Based on Article 35, paragraph 1, sub-paragraph 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) and based on Article 4, paragraph 3, and pursuant to Chapter IV 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 of the Republic of Kosovo, in the meeting held on 30 January 2020, approved the following:

REGULATION ON CORPORATE GOVERNANCE OF INSURERS

Article 1
Purpose and scope

1. The purpose of this regulation is to strengthen the regulatory framework regarding the best practices of corporate governance of insurers, as an important factor for maintaining the sustainability and stability of the insurance sector in the Republic of Kosovo. This Regulation establishes minimum requirements for shareholders, the Board of Directors and Senior Managers regarding their responsibilities in corporate governance of insurers.

2. This Regulation shall apply to all insurers operating in the Republic of Kosovo, licensed by the Central Bank of the Republic of Kosovo (CBK).

3. Unless specifically required by any provision of this Regulation, this Regulation shall not apply to branches of foreign insurers licensed by the CBK.

Article 2
Definitions

1. All terms used in this regulation shall have the same meaning as those defined in Article 3 of Law no. 05/L-045 on Insurances (hereafter: the Law on Insurances) and / or as defined herein for the purposes of this regulation:

1.1. Corporate governance - means the manner in which the insurer's business and activities are governed by the division of rights and responsibilities among the shareholders, the Board of Directors and Senior Management, affecting the manner in which the insurer's hierarchy, strategy and objectives are determined, personnel selection and supervision, performance of day-to-day activities of the insurer, defining and adhering to the insurer's code of conduct and ensuring operation in accordance with applicable legislation and the manner in which control functions are defined.
Article 3
General requirements

1. The Board of Directors of the insurer shall bear the primary responsibility for corporate governance within the insurer's institution at all times, as well as for supervising the implementation of all legal and regulatory requirements of the insurer.

2. Senior Management shall play an important role in ensuring effective governance and shall be responsible for ensuring the effective oversight function in compliance with Board policies.

3. All insurers shall have a clear organizational structure with well defined, transparent and consistent lines of responsibility, effective processes for identifying, managing, monitoring and reporting the risks to which the insurer is or may be exposed. Insurers shall also ensure sound administrative and accounting procedures, IT systems and controls, compensation policies and practices that promote sound and effective risk management, both individually and at group level.

4. The governance system shall promote an appropriate culture of risk and compliance at all institution levels, and shall be subject to internal review on a regular basis.

5. The governance structure established by each insurer shall be adequate to ensure effective supervision of the insurer's activities taking into consideration the nature, level and complexity of the business.

6. Corporate governance structure and policies shall be clearly articulated and made available to all insurer’s personnel.

7. The insurer shall establish, implement and maintain a business continuity plan in order to ensure, in the event of any interruption to their system, the retention of essential information, as well as to ensure the continuity of insurance and reinsurance activities, or when this is not possible, to foresee a timely recovery of the stored data for the purpose of resuming the insurer's activities.

Article 4
Ownership of insurers

1. Good corporate governance requires that major shareholders of the insurers operating in Kosovo meet the “fit and proper” requirement, as provided in Article 24 of the Law on Insurance. CBK shall assess and ensure that all the main owners of insurers meet this requirement.

2. Pursuant to Articles 24 and 35 of the Law on Insurance, all major shareholder of the insurer must have the prior approval of the CBK in order to ensure that the shareholders meet the “fit and proper” requirements.

3. For any change in the structure of shares comprising less than 10% of the insurer's shares, the insurer shall notify the CBK in writing within 5 working days from the date of such changes, which shall be reflected in the Statute of the Insurer. Pursuant to Article 23 of the Law on Insurance, any amendment to the Statute and the Founding Act of the insurer must be subject to prior approval by the CBK.

4. Responsibilities and other aspects of the General Assembly of Shareholders of the insurer are defined in Article 26 of the Law on Insurance.
Article 5
The duties and responsibilities of Board of Directors of the Insurer

1. The Board of Directors of Insurers shall act in accordance with the duties and responsibilities defined in Article 28 of the Law on Insurance.

2. Each of the members of the Board of Directors of the insurers shall:
   2.1 act in good faith, with honesty and reasonableness;
   2.2 exercise their duties with due care and dedication;
   2.3 act in the best interests of insurers and policyholders, by putting these interests before their personal interests;
   2.4 exercise independent and objective judgment in decision-making, by taking into consideration the interests of insurers and policyholders;
   2.5 not use their position for any personal gain and not incur any damage to the insurer.

