proposed risk management policies, and other issues that CBK considers necessary for evaluating the application.

Article 10

Preliminary Approval or Rejection of the license

The CBK shall decide on the preliminary approval or rejection of the license according pursuant to provisions of Article 11 of the Law on Insurance.

Article 11

Notice on new facts

1. The applicant for a license shall notify the CBK, in writing, with regard to new facts or circumstances created after the granting the preliminary approval for the license, as well as the changes that they bring to the documentation submitted, based on which the CBK has granted the preliminary approval for the license.

2. The notice under paragraph 1 of this Article is made immediately, but not later than fifteen (15) days after the applicant has presented the new circumstances.

Article 12

The Final License

1. The insurer/reinsurer who receives the preliminary approval for a license, after meeting the conditions in accordance with Article 11, paragraph 5 of the Law on Insurance, must apply in writing to the CBK for obtaining the final license along with the documentation proving the fulfillment of these conditions, and terms defined in the decision for the preliminary approval of the license.
2. CBK, prior to the approval of the license, shall carry out an on-site examination of technical conditions and safety of the premises in which the applicant shall perform insurance activities. The purpose of this examination is to assess whether the entity in question has created conditions to meet the obligations set by the technical conditions for the start of the activity.
3. If CBK determines that conditions are met with the Decision for preliminary license, will grant the final license which is not limited in time and is non-transferable.
4. License is granted for classes of insurance for which the applicant applied to be licensed and has met the criteria set by the Law on Insurance and this Regulation.

Article 13

Requirements for expansion of activities

1. The insurer, who has obtained a license to exercise activities in certain classes of insurance, in order to exercise its activities in other classes of insurance, must obtain a license from CBK for expanding its activities.
1. The following documentation should be attached to the application for expansion of activities (licensing of other classes of insurance):
 - 1.1. The decision of the competent bodies of the insurer for expansion of activities;
 - 1.2. Draft-contracts, including general and special conditions of the insurance contract in accordance with the insurance class for which it has requested to be licensed;
 - 1.3. Insurance policies for the respective class;
 - 1.4. The premiums and their way of calculation;
 - 1.5. The projections for the next three years of additional activities including financial projections and an assessment of the impact of this activity on the general financial situation of the insurer.
2. In the case of foreign insurers' branches, the licensing of additional activity can be done only if the insurer is licensed for this activity by the responsible supervisory authority of the country where the insurer is located.

3. Pursuant to its assessment, the CBK may request other documentation for the purpose of reviewing the requests under this Article.
4. The CBK shall decide on the request for expansion of activities within 45 days from the date of the request's completion.

Article 16
Abrogation

Upon the entry into force of this Regulation, it shall abrogate the Regulation on Licensing of Insurance Companies and Branches of Foreign Insurance Companies, adopted on October 30, 2014 and any other provisions that may be in conflict with this Regulation.

Article 17
Entry into Force

This Regulation shall enter into force 15 days after its approval.

The Chairman of Board of the Central Bank Board of the Republic of Kosovo

Prof. Dr. Bedri Peci