



# **INSURER LICENSING MANUAL**

PRISHTINA, OCTOBER 2017

Pursuant to Article 36, paragraph 1, subparagraph 1.4, of Law no. 03/L-209 on the Central Bank of the Republic of Kosovo, and Article 16 of the Statute of the Central Bank of the Republic of Kosovo, and pursuant to Law no. 05/L-045 on Insurance, the Executive Board of the Central Bank of the Republic of Kosovo, at the meeting held on October 27, 2017, approved the following:

## **INSURER LICENSING MANUAL**

# CONTENT

<b>1. INTRODUCTION.....</b>	<b>4</b>
1.1. Definitions .....	7
<b>2. APPLICATION PROCESS FOR INSURER LICENSING .....</b>	<b>8</b>
<b>2.1. Pre-application phase.....</b>	<b>8</b>
<b>2.2. Application Phase .....</b>	<b>9</b>
2.2.1. Business Plan.....	11
2.2.2. Capital .....	13
2.2.3. Leadership structure .....	15
2.2.4. Letter of Support.....	17
2.2.5. Submission of the application .....	18
<b>2.3. Post-application phase .....</b>	<b>18</b>
2.3.1. Review of application .....	19
<b>2.4. Preliminary approval .....</b>	<b>19</b>
<b>3. LICENSING .....</b>	<b>21</b>
3.1. Applying for a license .....	22
3.2. Pre-opening examination .....	23
3.3. Granting of the license .....	23
<b>4. APPROVALS OF OTHER TRANSACTIONS .....</b>	<b>24</b>
4.1. Change of name .....	25
4.2. Amendments to the Articles of Association/or statute.....	25
4.3. Change in equity .....	25
4.4. Principal shareholders.....	26
4.5. Appointment of directors and senior managers.....	27
4.6. Expanding the activity .....	29
4.7. Opening and relocation of the branches and offices within the country .....	29
4.8. Closing of branches and offices with the country .....	30
4.9. Opening of branches or of subsidiaries outside the country .....	31
4.10. External auditor.....	32
4.11. Transfer of insurance portfolio .....	33
4.12. Delegation of functions .....	34
4.13. Mergers and acquisitions.....	37
4.14. Acquisitions of equity interests by insurers in other financial institutions .....	38

4.15. Opening of representative offices .....	39
4.16. Transactions which require only CBK notification .....	40
<b>5. ANNEXES TO THE MANUAL.....</b>	<b>40</b>

## **1. INTRODUCTION**

The Central Bank of the Republic of Kosovo (CBK) is responsible for the licensing, regulation and supervision of insurance activities in the Republic of Kosovo pursuant to Article 23, paragraph 1, of Law

no. 03/L-209 on the Central Bank of the Republic of Kosovo (hereinafter the Law on the CBK) and Article 4, paragraph 2, of the Law no. 05/L-045 on Insurance (hereinafter Law on Insurance).

The applicable legal framework, inter alia, defines the CBK as competent for:

- licensing of insurers / reinsurers;
- revocation of insurance / reinsurance licenses;
- management or supervision of the rehabilitation procedure (official administration) and initiation of bankruptcy proceedings;
- assessment of the terms and approval / rejection of the transactions specified in chapter 4 of this Manual.

Those interested in establishing an insurer must initially apply to the Central Bank of the Republic of Kosovo (CBK) for a license to carry out insurance activities. Foreign insurers headquartered outside the Republic of Kosovo, interested in obtaining an insurance license, may be licensed by the CBK to carry out insurance activities as subsidiaries or branches of the bank, for details refer to Appendix IV – Foreign Insurers<sup>1</sup>.

Those interested for an insurer license may be licensed by the CBK to carry out:

- non-life insurance activities for specific classes of insurance, pursuant to Article 7 of the Law on Insurance;
- life insurance activities, specifically or for all classes of insurance, as defined by Article 8 of the Law on Insurance;
- reinsurance activities for all classes of insurance activity.

In the context of insurer licensing, the CBK's overall objective is to provide a comprehensive and transparent process that helps secure a safe, sustainable and competitive environment in the insurance industry. In pursuit of this objective, through increasing transparency and encouraging efficiency and competitiveness, the CBK has reviewed insurer licensing policies, procedures and practices in order to provide a dynamic, efficient and structured framework. Part of this process has been the adoption of the Insurer Licensing Manual.

The Insurer Licensing Manual sets out the necessary conditions and procedures to be met by entities applying for obtaining an insurer license with the goal of having sound and stable insurer entities supported by strong and experienced shareholders in the insurance industry enter the market. Such insurers carry out well-balanced risk-managed activities, are able to cope and develop in the conditions of free competition in the international financial market enabled by an open and integrated market and are able to meet the capital and liquidity requirements in crisis situations. In this way they can support the development of the country's economy and offer quality and efficient insurance services and products to the public in a transparent manner.

The manual provides specific guidelines on receiving and evaluating applications and specifies the minimum required documentation for application for insurer licensing. It should be noted that the manual

---

<sup>1</sup> All insurer licensing criteria apply to affiliated subsidiaries or branches unless otherwise specified.

is meant as a procedural guide only and during the application process additional information may be required by the CBK depending on the complexity of the situation. However, the manual serves as a guide to all potential parties interested in establishing insurers and branches of external insurers and at the same time facilitates the handling of applications for licensing by the staff of the Department for Licensing and Standardization within the CBK, which will use it as a reference manual, work guide and as a training tool.

**The manual structure is as follows:**

Chapter two (2) of the manual outlines the core part of the application process ranging from the pre-application phase, application phase, and post-application phase. The pre-application phase outlines the basic issues, including the decision whether the establishment of an insurer is the right thing for the interested parties and what the alternatives may be. Those interested in establishing an insurer may find this part very useful as it includes the details of the pre-application meetings in which the CBK's expectations are shared, enabling the understanding of what this implies for the applicant and its resources, as well as things which are deemed to be beneficial for both parties: the interested and the CBK.

The application phase provides clarification on what the further steps will be once it is finally decided to apply to be established as a new insurer. This section begins with the listing of minimum required documentation for application and continues with a structured discussion regarding the main components of the insurer licensing application according to their significance in CBK's decision-making. This section of this chapter concludes with the clarification regarding the formal submission of the application to the CBK.

The post-application phase determines what CBK assesses in the application for insurer licensing, laying down the reasons for a positive decision or negative decision as well as the time it takes to make a decision. The post-application phase concludes with the optional phase in this process, called the prior approval of the license, which is decided after reviewing and evaluating all the documents and information received as part of the application in this process.

The third chapter (3) covers the final phase of insurer licensing which takes place after prior approval. This phase begins with the application of the insurer proposed for licensing after the fulfilment of the obligations determined by the decision for prior approval. During this phase, the CBK also conducts a pre-opening examination at the premises of the proposed insurer, for verification of the conditions for starting the banking business. The final phase ends with the granting of a license or its refusal.

Other transactions that are carried out after the insurer licensing and the commencement of its operations requiring prior approval by the CBK are outlined in chapter four (4) of this manual. This chapter also specifies the documentation required for approval of such transactions, deadlines and review procedures. This chapter also includes the licensing of additional insurance classes for insurers who have obtained a license to perform activities in certain insurance classes but request to engage in activities of other insurance classes.

The Manual concludes with Chapter Five (5) which includes Annexes providing detailed explanations on specific issues adding further to the contents of the manual and the forms required for application for insurer licensing and approval of other transactions.

For any additional clarification or individual questions, interested parties are recommended to check the “Frequently Asked Questions” section at the CBK website and Annexes: I - Licensing Process and II - Licensing Requirements, III - Alternatives to Insurer Licensing and IV - Foreign Insurers, of this manual, or directly contact the Department for Licensing and Standardization at the CBK via email [Licencimi@bqk-kos.org](mailto:Licencimi@bqk-kos.org) or via telephone number +381 (0) 38 222 055.

***Attention: The manual accordingly applies to reinsurer licensing.***

#### 1.1. Definitions

All expressions used in this manual shall have the same meaning as defined in Article 3 of the Law on Insurance and / or as defined below for the purposes of this manual:

**Insurance** - shall mean the transfer of a potential risk, of a loss of property and/or non-property, from the insured to the insurer under an insurance contract;

**Insurance Activity** - shall mean the preparation, delivery, signature and execution of contracts of life insurance and non-life insurers;

**Reinsurance** - shall mean the insurance that an insurer buys from one or more other insurers (reinsurers), directly or through an intermediary. Reinsurance is considered a risk management tool as it cedes certain risks from an insurer to a reinsurer;

**Reinsurer** - shall mean a reinsurance specialist licensed by the CBK, who undertakes only the reinsurance business;

**Reinsurance Activities** - shall mean the signing and execution of reinsurance contracts, for the transition of a share or total risk assumed by the insurance contract, from an insurer to a reinsurer;

**Class of Insurance** - shall mean the classification of a group of similar products and risks or operations, to determine the activity of insurers under a license issued by the CBK;

**Insurance Product** - shall mean a contract (the policy) specifically prepared and issued by the insurer, to cover a specific risk or a specific number of risks under determined conditions;

**Subsidiary (dependent subject)** - shall mean a separate legal person, established by the insurer or the legal entity that is under common control with the insurer;

**Insurer's External Branch** - shall mean the insurer's external branch, which has the main headquarters in a foreign country and is licensed to conduct insurance business in the Republic of Kosovo;

**Principal shareholder** - shall mean a direct or indirect holding in an entity, which represents ten percent (10%) or more of the shares with voting rights;

**Director** - shall mean any person appointed by the shareholders to serve as a member of the Board of Directors of the insurer;

**Non-Executive Director** - shall mean the directors who are not employees of insurers or intermediaries and are not involved in their operational management;

**Senior Manager** - shall mean the Chief Executive Officer, Deputy Chief Executive Officer (if applicable), Chief Financial Officer, the Chief Insurance Acquisition, Principal Officer of Claims and any other person who: (i) reports directly to the Board of Directors or participates or has authority to participate in major

policymaking functions of insurers or other entities licensed under this law; (ii) has been appointed senior manager from CBK. In the case of foreign insurers licensed in Kosovo, the main manager, the deputy main manager (if applicable), the Chief of Insurance Acquisition, the Principal Officer of Claims and Chief Financial Officer, is considered a member of senior management, as well as any another person that CBK defines as senior manager.