3. Specific individual duties described in paragraph 2 of this Article, shall be included as part of the terms of engagement of members of the Board of Directors from insurers.

4. The individual member of the Board of Directors of an insurer exercising activities in non-life insurance classes cannot at the same time be a member of the Board or Senior Manager of another insurer, exercising activities in non-life insurance classes.

5. The individual member of the Board of Directors of an insurer exercising activities in life insurance classes cannot at the same time be a member of the Board or Senior Manager of another insurer exercising activities in life insurance classes.

6. Where an individual member of the Board of Directors of an insurer is a member of the Board of Directors or a Senior Manager, (except in situations referred to in paragraphs 4 and 5 of this Article), in another entity, the Board of Directors shall have clearly defined procedures regarding the obligation of loyalty to the insurer. These procedures shall include adequate disclosure by a member of the Board of Directors and may include shareholder approval for this situation of parallel engagement in two entities. If such a situation could lead to a conflict of interest with the interests of the insurer, the member of the Board of Directors shall disclose such conflict to the Board of Directors and shall not participate in voting on matters in which he/she has an interest.

Article 6
Qualifications of the members of the Board of Directors

1. All Board members shall have appropriate experience, competencies and personal qualities. Requirements for "fit and proper" qualifications are provided in Article 24 of the Law on Insurance, while the requirements for qualification and experience are provided in Article 32 of the Law on Insurance and the Regulation on Licensing of Insurers and Branches of Foreign Insurers.
2. The Board as a group shall ensure that the full spectrum of knowledge and experience needed to supervise the institution is within the Board as a whole. This implies that Board members shall be preferably educated in different fields and have different experiences.

3. The Shareholders Assembly shall evaluate the standard of skills and experience of the members the Board is comprised of, in relation to the structure that would be ideal for the insurer. The significant gaps identified should be used as an important basis for future Board appointments.

4. Board members shall meet the criteria provided in Articles 24 and 32 of the Law on Insurance and must be approved in advance by the CBK pursuant to Articles 24 and 33 of the Law on Insurance. The CBK shall consider the issues set out in the Law on Insurance, its implementing regulations, including present regulation, as well as the legislation in force to decide whether to approve an appointment or not.

5. Paragraph 4 of this Article shall apply to the Branch of Foreign Insurer only in relation to Senior Managers.

**Article 7**

**Structure of the Board of Directors**

1. Article 27 of the Law on Insurance has defined minimum requirements for the structure of the Board. Such minimum requirements are:
   1.1. the Board of Directors is consisted of not less than five (5) members;
   1.2. all Board members are entitled to vote;
   1.3. all voting members of the Board of Directors shall be non-executive directors;
   1.4. at least one of the Board members must be resident in the Republic of Kosovo;
   1.5. The Chief Executive Officer is a member of the Board of Directors ex officio without voting right.

2. Members of the Board shall be appointed and dismissed by the General Assembly of Shareholders, with four (4) years term, with reappointment possibility.

3. The composition of the Board shall be adequate in order to be able to cope when a member or several members have to leave the decision-making due to potential conflict of interest.

4. The Board shall, at least annually, conduct a self-evaluation and review its composition, as well as determine the most effective composition for decision-making and determination of strategy.

5. The Board shall maintain appropriate records of discussions and decisions. These shall, upon request, be made available to the CBK.

**Article 8**

**Committees of the Board of Directors**

1. The Board of Directors shall establish the Audit Committee, the Risk Management Committee, and the Investment Management Committee.

2. The insurer may also establish other Committees according to his assessment. The CBK may, within its powers, require the insurer to establish special Committees.
3. Articles 8, 9, 10, 11 and 12 of this Regulation shall not apply to branches of foreign insurers, insofar as comparable and acceptable requirements to the CBK are applied by legislation, under which the foreign insurer is licensed in home country.

**Article 9**

**Responsibilities of the Committees of the Board of Directors**

1. The authority, functions, membership and reporting lines of the Committees, as well as the frequency of meetings, voting rights, and quorums, shall be clearly specified in writing in the Statute or Instruction specified by the Board of Directors.

2. The terms of reference shall be reviewed regularly by the Committees to ensure consistent adequacy. Recommendations for revision should be provided to the Board of Directors when applicable. These reviews shall be documented and shall be done at least once a year.

