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## **Banking and Payments Authority of Kosovo**

Pursuant to the authority given under Section 17.b of UNMIK Regulation No. 2001/24 date of October 1, 2001 on Amending UNMIK Regulation No. 1999/20, on Banking and Payments Authority of Kosovo and Section 3.3 of UNMIK Regulation No.2001/25 date of October 5, 2001 on Licensing, Supervision and Regulation of Insurance Companies and Insurance intermediaries,

For the purpose of execution Section 47 of UNMIK Regulation Nr. 2001/25

Governing Board of the Banking and Payment Authority of Kosovo, at the meeting held on March 28, 2002 adopt the following:

### **Rule 21 on Insurance Related Activities**

#### **Section 1**

##### **1. Scope of Rule**

This rule applies to all insurance companies licensed by the BPK.

##### **2. Legal Authority**

This rule implements Section 47, Chapter VI of the Insurance Regulation.

##### **3. Definitions**

“Ancillary activity” or “ancillary service”, means any business activity or service that supplements or supports the conduct of insurance business.

“Insurance related activities” refer to the four (4) activities mentioned in Section 47 of the Insurance Regulation including such other business activities or services that are, or are reasonably, ancillary to the conduct of the insurance business allowed under this rule or by the BPK in its written directive consistent thereto.

“Senior officer” refers to the highest officer of the entity engaged in the conduct of insurance related services.

#### **Section 2**

##### **Permitted Conduct of Insurance Related Activities**

## **1. Nature and Type of Activities Permitted**

An insurance company, as part of its business operation or by forming a separate entity under its sole ownership and control or jointly with other persons, may, subject to specific limitations and restrictions prescribed under this rule or by the written directives of BPK, engage in the following insurance related activities:

- a) Claims verification and adjustments services.
- b) Repair centers and risk (loss) mitigation services.
- c) Appraisal centers.
- d) Insurance educational and training facilities.
- e) Another insurance business.
- f) Trust, estate administration, conservation or receivership.
- g) The business as an underwriter, broker or dealer in securities.
- h) Investment counseling.
- i) Portfolio management.
- j) Data Processing.
- k) Issuing of credit cards and the operation of credit systems connected therewith.
- l) Other insurance related activities as may be authorized by the BPK.

### **Section 3 Requirements and Limitations in the Conduct of Insurance Related Activities**

#### **1. General Requirements**

- a) Insurance related activities covered under paragraphs a), b), c) and d) of sub-section 1, Section 2 of this rule can be conducted as part of the insurance company operation and structure only if these activities are conducted solely as ancillary to the insurance business of the company.

- b) The conduct of insurance related activities of the nature and type other than those referred to in paragraph a) above, must be conducted by an insurance company through a separate business entity or through its affiliate or subsidiary.
- c) If the nature of the insurance related activity requires licensing by the BPK and the business is conducted through an entity that is separate from the insurance company, the senior officer and all individuals who conduct the insurance related business must be duly licensed as such by the BPK.
- d) Unless with the prior written approval of the BPK, the investment of assets by an insurance company in any insurance related business entity is subject to the limitations on permitted investments (both in regard to single entity or to the aggregate of all such entities) pursuant with paragraph q), sub-section 1, Section 4, Rule 12, Part II.
- e) A related insurance activity conducted under paragraph e) of sub-section 1, Section 2 of this rule (another insurance business) must conform to the requirements of licensing prescribed by the Insurance Regulation and these Rules.

## **2. Specific Limitations**

This part applies to all insurance companies conducting insurance related activities through a separate entity or entities:

- a) Unless with prior written approval of the BPK, the equity ownership of an insurance company in any insurance related business must conform to the specific limitations on investment in a subsidiary company, pursuant to paragraph (i), sub-section 2, Section 4 of Rule 12, Part II.
- b) With prior approval from the BPK, an insurance company may invest up to an aggregate amount not exceeding fifteen (15%) percent of its assets, provided that the investment in any one single entity, (whether or not the entity is an affiliate or subsidiary) is not greater than five (5%) percent of such assets.
- c) Subject to the limitations prescribed in paragraph b) above, BPK may approved an insurance company to hold more than ten (10%) equity in the voting shares in an insurance related entity, affiliate or subsidiary, only if the following requirements concur:

1. The insurance related activity is, or is reasonably, ancillary to the business of the insurance company.
2. The insurance company submits a separate 5-year business plan of the insurance related business entity.
3. The insurance related business entity agrees to grant supplementary regulatory powers to the BPK and to unconditionally submit itself in compliance with all orders and directives issued by the BPK in consistent thereto.
4. The BPK is convinced that the investment made or to be made by, and the involvement of, the insurance company in the insurance related business entity are not detrimental to the interests of the policyholders of the insurance company.

#### **Section 4**

### **Restrictions on the Conduct of Non-Insurance Activities**

#### **1. Prohibited Activities**

Section 46 of the Insurance Regulations prohibits insurance companies (and insurance intermediaries) from:

- a) Engaging in any business other than insurance and insurance related business, without the prior authorization of the BPK.
- b) Investing or owning more than ten (10%) of the equity shares of any business that is not insurance related, without prior BPK approval. This prohibition extends to the holders of significant interest in, and the directors, officers and employees of, an insurance company (or an insurance intermediary), individually, or collectively among themselves or in any combination with the insurance company (or insurance intermediary)

#### **Section 5**

### **Entry into Force**

This present rule shall enter into force on April 1, 2002.

David Weatherman  
Acting Managing Director