**Actuary** - shall mean a person, who has the main task of calculating the premium tariffs, technical and mathematical provisions, relying on Actuarial methods;

**Delegation** - shall mean the transfer of one or more functions of the insurer's operations to another person, which in the case of non-delegation, are performed by the insurer itself;

**Insurance Portfolio** - shall mean the insurance contracts of a certain class or classes of insurance, signed by an insurer;

**Branch** - a place of business, namely a legally dependent part of an insurer, which directly carries out all or part of the insurer's activities;

**Office** – a place of business not independently established, which responds to the insurer's branch through which an insurer may be permitted to engage in the insurance activities.

## **2. APPLICATION PROCESS FOR INSURER LICENSING**

This chapter opens with the break-down of the pre-application phase as the initial stage of the insurer licensing process and discusses basic elements such as the decision on the establishment of an insurer and provides details on the pre-application informational meeting as the most important part of this phase. The chapter then continues with the elaboration of the application phase which begins with the taking of final decision to apply for insurer licensing. This section includes information about what the insurer licensing application should contain. The application phase is followed by post-application phase which elaborates on what the CBK assesses and how long it may take to make a decision. The chapter concludes with the clarification of the optional phase in this process, known as the prior approval.

### **2.1. Pre-application phase**

Those interested in insurer licensing, depending on the business plan or activities they want to undertake, should initially assess whether the establishment of an insurer is the only option or the option most appropriate for them. Interested parties are advised to refer to more detailed information in the next chapters of this manual to see if the establishment of an insurer may be the most appropriate alternative for their vision. When the interested parties have concluded that the establishment of an insurer is the best choice and are ready to start the process, they should contact the CBK to request the pre-application informational meeting. The request for the meeting is sent by the authorized representative of the applicant to the contact email of the Department for Licensing and Standardization: [Licencimi@bqk-kos.org](mailto:Licencimi@bqk-kos.org). The CBK accepts applications for insurer licensing only if the informational meeting was held preliminarily.

#### ***Informational meeting***

Prior to conducting the informational meeting, the interested parties should thoroughly review this



manual in order to familiarize themselves with all insurer licensing procedures.

Informational meeting is mandatory because it provides information to interested parties related to:

- understanding the licensing process and what happens at different phases;
- understanding of CBK expectations;
- identifying any particular concerns CBK may have in the beginning that can help with the decision whether the interested parties want to spend time and money in an application that may have little chances to progress further;
- the submitting of as complete an application as possible.

Prior to the informational meeting, the interested applicants should be prepared to present in the meeting a brief summary of the business proposal, which should include as a minimum:

- the reasonableness of the insurer's establishment as well as the initial business strategy specifying which products will be offered, how they will be offered and the target market;
- funding sources – where the funding will be received from and whether there are any investors and / or funds in the country;
- ownership and management team - details of the proposed owners and managers, if known;
- timeline - an overview and timeline of the plan for establishing a new insurer.

The informational meeting is chaired by the Governor or Deputy Governor for Financial Supervision (DGFS) or any of his delegates, the Director of the Department for Licensing and Standardization, and a senior officer responsible for licensing activities. Consequently, all major shareholders of the proposed new insurer should participate in the meeting. During the meeting, interested applicants are encouraged to ask questions about the licensing process or any possible un-clarities in order to ensure that the application is prepared in the most effective way. The Department for Licensing and Standardization should always keep the minutes of informational meetings as evidence of this process in the applicant's file.

The informational meeting provides an opportunity to the parties interested in applying to discuss their plans with CBK and gives CBK the opportunity to find out more about those plans. Consequently, at the end of the meeting it is expected that the interested parties will have a clearer picture of the insurer licensing process and that the application when submitted will be of sufficient quality for the CBK to make a decision as promptly as possible. The pace at which the parties interested in applying make forward through the pre-application phase depends largely on them and how well they are prepared.

## **2.2. Application Phase**

After the informational meeting, applicants can start preparing the application for insurer licensing at CBK. This section begins with the listing of supporting documents that should be part of the application for insurer licensing. The rest is structured around the main components of the insurer licensing application according to their weight in CBK's decision-making, as the business plan, the leadership structure, funding, and letter of support in cases when applying for the establishing of a branch or a subsidiary of a foreign insurer. The final step of this phase is the clarification regarding the formal submission of the application to the CBK.

The application for insurer licensing should be accompanied by the following information as set out in Article 10 of the Law on Insurance and Regulation on Licensing of the Insurers and Branches of Foreign Insurers:

- the constituent documents of the proposed insurer, including an original document or a notarized copy under which it was established, and the proposed address of the main office;
- the name, nationality, place of residence, qualifications and experience of each director and senior manager of the proposed insurer, including business and professional background for the past ten (10) years;
- the document certifying possession of the authorized and committed capital of the proposed insurer or foreign insurer's branch as well as the additional fund for initial costs according to the provisions of Article 19, paragraphs 1 and 2 of the Law on Insurance and Regulation on Licensing of Insurers and Branches of Foreign Insurers, including data on the capital source and the additional fund;
- the shareholder list, type of shares, data on nominal value of shares, percentage of share capital participation and potential affiliated persons or parties;
- the business plan including, inter alia, the organizational structure of the proposed insurer or foreign insurer; the foreseen type of insurance activity and the financial statements for three (3) years;
- personal data, business and professional history for the past ten years and audited financial statements for the past three (3) years (if any) of each principal shareholder holding ten percent (10%) or more of the proposed insurer's shares;
- for each Director or Senior Manager or principal shareholder of the proposed insurer or the foreign insurer's branch, an official statement from the Court disclosing any convictions for criminal offenses, personal bankruptcy filings, disqualifications from practicing a profession, or past or present involvement in a managerial function of a body corporate or other undertaking (such as the statement of TAK and Pension Trust) subject to insolvency proceedings, if any;
- draft contracts, including general and special terms of the insurance contract in accordance with the insurance class for which it has requested to be licensed;
- the plan for the implementation of measures for prevention of money laundering and terrorism financing;
- in any case where the applicant is a foreign insurer proposing to establish an insurance subsidiary company or branch in Kosovo, a statement from the home country supervisor must be provided that it has no objection to the proposed establishment of proposed operations in Kosovo and exercises a global consolidated supervision over the foreign insurer, including the insurance subsidiary company seeking to be licensed in Kosovo;
- proof of payment of the license fee;
- the documents required in the application form and any additional information as the CBK reasonably deems appropriate.

### **2.2.1. Business Plan**

The Business Plan is one of the key elements in the decision-making process for granting a license, as the prerequisite for establishing an insurer, that supports and does not jeopardize overall financial stability in the country is the proper strategic business planning.

The business plan of the proposed insurer should initially contain the statement of the insurer's general philosophy and determine its vision for financial sustainability and its future. It should also be constructed in such a way as to clearly elaborate the long-term strategic development of the proposed insurer in the target market. The plan should enable the assessment of the implementation of the long-term development strategy through the clear identification of medium and short-term business plans supported by the financial projections. The long-term strategy of the proposed insurer should be translated into specific goals and measurable medium- and short-term objectives which should justify the projected growth and be supported by the proposed insurer's capital, thus justifying the financial projections.

The business plan, to be acceptable by the CBK, should contain, at a minimum, the following information:

- business overview: the overall strategy of the proposed insurer and details of the planned insurance activity;
- market analysis including the analysis of direct and indirect competition;
- financial analysis including the disclosure of the structure of assets, liabilities, capital and the financial projections for the first three (3) years of operation, as well as the planned reinsurance program;
- important insurance functions;
- insurer leadership structure.

#### ***Business overview***

The business overview initially discloses the applicant's history in which information is provided about the organization, the activity it exercises and the geographic reach of its branches to proceed further with the general strategy of the proposed insurer broken down into short and medium term goals which should be specific, clear and measurable. This section is also expected to contain the argument on the proposed insurer's added value to the financial system of the country.

This section of the plan should also include the disclosure of the planned insurance activity, specifically the details of the products and services that are planned to be offered as well as the future objectives regarding these products and services. The planned activity should also include the growth trend of premiums, claims growth and other insurance activities.