3. The insurer shall comply with the following requirements regarding the Committees of the Board of Directors:

   3.1. the agenda and all relevant material for the meeting shall be distributed to all Members of Committee in a timely manner prior to the meeting;

   3.2. the detailed minutes of all Committee meetings shall be prepared and contain a record of the meeting time, the location, attendees, all key discussions and decisions taken;

   3.3. when appointing Members of the Committee, the Board of Directors shall consider and be satisfied with the relevant expertise, capability of members, and their ability to allocate sufficient time to the Committee;

   3.4. Members of the Committee shall regularly attend Committee meetings. Where a member is unable to attend Committee meetings for a long time, the Board of Directors shall replace that member with another member, who shall have relevant experience and expertise;

   3.5. Members of the Committee shall attend every Committee meeting, but in cases where due to the location of some members physical participation is not possible, participation via videoconferencing or teleconferencing is allowed;

   3.6. being a member of several Committees at the same time, of a particular individual, shall be managed by the insurer, so that the insurer can ensure that no individual exercises excessive influence or control;

   3.7. Members of the Committee shall be reviewed by the Board of Directors of the insurer and shall be subject to renewal at an appropriate time-frequency;

   3.8. Committees shall report regularly to the Board of Directors and minutes of each meeting shall be sent to the Board of Directors prior to the Board of Directors meeting.

**Article 10**

**The Audit Committee**

1. The Board of Directors shall establish the Audit Committee.

2. The Audit Committee shall have a sufficient number of members, taking into consideration the nature, size and complexity of doing business, and may not have less than three (3) members.
3. The Audit Committee shall consist of members of the Board of Directors, most of whom shall be non-executive members, and one member shall be an external expert with at least three (3) year experience in the field of finance, accounting, and auditing.

4. The Chairman of the Audit Committee shall not be a foreign expert engaged as a member of the Audit Committee.

5. The Chairman of the Board of Directors shall not be a member of the Audit Committee. Attendance of the Executive Director or Chairman of the Board at Audit Committee meetings shall only be organized via invitation and should be managed in a manner that does not prejudice the independence of this Committee and the maintenance of appropriate relationships with other parties and especially with external auditors.

6. Meetings of the Audit Committee shall be held at regular intervals, at a minimum one (1) ordinary meeting every three months in a year, and extraordinary meetings shall be held whenever convened by the Board of Directors or by the insurer's Committee itself. The decisions of the Audit Committee are valid when the majority of its members are present and vote. Decisions are taken by a majority of votes of all members present. The participants in these meetings should mainly be the Chairman of the Committee and its members. However, members may request the participation of other key persons, such as the external auditor, the director of internal audit and the director of finance, or other persons under the request of the Committee. The Audit Committee shall act in a way that insures its independence and report its activities and decisions to the Board of Directors.

7. Without prejudicing the responsibilities of the Board of Directors, responsibilities of the Audit Committee in addition to those set forth in Article 30, paragraph 4, of the Law on Insurance shall include at least the responsibilities set out below:

7.1. monitor the efficiency and adequacy of the insurer's internal control, internal audit, and IT systems;

7.2. cooperate with the external auditor especially in relation to their audit findings;

7.3. review the reliability of the insurer's financial statements and ensure that they represent the correct and fair financial state of the insurer;

7.4. review any financial notification or reporting and recommendation before forwarding it to the Board of Directors for approval or not of the insurer's annual financial statements;

7.5. evaluate the independence of the external auditor.

Article 11
Risk Management Committee

1. The Board of Directors shall be responsible for establishing the Risk Management Committee separate from the Audit Committee. In addition to the responsibilities set out in Article 30, paragraph 7, of the Law on Insurance, the Risk Management Committee has the responsibility of supervising and advising the Board of Directors on actual insurer exposure to risks, as well as on future risk management strategy.
2. The number of members of this Committee shall be sufficient given the nature, size and complexity of doing business and may not be less than three (3) members. The Risk Management Committee shall consist only of members of the Board of Directors.

3. The Chairman of the Risk Management Committee cannot be at the same time Board of Director’s Chairman.

4. The Risk Management Committee as a whole shall have relevant risk management expertise.

5. The role of the Risk Management Committee shall be the advising of the Board of Directors on the risk appetite and tolerance for the future strategy, taking into consideration the overall risk appetite taken by the Board of Directors, the insurer's current financial position, based on the work of the Audit Committee or the external auditor.

6. The Risk Management Committee shall consistently cooperate with the Head of the Risk Function in order to ensure the continued development and maintenance of the insurer's risk management system, taking into consideration the nature, size and complexity of the inherent risks of doing business.

7. The Risk Management Committee shall consistently advise the Board of Directors on the effectiveness of the strategy and policies in order to ensure adequate risk coverage.