#### ***Market analysis***

In the business plan, the proposed insurer should present a market analysis where the insurance industry needs to be described with sufficient details to enable the identification of the challenges and prospects which the proposed insurer will face. This section should clearly identify and adequately describe the target market in which the activities described in the previous section are expected to be provided. Also, in the market analysis, the proposed insurer should identify the market needs for the proposed products and

services and argue that these needs are met through the insurance activity it plans to offer. To the extent necessary for making business decisions, the trends of the development of the target market should also be described.

An important component of market analysis is competition analysis. The proposed Insurer in its business plan should clearly identify direct and indirect competition within the target market and the factors that may have an impact on its development strategy. In the analysis of competition should also be presented the position of the proposed insurer versus the identified competition.

Market analysis should also include clear identification of regulatory requirements applied to the target market as well as the strategy that the proposed insurer will pursue to ensure compliance with them. An integral part of the market analysis should also be the competitive analysis or SWOT analysis, i.e. the analysis identifying the strengths and weaknesses of the proposed insurer and foreign insurers branches versus competition, regulatory requirements and the market in general.

The market analysis should be based on the use of available economic data so that all plans reflect the reality and are as realistic as possible. The information sources used are reviewed for their credibility and are important in reviewing the data.

### ***Organizational Structure***

The Business Plan shall set out the entire organizational structure of the proposed insurer in sufficient detail as to enable the assessment of the adequacy of the structure in accordance with legal and regulatory requirements for the exercising of insurance activity. In order to facilitate the CBK evaluation process, in this section should be presented an organogram which should contain the following information:

- organizational chart with individual names, as needed;
- composition of the Board of Directors;
- list of committees and main responsibilities (provide names of potential members);
- job description of the Chief Executive Officer and other senior managers including average wage limits (including bonus or other non-monetary payments, i.e. vehicles, accommodation);
- staff planning (number of staff/departments).

Within the organizational structure, the proposed insurer should disclose plans around establishing key functions required under the applicable legal framework, such as the General Assembly of Shareholders, Board of Directors; Senior Management as well as Board of Directors' committees (audit committee, risk management committee and investment management committee). Sufficient information should also be disclosed for other functions deriving from the legal framework.

In the case when an insurer license applicant applies for a license to establish a branch of a foreign insurer, the organizational structure presented in the Business Plan is not required to contain the composition of the board of directors and the list of committees.

### ***Financial Analysis***

The Business Plan of the proposed insurer should also contain the financial analysis including the disclosure of the structure of assets, liabilities and capital as well as the financial projections for the first three years of operation.

Within the assets and liabilities structure, the proposed insurer shall present the advantages and disadvantages of the proposed structure, including any action to be taken to reduce the risks as well as techniques and systems for managing them. For the capital structure, the proposed insurer shall clarify in its Business Plan the manner or the basis used to achieve the proposed capital structure and provide reasons as to how the proposed amount is sufficient for the carrying out of the planned insurance activity. CBK expects the proposed insurer to possess a sufficient capital amount to effectively compete in the market and to adequately support planned operations. Considering that this is a key element in the decision-making process for granting of license, this section is elaborated in more detail in point 2.2.2 of this chapter.

Financial projections in the Business Plan of the proposed insurer shall show future trends in assets, liabilities and capital, solvency, insurance risk calculation, volume for each type of product, fixed asset investments, and remuneration for management and staff. Financial projections shall be made based on plans and planned objectives (which shall be submitted as part of the application), market analysis and strategies discussed above. The form of these required financial projections is presented in Annex D - Form of Financial Projections, in this Manual.

### **2.2.2. Capital**

One of the key criteria for obtaining an insurer's license is the committed capital that is planned to be invested and the source of its funds. According to Article 19 of the Law on Insurance and Article 4 of the Regulation on Licensing of Insurers and Branches of Foreign Insurers, the applicant for a license as an insurer or a branch of a foreign insurer to carry out non-life insurance activity must have a charter capital as a guarantee fund of not less than two million two hundred thousand (2,200,000) Euro.

In the case where one or several risks are included in classes 10 to 15 of Article 7 of the Law on Insurances, the charter capital may not be less than three million and two hundred thousand (3,200,000) Euro.

The applicant for a license as an insurer or a branch of a foreign insurer to carry out life insurance activities must have a charter capital as a guarantee fund of not less than three million two hundred thousand (3,200,000) Euro.

The charter capital of reinsurers licensed to carry out reinsurance activity in Kosovo may not be less than three million two hundred thousand (3,200,000) Euro.

The insurer and reinsurer must have an additional fund for initial expenses to cover the costs of establishment, operation and management, which in any case should not be less than twenty percent (20%) of the charter capital.

According to Article 20 of the Law on Insurance, the minimum capital shall be paid in cash and its funds shall not derive from:

- loans granted by the bank; or
- loans granted by the public;

- and other funds, the origin of which is illegal.

Shares issued in return for services are not treated as paid capital.

Regardless of the minimum capital referred to above, the capital of the proposed insurer shall be sufficient to meet the regulatory requirements and provide a hedge for the proposed insurer, especially during the initial organization and initial stages of operation. The CBK has the right to require an increase of minimum capital for the proposed insurer, based on its application, namely the Business Plan and financial projections. In addition to the committed capital, the proposed insurer shall present in the documentation plans for its growth during the first three years. The CBK shall, by special regulation, define the method of calculating equity, minimum solvency margins and other liquidity indicators. It should also outline how the proposed insurer plans to ensure compliance with the CBK Regulation on Bank Capital Adequacy and other capital-related regulations.

In the capital structure, the applicant shall also indicate the number of authorized shares, the number of shares to be issued, the nominal value per share and the selling price per share. For shareholders holding more than five percent (5%) of insurer shares, their financial records shall be provided (refer to Annex B and C in this Manual). The financial data will include the balance sheet and income statement (profit/loss) for the past three years. The CBK will assess proposed shareholders holding over ten percent (10%) of shares to determine their current financial capability or their related interests that could adversely affect the proposed insurer.

Information provided to the CBK shall be signed by the shareholders with proof of their accuracy and completeness. The CBK shall verify the resources and require that the amount of capital be paid prior to the issuance of the license.

### ***Suitability of Shareholders***

Suitability of prospective principal shareholders is also a very important element in the CBK assessment. To verify the suitability of shareholders, the applicant shall provide in his insurer licensing documentation some evidence of financial sustainability for any prospective principal shareholders. This includes evidence of timely fulfilment of past financial obligations and an existing sound financial standing. The applicant shall submit valid legal documentation certifying the payment of all fiscal obligations from the prospective principal shareholder. Such document shall be issued not later than 30 days from the date of application.

During the review of the application, the CBK shall verify the persons who control the insurer or who are proposed to control it. This authorization includes the collection of evidence and documents in formal procedures according to the respective administrative procedures.

The CBK will assess the ownership structure of the potential insurer as a whole and the individual suitability of the shareholders in order to ensure that the ownership structure will not hinder the effective supervision of the insurer. The above-mentioned requirements are constant requirements for existing shareholders and prospective new shareholders. The suitability of prospective principal shareholders shall be assessed in accordance with the requirements of Articles 10 and 24 of the Law on Insurance. For this purpose, the CBK has the right to collect evidence in accordance with Article 10, 24 and 35 of the Law on Insurance and Article 6 of the Regulation on Licensing of Insurers and Branches of Foreign Insurers.

This requirement does not apply to applications of Branches of Foreign Insurers to establish branches in the Republic of Kosovo.

### 2.2.3. Leadership structure

Board of Directors and senior management is very important for the success of a new insurer. The selection of a highly qualified and professional chief executive officer and other senior management, as well as of an adequate board of directors, is one of the most important tasks of the proposed insurer. The proposed chief executive officer should be actively involved in the development of the license application and should be fully informed of the proposed Business Plan of the proposed insurer, as that person should directly and successfully apply the proposed plan of the insurer.

The suitability of the proposed directors and senior managers is considered crucial in the CBK process for licensing and supervising insurers. As part of the licensing process, Articles 24, 27 and 32 of the Law on Insurance, the Regulation on Licensing of Insurers and Branches of Foreign Insurers have defined the "fit and proper" criteria and the independence criteria for the appointment of directors and senior managers. Elements that are considered for these criteria include: data on criminal offences, financial soundness, and civil action against individuals for personal debt pursuit, refusal of membership or exclusion from professional organizations, sanctions applied by regulators of similar industries and previous suspicious business practices. Each principal shareholder, director, or senior manager must meet the fit and proper criteria with respect to the respective position.

The CBK may conduct investigations related to the background of the persons proposed as senior managers, directors and principal shareholders of the proposed insurer or managers of foreign insurer branches or representative offices. These investigations may be carried out to verify whether the proposed persons meet the criteria foreseen by the legislation in force to be appointed to those positions. The CBK may share with the regulators of other financial institutions any information it receives as a result of its investigations.

As regards the criminal record of principal shareholders, directors (board members), senior managers and other persons for whom an inspection is required, pursuant to the Instruction No. 01/2015 on Verification of the Criminal Record for Principal Shareholders, Directors and Senior Managers of Financial Institutions, The CBK may, according to its assessment, request information from competent bodies under the legislation in force as regards the persons proposed for approval.

A person is not considered fit to be a director and senior manager if the same:

- has been convicted by a final court decision for a criminal offense, with six (6) months or more imprisonment;
- has been removed from the insurer post at the request of CBK;
- by a decision of competent authorities, the right to practice the profession has been lifted or suspended;
- was a director or senior manager of an insurer whose license was revoked or the inability to pay or the obligatory liquidation of that insurer was initiated during its term.

Senior public officials may serve as directors of an insurer, subject to the restrictions set out in the applicable legislation on the prevention of conflicts of interest in the exercise of public function.

As soon as the insurer becomes aware of circumstances indicating that any director or senior manager may not be the fit and proper person, it shall immediately notify the CBK.

Applicants for an insurer license shall submit the following information on bank directors and senior managers.

- the decision of the decision-making body regarding these appointments;
- individual report (CV according to Annex A of this Manual) for the nominated person;
- legalised/notarized copy of university education documentation;
- official proof by the competent court, indicating any possible punishment for criminal offences and any criminal proceedings that may be taking place against the proposed person;
- consent/authorization to verify the criminal past and obtain other information regarding the information provided;
- additional information that may be considered appropriate by the CBK.

The information that should be provided in the Application Form for each individual includes:

- the title or specific position proposed in the new insurer;
- name and identity information;
- related individuals, related companies and business partners (only for those who apply as current or prospective shareholders);
- education;
- professional experience, to include at least three years of experience in insurance or in the field of managing financial institutions or managing businesses of the same size;
- professional references;
- previous applications;
- participation in problematic financial situations;
- criminal offenses and disciplinary measures;
- financial statements/net value.

For verifying experience and solvency, besides the reference letters as additional documents, the CBK may also request chronological evidence of pension contributions by employers from the Kosovo Pension Savings Trust (KPST) or alternative pension institutions, the Tax Certificate (TAK) regarding the timely payment of tax liabilities as well as the authorization to allow collection of information from the Credit Registry of Kosovo (CRK) to verify the credit history.

The proposed person must sign certifying that the above information is true and accurate according to his/her knowledge. If any material changes in the application occurs prior to the decision on the application for a license, the individual must inform the CBK within five days of such change taking place. If the required staff is still to be determined, the applicants then must provide a plan for the type of candidates, i.e. experience, education for those to be employed in these positions.

In addition to what was stated above, directors are also subject to the following requirements:

- the Board of Directors shall consist of an uneven number of not less than five (5) directors and all shall have a right to vote. All eligible directors must be non-executive directors;



- the Board of Directors shall be elected by the insurer's shareholders and shall be responsible for drafting its policies, including risk management policies and those for overseeing their implementation;
- the Board of Directors shall elect a chairperson from among its members, except that the chief executive officer cannot be the chairman;
- directors other than the chief executive officer shall be appointed for terms of not more than four years and may be re-elected for subsequent terms;
- the chief executive officer serves on the board according to the official duty and without right to vote so long as he or she holds office;
- directors and senior managers shall avoid private interests creating conflicts with the insurer interests. To this end, they shall comply with Article 34 of the Law on Insurance;
- directors and senior managers shall respect the obligation of non-competition as defined by the applicable legislation on commercial companies;
- the Board of Directors shall not delegate its responsibilities to others; and
- the names of directors shall be entered into a Registry maintained at the CBK.

As regards branches of foreign insurers, the criteria set out above apply only to senior managers of foreign insurer's branch in Kosovo.

#### **2.2.4. Letter of Support**

In cases where applicants are interested in establishing a branch or subsidiary of a foreign insurer, the CBK shall request a statement from the home country supervisor that there is no objection to the start of the proposed activities in Kosovo and that it exercises consolidated global insurance supervision of the activity of foreign insurer as required by Article 10, paragraph 1, subparagraph 1.10 of the Law on Insurance. In cases where the legislation of the home country of the foreign insurer provides for prior approval of establishing subsidiaries and branches outside its jurisdiction, the letter of approval (agreement statement) shall then be submitted to CBK.

CBK also requires a letter of support from the parent insurer of the applicant, addressed to the CBK containing the following text: (The CBK may require the parent insurer to update this letter from time to time).

“We are writing to you to confirm that [name of the potential insurer] is a subsidiary, entirely owned by [name of the parent insurer]. The group structure attached indicates the chain of ownership between [name of the parent insurer] and [name of the potential insurer].

It is in the interest of [name of the parent insurer] that the [name of the potential insurer] continues to fulfil its liabilities and obligations toward customers, at all time.

Therefore we recognize the responsibility and legal obligations which may exist to protect its financial stability. Through this letter, we ensure you that [name of the parent insurer] is always able to fulfil liabilities of [name of the potential insurer] and we whereby confirm that [name of the parent insurer] will fulfil this responsibility.”

### **2.2.5. Submission of the application**

After holding the informational meeting and after reviewing the application phase as set out in this Manual, applicants shall be ready to submit a formal application for insurer licensing at the CBK. Prior to submitting the application, applicants shall review it to check that they have provided adequate answers to all questions and have attached all supporting documents.

It is important for applicants to keep in mind that they always be open and honest with the CBK as the success of the application will be affected if CBK discovers that applicants have deliberately withheld information or provided false or incomplete facts. The CBK also recommends applicants to address all issues and actions the CBK has identified jointly with them during the pre-application phase prior to submitting their application. If the information provided by the applicants is inaccurate or incomplete, this will, at a minimum, delay their application.

Applications for an insurer license together with the full documentation required by Article 10 of the Law on Insurance and Regulation on Licensing of Insurers and Branches of Foreign Insurers shall be submitted in written form to the CBK. As an integral part of the application, applicant shall complete the **Application Form for Insurer License** that is attached as Annex (Annex 2) to this Manual and which can be downloaded from the CBK's official website ([www.bqk-kos.org](http://www.bqk-kos.org)). The form shall be signed by all founding shareholders and submitted to the CBK with a physical presence of the representative 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 documentation provided as an integral part of the application shall be in one of the two official languages of the Republic of Kosovo, either in the original copy or in a legalised 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 foreign country and in accordance with the provisions of the relevant legal acts of other applicable laws in the Republic of Kosovo.

For reviewing applications for insurer licensing, the CBK has set appropriate fees based on Article 130 of the Law on Insurance. All required application fees are listed in the Fee Schedule (fee scheme) at the official CBK website and are non-reimbursable, regardless of CBK's decision. Applications shall be deemed incomplete and, consequently not processed, if the licensing fee is not paid.

### **2.3. Post-application phase**

After the formal submission of the application for insurer licensing, the CBK shall make the initial evaluation to verify whether the submitted application is complete.

Pursuant to Article 9 of the Regulation on Licensing of Insurers and Branches of Foreign Insurers, the first evaluation shall be made by the CBK within ninety (90) days after the day of receipt of the application, and the CBK shall notify the applicant in writing whether the documentation is complete or not. If the submitted documentation is not complete or if additional information is required, the CBK shall notify the applicant of any deficiencies or inconsistencies with the applicable legislation together with the request for additional information or documents required. During this period, the CBK may hold meetings with the applicant to receive any additional information or any changes regarding the application. During these meetings, minutes shall be kept which shall be recorded in the application file. It is worth

noting that the CBK may require additional information or certain changes/improvements if deemed reasonable at any stage of the licensing process.

The deadline for submitting additional information or documents is no later than ninety (90) days from the date of notification. If the required additional information or documents are submitted within the deadline, CBK shall notify the party that the application is now complete. If the data and/or documentation required for licensing are not completed by the applicant within ninety (90) days after the date of notification, the CBK shall terminate the procedures for reviewing the application for licensing. In case of termination of the procedure for reviewing the application for licensing, the CBK shall notify the applicant in writing.

### **2.3.1. Review of application**

After first evaluation of the application and confirming that the application is complete and after informing the applicant, the CBK shall begin with the second evaluation where a thorough analytical examination of the application is made. This evaluation enables the CBK to determine whether the proposed insurer will operate in a safe and sustainable manner and will have a reasonable opportunity to succeed. The evaluation is done by the Department of Licensing and Standardization as well as by the Insurance Supervision Department, or Division of Reporting and Analysis at the Insurance Supervision Department, whose responsibility is to evaluate the Business Plan of the proposed insurer taking into account the fact that they possess all the analytical information and reports of the insurance industry.

The evaluation shall always be based on the information submitted with the application as well as other information available to the CBK as a result of its supervisory activities. Also, the CBK will require the necessary references and opinions from the local supervisory authorities of the country of the proposed insurer or the countries where the group companies are present, when applicable. The information received from the CBK during the investigation may be shared with other regulators of financial institutions. In the event of a change of information submitted to the CBK, the applicant shall notify the CBK of such changes regardless of the stage the application for licensing is undergoing.

If, as a result of the evaluation, the CBK finds minor technical deficiencies or technical discrepancy with the regulatory requirements, the applicant shall be notified of them and is required to make the necessary changes in order to be eligible. The review process shall be concluded with a recommendation report from the Department of Licensing and Standardization, to which is attached the recommendation of the Division of Reporting and Analysis within the Insurance Supervision Department, in accordance with the conclusions drawn from the evaluation of the Business Plan of the proposed insurer. The recommendation shall be presented to the Deputy Governor for Financial Supervision, which then through the Deputy Governor for Financial Supervision shall be submitted to the CBK's Executive Board for making its decision.