**Article 12**

Other Committees of the Board of Directors

The Insurer shall establish Investment Management Committee pursuant to Article 30, paragraph 8, of the Law on Insurance and Regulation on Investment of Assets Covering Technical and Mathematical Provisions and Investment of Charter Capital of Insurers.

**Article 13**

Appointment and supervision of the Senior Management of the insurer

1. The Board of Directors of the insurer operating in Kosovo shall select and appoint the Senior Management of the insurer and, if necessary, replace it. In the case of branches of a foreign insurer, this duty belongs to the Board of Directors of the parent insurer.

2. In order to fulfil this role, the Board shall:

2.1. determine the standards of requirements regarding the "fit and proper" criteria in selection of all managers, not just those Senior Managers who need approval by the CBK;

2.2. monitor the actions of Senior Managers and ensure that they are consistent with the approved strategies and risk limits of the insurer;

2.3. determine formal performance standard for Senior Managers. They shall ensure that these performance standards are in line with long-term interests of the insurer and not lead unintentionally to excessive risk-taking in the short term;

2.4. ensure that knowledge and expertise of Senior Managers remain at an appropriate level in the event of changes in the nature of the business, the risk profile or the operating environment of the insurer;
2.5. have an adequate succession plan to ensure that the loss of key managers does not adversely affect the performance of the insurer.

**Article 14**
**Qualifications of Senior Managers**

1. All Senior Managers of insurers licensed to operate in Kosovo shall meet the "fit and proper" criteria, as defined in the Article 24 of the Law on Insurance and have the necessary qualifications, experience and integrity as required by Article 32 of the Law on Insurance and the Regulation on Licensing of the Insurance Companies and Branches of Foreign Insurance Companies.

2. This Article shall also apply to branches of foreign insurers licensed in Kosovo.

**Article 15**
**Conflicts of interest**

Members of the Board of Directors and Senior Managers of the insurer shall address conflicts of interest and transactions with related parties in accordance with the provisions of Article 34 of the Law on Insurances, which for foreign insurers shall be applied only to its Senior Managers.

**Article 16**
**Responsibilities of Senior Management**

1. Senior Management shall be responsible for day-to-day activities of the insurer.

2. Senior Management shall ensure that the activities of the insurer are carried out in a manner consistent with the business strategy, risk strategy and restrictions and other policies and restrictions specified by the Board.

3. Members of Senior Management shall have the necessary experience, competencies and integrity to manage the businesses and people under their supervision. They shall receive access to regular training to maintain and enhance their competencies and stay up to date on latest developments relevant to their areas of responsibility.

4. The organization, procedures and decision-making of Senior Management shall be clear and transparent and designed to promote effective management of the insurer. This includes clarity on the role, authority and responsibility of the various positions within Senior Management.

5. Senior Management shall, in particular, be responsible for:

   5.1. assisting the Board in establishing and maintaining a culture and code of conduct;
   5.2. the legality of the insurer's operations;
   5.3. implementing the insurer's established business strategy; risk management systems, risk culture, processes and controls for risk management;
   5.4. providing appropriate supervision to those under their management;
   5.5. establishing management information systems that will ensure that appropriate, timely and accurate information will be available to the Board, the CBK and other stakeholders;
5.6. advising the Board regarding the appropriate organizational structure of the insurer;
5.7. ensuring that the quantity and quality of staff and other resources are adequate to perform all tasks of the insurer;
5.8. Communicating the strategic direction, risk tolerance and reporting lines within the insurer and clear description and documentation of responsibilities for each staff member.

6. This Article shall also apply to branches of foreign insurers licensed in Kosovo.

Article 17
Compensation Policy

1. The Board of Directors of the insurer shall adopt a compensation policy for the insurer that includes compensation to the Senior Management, employees and the percentage of compensation for insurance intermediaries.
2. Compensation policy shall not lead to inadequate risk-taking, and shall be consistent with the objectives, risk profile, long-term strategies and interests of the insurer, as well as include measures that prevent conflict of interest.
3. The Board shall regularly monitor the functioning of the insurer's compensation systems to ensure that they are being implemented properly and do not encourage inadequate risk-taking by the insurer.
4. Compensation shall be symmetrical to the risk of the insurer to ensure that the interests of the staff member are consistent with those of the insurer.
5. In cases where the compensation policy provides for fixed and variable compensation, the insurer must ensure that the share of the fixed payment is at the appropriate level of compensation in full, in order to prevent dependence on variable payment and to contain the option of cancelling variable payment in cases of bad performance.
6. The CBK reserves the right to assess and, if necessary, request changes to the insurer's compensation systems if it considers that the existing compensation system may encourage inadequate risk-taking by the insurer and/or may have adverse effects on the insurer's financial position.
7. The performance of the Board, in the application of this article, shall be an important element of the overall performance assessment of the Board, within the CBK's examination of the insurer.
8. The General Meeting of Shareholders shall decide on the compensation of the members of the Board of Directors.