### **2.4. Preliminary approval**

The CBK shall preliminarily approve or reject the application for a license of a proposed insurer/proposed foreign insurer branch, within three (3) months from the date of notification that the application for licensing is complete, as defined in Article 11, paragraph 1 of the Law on Insurance and the Regulation on the Licensing of Insurers and Branches of Foreign Insurers. The CBK shall immediately inform the applicant of the decision. Under the legislation in force, the CBK Executive Board has the competence to

approve or reject granting of licenses or permits to insurers and to revoke these licenses and permits. In cases of license refusal, the CBK shall state the reasons based on which the license was rejected.

Pursuant to Article 11, paragraph 2 of the Law on Insurance, the CBK shall reject a license if the criteria stipulated in the Law on Insurance are not met, if the applicant has deliberately offered falsified documentation and if it considers that the issuance of such a license would:

- jeopardize the financial viability of the proposed insurer or the insurance industry in general;
- jeopardize the interests of the proposed insurer's policyholders.

Also, the CBK shall reject licensing of an insurer or branch of a foreign insurer, if the criteria provided for in the Regulation on Licensing of Insurers and Branches of Foreign Insurers and of this Manual are not met.

Pursuant to Article 11, paragraph 3 of the Law on Insurance, the CBK shall preliminarily approve a license, only if the following conditions are met:

- the business plan is based on accurate analyses and reasonable assumptions;
- the organizational structure of the proposed insurer and its branches allows the CBK to exercise effective and consolidated supervision;
- calculated premiums and technical or mathematical provisions are sufficient to cover the liability of the insurer;
- the proposed insurer shall comply with all provisions of this law;
- the qualifications, experience and integrity of its senior directors or managers are appropriate to the proposed insurer's business plan and insurance activities;
- the principal shareholders, directors and senior managers of the proposed insurer are fit and proper, as defined by Article 24 of the Law on Insurance and other CBK provisions; and;
- the insurer's ownership structure shall not obstruct the effective supervision by the CBK.

In addition to the above defined terms, the preliminary approval of a license application with respect to a subsidiary or branch of a foreign insurer shall be made only if:

- foreign insurer is licensed to engage in insurance activity under the jurisdiction where its head office is located;
- the responsible supervisory authority, where the foreign insurer's head office is located, has given his consent in writing to grant such a license; and;
- the CBK considers that the foreign insurer is adequately supervised on a consolidated basis by the responsible supervisory authority in the parent country. The supervisory authority responsible from the parent country must acknowledge in writing that is aware of the granting of the new license and agrees to provide information to CBK upon its request.

In the case of preliminary approval of a license application, the CBK shall determine all conditions for the insurer to which it is granted a license to commence its operations. Such conditions may include:

- payment of initial capital that shareholders have to make to the insurer;
- employment and training of the insurer's staff;

- purchasing of operating equipment and determining of operating systems;
- renting, purchasing or possession of the insurer's premises;
- calculated premiums and technical or mathematical provisions are sufficient to cover the liabilities of the insurer;
- draft insurance contracts by classes where the insurer requests to be licensed;
- engagement of an external auditor and an actuary in accordance with the Law on Insurance;
- any other requirement that CBK may consider as appropriate.

If within one (1) year the insurer fails to act in compliance with the terms for obtaining a license to commence the activity, the preliminary approval of the application shall be revoked.

The applicant shall initiate the insurer's organization once it receives the CBK's preliminary approval notice. Nevertheless, the insurer may not start its activity until a final license is issued.

### **3. LICENSING**

This chapter explains the stage of granting a license to insurers, as the final stage of the licensing process. The chapter begins with the steps that the applicant has to undertake upon obtaining the preliminary approval, and then continues by clarifying the process of pre-opening examination where the CBK verifies the fulfilment of the predefined criteria and concludes with the final step of issuing the license to insurers.

Upon receipt of the preliminary approval, the applicant shall begin to organize the proposed insurer and to fulfil the conditions set by the CBK by a decision for a preliminary approval of the license. The applicant shall have one (1) year time, from the date of preliminary approval of the licensing application, to complete the organization of the proposed insurer. During the organization stage, the insurer employs the rest of its staff, establishes its insurance premises at the proposed locations, pays the capital, develops its system to perform insurance activities, etc. Failure to complete the organization within this timeframe will cause revocation of the preliminary approval of license.

In case of changes to the information on the basis of which the CBK has issued the preliminary approval, the license applicant shall notify the CBK in writing of the newly created facts or circumstances. This notice shall be sent to the CBK immediately upon occurrence of the new circumstances, but no later than fifteen (15) days after their occurrence. If changes that occur during the organization stage substantially change the facts in which the CBK has based its preliminary approval, such approval may be revoked.

Revocation of preliminary approval may result due to the following changes:

- the composition of the organizing group;
- Chief Executive Officer;
- distribution of ownership;
- negative information on principal shareholders, directors and senior managers, which have not been disclosed previously;

- financial situation of applicants;
- the situation of the parent company as a guaranteeing company;
- the situation of branches or of the participating insurance companies;
- contents of the operational plan.

Nevertheless, the CBK may accept the proposals for minor changes, especially changes that may be useful for the insurer to be established. However, for this purpose, all proposed changes are considered by their relevance and their effects on the basis used for the granting of the preliminary approval.

### **3.1. Applying for a license**

After meeting the criteria set out for obtaining of the preliminary approval for a license, the insurer shall apply to the CBK in writing to obtain the final license. As explained above, the final license application which proves the fulfilment of the criteria set by the CBK shall be completed within one (1) year from the date of the preliminary approval. Applicants are encouraged to meet all of the criteria set out in the decision for preliminary approval of the application for a license and to apply for a final license as soon as possible. This encouragement is made to avoid potential problems with regards to completing the documentation and additional explanations related to this process, which have an impact on the decision for final license, as any additional supplement or clarification shall be made by observing the one (1) year term stipulated above. This also affects the possibility of obtaining a final license as soon as possible and therefore the entire process of reviewing and deciding on the final license is influenced by the dynamics of the applicant's action regarding the fulfilment of the criteria for the decision on the preliminary approval of the application for a license.

The formal application is made by submitting the following documentation:

- a written request as well as a brief description of when the opening is planned to occur;
- a bank document certifying the payment of the minimum amount of the initial capital (charter capital), in accordance with the conditions laid down in Article 19 of the Law on Insurance and Regulation on the Licensing of Insurers and Branches of Foreign Insurers;
- sub-legal acts/insurer's statute; contracts, including the general and special conditions of the insurance contract in accordance with the insurance class for which it has applied to be licensed;
- a valid document for obtaining the right to use the premises where the insurance activity will be conducted. Premises shall be legalized and have proper documentation, issued by the competent authorities;

The final license application includes the above-mentioned documents, as well as the standard conditions (detailed below) for the operation of an insurer. The standard conditions set out the most important points that applicant and the new insurers shall monitor, many of which are incorporated in the pre-opening examination explained below.

Standard conditions include:

- employing and training of insurer's staff (reviewing the number and the experience of the insurer's staff, depending on the expected business volume);

- renting/purchase of operating equipment and development of the operating system, including the internal controls and internal auditor, proper installation of equipment, security procedures, etc.;
- engagement of an external auditor;
- a review of written risk management policies (monitoring, management, control and reporting);
- effective distribution of tasks;
- effective accounting and reporting procedures;
- effective procedures for control and holdover;
- adequate procedures for the prevention of money laundering and combating terrorism in accordance with the laws, regulations, instructions, ordinances and procedures against money laundering and combating terrorism;
- a review of IT system regarding the operations, including IT service providers, IT backup providers and business continuity plan at an alternative location; and
- any other requirement that CBK may consider as appropriate.

### **3.2. Pre-opening examination**

Within fifteen (15) days from the date of completion of the required documentation under the sub-Chapter 3.1 of this Chapter, the CBK carries out the pre-opening examination (POE) of the insurer to be established. POE is the last step of insurer licensing process that is carried out by the CBK, in order to determine whether all conditions are met for the beginning of the activity. The examination is carried out by the Licensing and Standardization Department in cooperation with the Insurance Supervision Department of the CBK.

Upon the completion of POE, the Examining Team prepares a report on meeting the conditions for the start-up of the insurance business. If the POE ascertains that all technical and security conditions have not been met, or there are many exceptions or significant deviations from the preliminary approval, the CBK shall notify the insurer to be established, along with the request to fulfil these conditions or to make correction of the identified deviations. The time limit for the fulfilment of these conditions or corrections of the deviations shall be ten (10) days from the date of notification. If conditions are not fulfilled or deviations not corrected within the time limit set above, preliminary approval may be revoked.

### **3.3. Granting of the license**

Within forty five (45) days from the date of POE, the CBK makes a decision by which it approves or rejects granting of the final license to an insurer or a branch of a foreign insurer. If the CBK determines that the conditions set out in Article 11, paragraph 5, of the Law on Insurance and other criteria determined by the Regulation on the Licensing of Insurers and Branches of Foreign Insurers, as well as by the decision for preliminary approval, have been met, it shall grant the license.

Pursuant to Article 29, paragraph 2 of Law No. 04/L-018 on Compulsory Motor Liability Insurance, the Insurer may not exercise the activity in compulsory motor liability insurance without being a member of the Kosovo Insurance Bureau. Based on this fact, the insurer licensed for compulsory motor liability insurance must be affiliated to the Kosovo Insurance Bureau before commencing the insurance activity

for this class of insurance.

#### **4. APPROVALS OF OTHER TRANSACTIONS**

This chapter regulates the transactions that are carried out after the licensing of the insurer and the commencement of its operations and which require preliminary approval by the CBK, as well as the documentation required by the CBK for approving such transactions, time limits and screening procedures. The chapter concludes with the specification of transactions for which only CBK notification is required.

According to the Law on Insurance, the following transactions of the insurers in Kosovo, require preliminary approval by the CBK:

- change of name of the insurer;
- changes in the Articles of Association and/or statute;
- change in equity;
- principal shareholders;
- appointment of directors and senior managers;
- expanding the activity;
- opening and relocation of the branches and offices within the country;
- closing the branches and offices within the country;
- opening the branches and subsidiaries abroad;
- external auditor;
- transfer of insurance portfolio;
- delegating functions;
- mergers and acquisitions of insurers;
- acquisitions by insurers of equity interests in other financial institutions.

The request for approval of the aforementioned transactions, as well as the documentation attached to the application, must be submitted by the insurer and must be in one of the two official languages of the Republic of Kosovo, whether in the original or in a legalised copy. Within thirty (30) days from the day of receipt of the completed application for the approval of any of the aforementioned transactions, the CBK shall approve or reject such application.

In cases where the application is not complete or additional information is required, the CBK shall notify the applicant of the deficiencies or inconsistencies with the applicable legislation along with the request for additional information or documents required. The deadline for submission of additional information or documents is no later than fifteen (15) days from the date of notification. The CBK discontinues the procedure of reviewing the relevant application if the requested information and/or documentation are



not completed by the insurer within fifteen (15) days from the date of notification. In the event of termination of the procedure of reviewing the application, the CBK shall notify the insurer in writing.

After concluding that the application is complete, the CBK reviews and decides on that application based on the legal provisions that are described below in this chapter, depending on the nature of the transaction. The CBK immediately informs the insurer of the decision. In cases of refusal, the notice of the refusal of the application shall contain the reasons for refusal of the application.

#### **4.1. Change of name**

Changing of the insurer's name requires prior approval by the CBK, pursuant to Article 43 of the Law on Insurance. For the approval of the name change, the insurer must submit to the CBK a written request, attaching the following documents:

- the decision of the decision-making body on the change of name; and
- documents providing reasoning for this change.

Change of name, respectively the new proposed name of the insurer should be in accordance with the Law on Insurance, the Law on Business Associations and the Law on the Use of Languages. Within thirty (30) calendar days from the date of receipt of the complete branch license application, the CBK shall approve or reject the application for change of name.

#### **4.2. Amendments to the Articles of Association/or statute**

The Articles of Association and statute are the documents or acts that serve for the establishment, organization and governance of the insurer. None of the insurers engaged in insurance activities in Kosovo, other than the branch of a licensed foreign insurer in Kosovo, may amend its Articles of Association or statute without the prior written approval by the CBK, as defined in Article 23 of the Law on Insurance, which states that a copy of each of these documents shall be approved by the CBK. The branch of the licensed foreign insurer in Kosovo shall notify the CBK of any amendment in its Articles of Association, statute or equivalent document of establishment within thirty (30) days from the effective date of any changes.

For the approval of amendments/changes to the Articles of Association and / or Statute, the insurer must submit a written request to the CBK along with the following information:

- a brief description of the points proposed to be amended, as well as a reasoning of why they are being amended;
- decision of the shareholders assembly for these amendments;
- Articles of Association and/or Statute after amendment.

CBK approves the proposed amendments in case these amendments are not in conflict with the applicable legislation within thirty (30) calendar days from the date of receipt of the completed application.

#### **4.3. Change in equity**

According to Article 42 of the Law on Insurance, any change of the insurer's equity is subject to preliminary approval by the CBK. In the case of equity increase, the insurer submits to the CBK, data on

the source of equity. If an insurer's equity increase is made from its internal sources, the insurer submits to the CBK the required information on the source of the equity increase, including a certificate issued by the insurer's external auditor certifying the adequacy of these resources within the structure of the insurer.

The CBK may require additional documentation and clarification in cases where the data submitted by insurers on the equity source are insufficient or there is uncertainty about the source of equity.

#### **4.4. Principal shareholders**

The ownership structure of an insurer is of crucial interest, therefore the CBK shall evaluate this structure in its entirety as well as individual suitability of existing and potential principal shareholders who intend to be owners of the shares in an insurer. Article 35 of the Law on Insurance states that the ownership of shares in an insurer, where a shareholder directly or indirectly reaches or exceeds the level of being a major shareholder, will be made only with the prior approval of the CBK after applying to be a major shareholder. The CBK shall also approve any further ownership of shares equal or exceeding ten percent (10%), twenty percent (20%), thirty percent (30%) and fifty percent (50 %) of the voting rights or participation in the insurer's equity.

Application for equity interest acquisition in an insurer or increase in the ownership of equity interests in an insurer shall be made in writing and submitted to the CBK along with the following information:

- the report of the joint-stock company (CR) or CV's of individual shareholders included in the Annexes B and C of this Manual;
- the name, nationality, place of residence, and business or professional background for the past ten (10) years of the applicant, and any ultimate beneficial owner of the applicant that, as a result of the transaction, would indirectly acquire five percent (5%) or more of the equity interests of the insurer;
- a list of undertakings in which the proposed owners, including the ultimate beneficial owners (as described above), hold shares, specifying the percentage of such shares and the registered address of those undertakings;
- for each natural person applicant, an official statement from the Court disclosing any convictions for criminal offenses by a criminal court, personal bankruptcy filings, disqualifications from practicing a profession, or past or present involvement in a managerial function of a corporation or any other undertaking subject to insolvency proceedings, if any;
- for each legal entity applicant, audited financial statements for the past three (3) years;
- the terms and conditions of the proposed acquisition;
- the source and amount of the funds used to make the acquisition;
- any plan or proposal regarding a major change in the insurer's business, corporate structure or management;
- in any case where the acquisition would cause the insurer to become a subsidiary of a foreign insurer, a statement that the foreign supervisory authority in the parent country has no objection

to the proposed establishment of operations in Kosovo, and exercises global consolidated banking supervision over the foreign insurer; and

- such other information as the CBK may require.

In making a determination whether to approve an application to acquire an equity interest in an insurer, the CBK shall evaluate the proposed acquisition according to the same criteria that apply in determining preliminary or final approval of an application for a license, including, but not limited to, the expected effects of the proposed acquisition in the financial sustainability of the insurer, the resulting ownership structure of the bank and its effect on the CBK's ability to conduct both solo and consolidated supervision and suitability of the proposed shareholders and their standing in the financial markets.

The CBK may approve principle shareholders if the requirements provided for in accordance with the provisions of this law are met and rejects approval of principle shareholders if it considers that:

- actions taken in the past by the principal shareholder or related persons/parties may aggravate the insurer's activity in terms of risk management rules or may hamper or make impossible to exercise the supervision by the CBK;
- in the case of an application by the foreign principle shareholders, the implementation of the legislation or practices of its country's legislation hamper or make impossible to exercise the supervision by the CBK.
- The CBK, if it considers that a person who is a principle shareholder in an insurer acts in contravention of the provisions of this Law and the rules for the prudent and appropriate management of the insurer, takes appropriate measures to end this situation.

The Insurer shall also notify the CBK of any acquisition of shares within five (5) days of the acquisition of the amount of shares equal to or exceeding five percent (5%) of the equity but not exceeding ten percent (10%) thereof. The notification is made in a way that contains information that may be required by the CBK.

CBK approves the proposed changes in case these changes are not in contravention of the applicable legislation within thirty (30) calendar days from the date of receipt of the completed application.

#### **4.5. Appointment of directors and senior managers**

Each insurer is managed by the Board of Directors and the Senior Management, and consequently the composition of the Board of Directors and Senior Management is critical for the success of an insurer. Therefore, according to Article 33 of the Law on Insurance, it is defined that no person shall exercise the function of the Board of Director member or Senior Manager of an insurer without obtaining prior approval by the CBK. For the approval of appointment of the directors and senior managers, the insurer shall submit an application in writing to the CBK along with the following information:

- decision of the decision-making body for these appointments;
- individual report (CV according to Annex A of this manual) for the appointed person;
- legalized/notarized copy of the university education background;
- official proof by the competent court disclosing any eventual conviction for criminal offences and any criminal proceedings, that may be taking place against the proposed person;
- consent/authorization for the verification of the criminal past and obtaining of other information related to the information provided;

- other additional information that may be considered as necessary by CBK.

The proposed directors and senior managers of insurers shall meet the "fit and proper" criteria, as well as the criterion of independence for the initial approval as part of the licensing process as explained in Chapter III of this manual. These criteria must be met continuously for so long the directors and senior managers hold their positions in the insurance company.

Also for the purpose of assessment of the proposed persons as a director and senior manager, the CBK uses the following criteria to make the assessment prior to granting its approval for each proposed individual as a director or senior manager:

- has not been removed from an office at an insurer by the CBK; or has not been convicted by a criminal court of an offense for which the person was or could have been sentenced to imprisonment for a term of 6 months, by a final judgment;
- has not been disqualified or suspended by a competent authority from practising a profession;
- has not been a Director or Senior Manager of an insurer, whose license has been revoked or whose insolvency or other involuntary liquidation has been initiated during the Director's or Senior Manager's term of office.