Article 18
Compliance function

1. The Board of Directors of the insurer shall be responsible for ensuring that the insurer complies with all relevant laws and regulations.
2. The Board of Directors shall establish the compliance function within the organizational structure of the insurer.
3. The Compliance function shall assist the Board of Directors in order for the insurer to:
   3.1 fulfil legal, regulatory and supervisory obligations;
   3.2 promote and support the culture of compliance;
   3.3 monitor compliance with the insurer’s internal policies.
4. The Board of Directors shall ensure that the compliance function has the necessary authority to perform its function and is equipped with sufficient human and financial resources for the effective identification of compliance risk.
5. The Board of Directors shall adopt the procedures necessary for the proper and efficient implementation of the compliance function policy.
6. The Board of Directors shall ensure the establishment of a mechanism for continuous cooperation between the compliance function and other functions of the insurer.
7. The Head of Compliance Function shall inform the Senior Management and report to the Board of Directors, which shall also decide on his compensation.
8. The Board of Directors shall be responsible for the appointment and dismissal of the Head of Compliance Function.
9. In the event of the dismissal or resignation of the Head of Compliance Function, the reasons leading to this action shall be communicated to the CBK within seven business days.
10. Head of Compliance Function shall be considered as Senior Manager and shall be approved in advance by the CBK.
11. The Head of Compliance Function shall meet the criteria for approval of Senior Managers as set out in the Law on Insurances and sub-legal acts of CBK.
12. In addition to the above specified in this Article, the compliance function shall also perform the following tasks in relation to identifying and monitoring compliance risk:
   12.1. following and adhering to regulations concerning the insurer's activities;
   12.2. identifying and monitoring the risk of non-compliance of the insurer’s operations with regulations;
   12.3. monitoring and testing compliance function and informing the Senior Management, as well as reporting to the Board of Directors on identified non-compliance, and corrective actions taken to overcome them;
   12.4. continuous and efficient advising to the members of the Senior Management and the Board of Directors in the implementation of the regulations;
   12.5. informing the Senior Management and direct reporting to the Board of Directors or a committee of Board of Directors appointed for compliance in accordance with the policy of the compliance function;
   12.6. assessing the potential impact of new regulations and changes to the insurer's operations and the environment in which the insurer operates;
   12.7. assessing the alignment of new products and business processes of the insurer with the laws and sub-legal acts in force;
12.8. providing training to and informing employees on how to apply the relevant laws and sub-
legal acts in their day-to-day operation;
12.9. cooperating with regulatory institutions;
12.10. documenting its operations and submitting regular briefing reports to the Senior 
Management of the insurer and reporting directly to the Board of Directors, in accordance 
with the compliance function policy.

13. The scope and activities of the compliance function shall be subject to periodic review by the 
internal audit function.

14. This Article shall also apply to branches of foreign insurers licensed in Kosovo.

**Article 19**

**Risk management function**

1. Each insurer shall establish an effective risk management function capable of assisting the 
insurer in:
   1.1. timely identification, evaluation, monitoring, mitigation and reporting of major risks; and 
   1.2. promoting and maintaining a sound risk management culture.

2. The risk management function shall have a sufficient number of staff who possesses the requisite 
experience and qualifications, including knowledge on market and products provided by the 
insurer, as well as on risk areas. The risk management function shall be led by Head of the Risk 
Management Function.

3. The Head of the Risk Management Function shall inform or report to Senior Management, and 
shall be able to report directly to the Board of Directors and/or the Risk Management Committee. 
The Board of Directors will decide on his compensation.

4. The Board of Directors shall be responsible for the appointment and dismissal of the Head of the 
Risk Management Function.

5. In the event of the dismissal or resignation of the Head of the Risk Management Function, the 
reasons leading to this action shall be communicated to the CBK within seven business days.

6. The Head of the Risk Management Function shall meet the criteria of the CBK Law on 
Insurances and sub-legal acts on Senior Managers of insurers and shall be approved in advance 
by the CBK.