In addition to as defined by Articles 24 and 32 of the Law on Insurance and Regulation on Licensing of Insurers and Branches of Foreign Insurers, the CBK shall assess the Directors and Senior Managers of insurers also on the basis of the following criteria:

- **Integrity** – Directors and senior managers must have a personal history that demonstrates that they are properly independent and that they possess the personal qualities, primarily the integrity necessary to assume their duties;
- **Sound Judgment** – Directors and senior managers must have a formal education and personal abilities to enable them to critically and adequately assess significant policy and strategy issues that will be faced by the insurer and to clearly articulate their views on such issues;
- **Leadership** – Directors and Senior Managers must have sufficient leadership and business experience;
- **Competence** – Directors and Senior Managers must have a university degree in one of the following fields: economy, finance, insurance, jurisprudence or any other relevant field, and at least three years of experience in the field of insurance management, management of financial institutions or any business management of the equivalent size;
- **Financial stability** – Directors and Senior Managers must demonstrate prompt satisfaction of financial obligations;
- **Legal environment** – Knowledge of the legal framework under which insurers in the Republic of Kosovo operate.

The CBK may choose to interview any Director and Senior Manager proposed.

Pursuant to Article 32 paragraph 4 of the Law on Insurance, a person may not be appointed or elected as Director or Senior Manager of the insurer if, at any time during the immediately preceding six (6) months, the person has served in a position with the CBK.

Given that the Law on Insurance requires CBK approval also for appointing external experts from the field of accounting or auditing to the audit committee (external auditing committee member), then all the above-mentioned requirements will also apply in the case of assessing applications for their approval

The requirements for directors, including external auditors in the field of accounting or auditing in the audit committee referred to above, shall not apply to a foreign insurer that is licensed to operate with one or more branches in Kosovo.

The CBK approves the proposed changes in case these changes are not in contravention of the applicable legislation within thirty (30) calendar days from the date of receipt of the completed application.

#### **4.6. Expanding the activity**

Pursuant to Article 17 of the Law on Insurance, the insurer who has obtained a license to exercise activities in certain classes of insurance and who wishes to engage in activities in other classes of insurance must obtain a license to expand the activity for the class he wishes to be licensed. This issue is further addressed by the Regulation on Licensing of Insurers and Branches of Foreign Insurers.

The application for expansion of activity (licensing of other insurance classes) shall be accompanied by the following documentation:

- Decision of the insurer's competent bodies to expand the activity;
- draft contracts, including the general and specific terms of the insurance contract in accordance with the insurance class for which it has applied to be licensed;
- Insurance policies for the respective class;
- The premiums and the way of calculating them;
- Projection for the next three years of additional activities, including financial projections and an impact assessment of this activity on the general financial situation of the insurer.

In the case of branches of foreign insurers, licensing of the additional activity may only be carried out if the insurer is licensed for this activity by the responsible supervisory authority of the country where the insurer's head office is located.

According to its assessment, the CBK may request other documentation for the purpose of reviewing the applications under this Article. The deadline for reviewing the completed application set out in the beginning of this chapter shall not apply to the requirements for the extension of the insurer's activity.

The CBK decides on the application for extension of activity within forty five (45) days from the date the application is completed.

#### **4.7. Opening and relocation of the branches and offices within the country**

The Insurer that decides to open or relocate a branch or an office within the country, including the central office must obtain preliminary approval by the CBK as laid out in Article 14, paragraph 1 of the Law on Insurance.

According to the Regulation on Establishing and Closing Insurers' Branches and Subsidiaries within Kosovo and abroad, for the approval of opening and relocating of branches and sub-branches within the country, the insurer shall submit a written request to the CBK along with the following information:

- application form according to Annex 5 of this manual (application form for branch opening or relocation of branch/office within Kosovo);
- decision of the decision-making body for opening or relocation of the office;
- description of reasoning of branch opening or relocation;
- lease agreement/contract under which the entity has the right to use the premises where the branch will perform insurance activities;
- the exact address of the new branch;
- written notification of the fulfilment of technical and security conditions in accordance with the applicable legal and sub-legal acts for performing the insurance activity. This notice shall specify the steps taken to comply with these conditions, as well as the pictures proving this;
- proof of payment of the fee;
- other additional information that CBK may consider as appropriate.

The CBK may conduct inspections at insurers' offices where the activity is planned to be performed, prior or after approval.

After reviewing the application along with the relevant documentation, the CBK decides on the approval or refusal of the application within thirty (30) days from the receipt of the completed application.

The CBK has the right to suspend the performance of the office activity, if it finds that the technical and security conditions for the performance of the financial activity have not been met.

#### **4.8. Closing of branches and offices with the country**

The insurer before closing a branch or an office in Kosovo, shall obtain prior written approval by the CBK, as defined by Article 14, paragraph 1 of the Law on Insurance.

According to the Regulation on Licensing of Insurers and Branches of Foreign Insurers, the insurer must submit to the CBK an application for closure approval at least thirty (30) days prior to the planned closure.

The application for closing a branch or an office shall include the following:

- identification of the branch/office to be closed;
- the proposed closure date;
- the report on the reasons for the decision to close the branch/office; and
- statistical or other information supporting branch closure.

The Insurer proposing the closure of a branch/office is required to visibly announce the notice to branch or office customers at the branch/office premises at least thirty (30) days prior to the proposed closure date. The notice shall indicate the proposed closing date and identify where customers can be served after

the closing date, or shall provide to customers the phone numbers so that they can contact and determine such alternative locations.

Within thirty (30) calendar days from the date of receipt of the completed application, the CBK shall approve or reject the application for office closure.

#### **4.9. Opening of branches or of subsidiaries outside the country**

Pursuant to Article 14, paragraph 2 of the Law on Insurance, an insurer, other than a foreign insurer, must obtain preliminary written approval from the CBK before establishing or opening a branch in another jurisdiction.

According to the Regulation on Establishing and Closing Insurer's Branches and Subsidiaries within Kosovo and abroad, insurers shall submit a written request to the CBK to open a branch outside of the Republic of Kosovo accompanied by the following documentation:

- application form in accordance with Annex 4 of this Manual (Application form for the opening of a branch/Subsidiary outside Kosovo);
- the decision of the decision-making body on the approval of this expansion out of the Republic of Kosovo;
- the location and area of activity of the proposed branch;
- a copy of the regulations and procedures of the proposed branch, defining the activities to be carried out;
- the business-plan of the branch for the first three (3) years of activity;
- the capital amount to be invested abroad, as well as the payments or costs for the purchase or renting of the premises and work equipment, and other operational costs;
- information about the person/persons proposed as heads of branches, accompanied by a brief description of the respective competences;
- the expectation of the Insurer for its financial results following the accomplishment of this expansion and its impact on the financial state of the Insurer;
- the organizational structure of the branch along with the proposed number of employees;
- the proposed name to be used by the branch, which shall correspond to the name of the Insurer; and
- any other information that might be deemed necessary by the CBK.

In order to open a subsidiary outside the Republic of Kosovo, Insurer shall submit a written application to the CBK, accompanied by the following documentation:

- the required documentation for the establishment of a branch outside the Republic of Kosovo, as described above;

- the business plan of the subsidiary and projections on the network expansion impact on the financial state of the Insurer for the first three (30) years of activity;
- information about the board of directors and senior managers of the subsidiary;
- information on the identity, residency or head office, as well as the last year's commercial data for any person who shall own qualifying holdings in the subsidiary;
- Insurance activity that subsidiary expects to carry out.

Within thirty (30) calendar days from the date of its receipt of a complete application for a branch or subsidiary, the CBK shall approve or reject the application. The CBK shall grant a preliminary approval for the expansion of Insurer outside the Republic of Kosovo through a branch or subsidiary only after being satisfied after reviewing the documentation received in accordance with the abovementioned paragraphs.

The Insurers' branches that shall be opened outside the territory of the Republic of Kosovo shall carry out only those activities that Insurer is licensed to carry out in Kosovo;

#### **4.10. External auditor**

An external auditor of an Insurer licensed by the CBK to operate in Kosovo shall be approved by the CBK, pursuant to Article 78 of the Law on Insurance. Issues related to external audit of insurers are also defined by Articles 79, 80 and 81 of the Law on Insurance and Regulation on External Audit of Insurers, Insurance Brokers, Claim Handlers and the Kosovo Insurance Bureau.

The Insurer, along with the application for approval, shall also provide the CBK with:

- the insurer's audit program;
- a description of the use of resources during the audit service;
- the external auditor's engagement letter or the contract for the service offered;
- a document certifying the sufficient experience of the external auditor or his staff performing the auditing in the area of insurance audit; or of other financial institutions;
- a certificate issued by the Kosovo Council for Financial Reporting (KCFR) containing the results of the latest quality control for the external auditor (if the KCFR does not issue such a certificate, the latter will not be required by the CBK);
- the audit program and the use of resources during the audit service shall be appropriate in relation to the character and size of the Insurer.

Applications for approval of external auditor shall be submitted to the CBK before 30 July of each year. Continuous employment of the same external auditor is limited to five (5) consecutive years, and may participate in auditing of the same insurer again, after the expiry of a period of at least two (2) years.