7. The risk management function shall have access to and report directly to the Board, as required 
by the Board, at least on issues such as:
   7.1. assessment of the risks and exposure of the insurer to these risks, as well as steps undertaken 
        for their management;
   7.2. assessment of the change in the insurer's risk profile in relation to the insurer's risk appetite;
   7.3. where appropriate, assessment of predetermined limits;
   7.4. where appropriate, risk management issues resulting from business strategy, mergers and 
        acquisitions as well as major projects or investments;
   7.5. assessment of risk events and identification of appropriate corrective actions.
8. The risk management function shall have the authority and obligation to timely inform the Board and/or the Risk Management Committee of any circumstances that may have a material effect on the insurer's risk management system.

9. Key activities of the risk management function shall include:

9.1. assisting the Board and Senior Management in carrying out their respective responsibilities, including the provision of professional analysis and risk assessment;

9.2. identifying individual and aggregate (current, emergent and probable) material risks of the insurer;

9.3. assessing, aggregating, monitoring and providing assistance in managing and addressing identified risks (this includes the insurer's capacity to absorb risk taking into account the nature, probability, duration, correlation and potential risk severity);

9.4. creating and maintaining an overview of the insurer's aggregate risk profile as a legal entity and, if applicable, also at the group level;

9.5. creating a visionary assessment of the risk profile;

9.6. assessing the internal and external environment on a continuous basis in order to identify and assess potential risks as early as possible;

9.7. considering risks deriving from compensation agreements and the bonus scheme;

9.8. performing regular stress tests;

9.9. informing Senior Management and reporting on a regular basis to the Board or Risk Committee, about the insurer's risk profile and details of the risks to which the insurer is exposed, and proposing appropriate methods to reduce those risks;

9.10. documenting and reporting to the Board material changes affecting the insurer's risk management system in order to continuously maintain and improve the system; and

9.11. conducting regular self-assessments and implementing or monitoring the implementation of any necessary improvement.

10. This Article shall also apply to branches of licensed foreign insurers in Kosovo.

**Article 20**

**Branches of Foreign Insurers operating in Kosovo**

1. When an insurer is licensed by the CBK to operate as a branch of foreign insurer in Kosovo, the following requirements apply:

1.1. branch will not be required to establish the Board in Kosovo;

1.2. the branch senior management appointments require the prior approval of the CBK;

1.3. Senior management is expected to ensure that the policies and rules of the group are adapted to the Kosovo environment;

1.4. Senior management shall ensure full compliance with the legislation and other regulations in force in Kosovo. Any conflict between the requirements of Kosovo legislation and the requirements of the home country legislation shall be reported to the CBK.

1.5. The branch shall provide the CBK with information concerning its operations and operations of its parent institution as required by the CBK, so that the CBK is informed about the
operations of the branch that are subject to adequate supervision by the home country insurers and supervisors.

2. Except as provided by Article 15 of the Law on Insurance, if the CBK concludes that the branch operations are deemed to be systemically important to the Kosovo financial system, due to their size or any other feature, the CBK has the right to require the foreign insurer to transform its branch in Kosovo into a subsidiary.

Article 21
Handling issues of concern
1. Each insurer shall establish a clear communication process in written, through which employees may communicate to senior management or members of the Board of Directors, any legitimate concern they have about any illegal, unethical or suspicious practices and activities, even when the issue involves a member of the Senior Management of the insurer. The process shall be such as to create confidence to the employees to communicate such issues and be fully protected from any form of punishment.

2. Without prejudice to any other legal obligation, each director who has any material concerns about the general governance of an insurer must initially report without delay to the Board of Directors. If his/her concern has not been satisfactorily addressed by the Board of Directors within five working days, the Director shall immediately report his/her concern to the Central Bank, providing the reason for the concern and any proposals for rectification. This does not exclude the Director's ability to report such concerns directly to the Central Bank, even without reporting them to the Board of Directors.

Article 22
Enforcement, Remedial Measures and Civil Penalties
Any violation of the provisions of this Regulation shall be subject to corrective and punitive measures, as defined in the Law on the Central Bank of the Republic of Kosovo and the Law on Insurance.

Article 23
Repeal
Upon the entry into force of this Regulation, the Rule 24 on Corporate Governance of Insurance Companies and Insurance Intermediaries shall be repealed.

Article 24
Entry into force
This regulation shall enter into force fifteen (15) days after its approval.
Flamur Mrasori
Chairman of the Board of the Central Bank of the Republic of Kosovo