Based on the written application, the CBK shall approve as external auditor of an Insurer only:

- an external auditor licensed in Kosovo in accordance with the Law on Financial Reporting;
- an external auditor who has at least three (3) years of experience in the area of audit of the financial statements of Insurers or other financial institutions or whose auditing staff has such experience;



- other criteria as defined by the Regulation on External Auditing of Insurers, Insurance brokers, Damage Handlers and the Kosovo Insurance Bureau;
- the approval given to the external auditor is limited to a specific Insurer and is valid for one financial year;
- The auditing of Insurers should cover all areas of activity of the Insurer: insurance portfolio, asset valuation and their adequacy, technical provisions that should be adequate to cover the liabilities and losses from the risks arising from insurance contracts, technical provisions for unearned premium, provisions for gross claims reserves as provided for in Article 67 of the Law on Insurance, and provide its opinion on their adequacy or inadequacy calculated by the actuary of the Insurer.

Approval granted to the external auditor is limited to a specific insurer and is valid for one financial year.

Within thirty (30) calendar days from the date of receipt of the completed application, the CBK shall approve or reject the application for external auditor.

#### **4.11. Transfer of insurance portfolio**

The insurance portfolio may be transferred to the receiving insurer only after the receiving insurer has obtained the approval by the CBK to accept the insurance portfolio, as defined in Article 36 of the Law on Insurance. The insurer which transfers insurance portfolio shall be called the transferring insurer, and the insurer to whom insurance contracts are transferred shall be called the receiving insurer. *Transfer of insurance portfolio is defined by Articles 36, 37 and 38 of the Law on Insurance.*

The insurer with the CBK's approval may transfer, through an agreement with another insurer, all or part of its insurance portfolio, signed in one or several classes of insurance with all the rights and liabilities.

The insurer may transfer its insurance portfolio:

- to an insurer headquartered in the Republic of Kosovo, licensed by the CBK;
- to a branch of a foreign insurer, licensed by the CBK.

In addition to the transferred portfolio, the transferring insurer also transfers the assets covering technical and mathematical provisions, equal to the calculated technical and mathematical provisions, to cover the liabilities of the insurance portfolio to be transferred.

The request for transfer of the insurance portfolio is made in writing by the transferring insurer and contains:

- approval of the transfer by the General Assembly of Shareholders and Board of Directors of the insurers transfer;
- approval of the transfer of the receiving insurer by the General Assembly of Shareholders and its Board of Directors;
- list of insurance contracts, divided by classes of insurance, along with their special and general conditions required, as well as technical and mathematical calculations required for insurance classes in question;

- assets covering technical and mathematical provisions, including their respective value, and all data that can be used to verify the calculation of those values;
- changed business plan which is needed to transfer the insurance portfolio, the receiving insurer;
- the contract of insurance portfolio transfer;
- the timeline for portfolio transfer;
- In the case where the receiving insurer is a branch of a foreign insurer, written approval is required from the supervisory authority of the home country.

After reviewing the completed application, the CBK shall decide within 30 days for its approval or refusal.

- The CBK rejects the request for the transfer of the insurance portfolio if: the receiving insurer is not licensed to carry out activities in the insurance classes belonging to the insurance portfolio to be transferred;
- the value of assets covering technical and mathematical provisions of the receiving insurer is lower than the value of provisions that should be created against the insurance portfolio which will be transferred.
- the insurer does not meet the entrance requirements for insurance classes belonging to portfolio to be transferred or if by the acceptance of portfolio the activity of the receiving insurer with respect to the rules of risk management may worsen.

In case when the receiving insurer is a branch of foreign insurer, the CBK decides for approval only if the home country supervisory authority gives a written approval.

Also, for the purpose of reviewing portfolio transfer requirements, the Department of Licensing and Standardization also requires the opinion of the Insurance Supervision Department on the financial situation of the transferring and receiving insurer.

The transfer of the insurance portfolio does not require the approval of insured persons. The receiving insurer shall notify the insured on the transfer of the insurance portfolio, by public means of communication, in the territory where the risk covered by the transferred insurance contracts is located, within ten (10) calendar days from the CBK approval date for portfolio transfer.

#### **4.12. Delegation of functions**

The delegation of the functions of insurers is regulated by Article 39 of the Law on Insurance and Article 3 of the Regulation on the Delegation of Insurers' Functions, which stipulate that the insurer may delegate the functions that are allowed to be delegated only after having received preliminary written approval by the CBK. Furthermore, they emphasize that the functions of the insurer can be delegated, only through a written contract, on the basis of which the insurer transfers part of its functions to another person. *The issue of delegation of functions is further defined by Article 40 of the Law on Insurance and the Regulation on Delegation of Insurer's Functions.*

The following functions may be delegated by the insurers:

- claims handling and estimation, licensed by the CBK;
- actuarial services, licensed by the CBK;

- promotion and marketing services;
- information technology services;
- accounting;
- management of reinsurance and relations with the foreign insurers.

The abovementioned functions may only be delegated through a written contract between the insurer and the recipient of the delegated functions, which shall contain the following elements:

- the rights and liabilities of the parties;
- a provision which stipulates that the insurer that delegates the responsibility is responsible for the functions transferred to the other person and in no case avoids the responsibilities of the insurer's management bodies;
- a provision which stipulates that the recipient of delegated functions is obliged to provide the insurer with the information required under Article 6, paragraph c) of the Regulation on the Delegation of Insurer's Functions;
- the engagement of the delegated person to carry out his activity in accordance with the legislation in force, the regulatory requirements as well as the policies approved by the insurer and to cooperate with the CBK in respect of delegated functions;
- a provision that stipulates that the receiving person of delegated functions shall be subject to supervision by the CBK;
- the obligation of the delegated person to immediately inform the insurer of any fact that may have a significant impact on his ability to perform his/her activity efficiently and effectively in accordance with the legal requirements in force;
- a notification period for the termination of the contract by the delegated person, which is sufficient for the insurer to find an alternative solution;
- the right of the insurer to be informed about the performance of the functions delegated by the delegated person, as well as the right of the insurer to draft and adopt general or specific instructions regarding the performance of delegated functions;
- maintaining the confidentiality by the delegated person, regarding data related to the insurer and the insured;
- the right of the insurer to withdraw from the contract, if this is required by the CBK, for reasons of non-compliance with the legal criteria.

In addition to the above, the contract for the delegation of functions shall contain a provision stipulating that the insurer delegating the responsibility is responsible for the functions transferred to the other person. The contract for the delegation of functions shall also stipulate that the receiving person of the delegated functions shall be subject to supervision by the CBK.

The insurer shall ensure that the delegation of the functions:

- does not affect the financial results and the stability of the insurer, as well as the continuity of its activities;
- does not affect the quality of the management and the decision-making of the insurer;
- does not affect the ability of the insurer to provide the insured with a continuous service;
- does not create an unjustified increase in operational risks.

The Insurer prior to selecting the recipient of the delegated functions shall:

- ensure that the recipient of delegated functions is capable and adequate to perform the delegated functions;
- perform a detailed analysis of the professional skills and competence of the recipient of delegated functions;
- ensure that the recipient of delegated functions has taken all necessary measures to avoid conflict of interest;

For the approval of delegation of functions, insurers must submit a written request to the CBK. The application for the approval of delegated functions should be accompanied by the following documentation:

- decision of the Board of Directors of the insurer through which delegation of functions has been decided;
- description of the functions that the insurer wishes to delegate, as well as the conditions that the potential recipient of the delegated functions must meet, as well as the duration of the delegation of functions;
- data on the potential recipient of delegated functions such as: name, business registration certificate, qualifications, financial reports for the last three years (if applicable under applicable financial reporting legislation), and other data in the case of potential persons delegated from a foreign country: address, telephone number, fax number, e-mail address, official website, name, last name and contact details of the person authorized to represent the recipient of the delegated functions; in the case when the recipient of delegated functions is a foreign person, in addition to the above mentioned data in this sub-paragraph, the CBK may request other data, if deemed necessary.
- the results of the analyses and assessments performed by the insurer under the provisions of Article 3, paragraph 5, sub-paragraph b of the Regulation on Delegation of the Insurer's Functions;
- draft contract with contents as defined in Article 5 of the Regulation on the Delegation of Insurers' Functions;
- documents proving the experience of the recipient of the delegated function for the same activities with the function delegated by the insurer (if any);
- documentation proving any other experience of the recipient of the delegated function.

CBK, within 30 calendar days of receipt of the application, approves or rejects the application for the approval of delegated functions. During the examination of the application, the CBK may require from the insurer, documentation and additional information. In such cases, the 30-day time limit shall begin from the moment the documentation and additional information is received at the CBK.

The CBK may reject or withdraw the approval of the delegation of functions, if:

- the interests of the insured are jeopardized;
- supervision over delegated functions is difficult or impossible;
- the recipient of delegated functions has no competence for the delegated functions.

The CBK may withdraw the approval of delegated functions if it deems that the further exercise of the functions delegated by their receiver jeopardises the interests of policyholders, the supervision by the CBK is hampered and the recipient of delegated functions has no professional competence to practice the delegated function.

#### **4.13. Mergers and acquisitions**

No insurer may merge with any other insurer or acquire either directly or indirectly, the assets or receive the liabilities of any other insurer, without prior approval of the CBK, as defined by Article 41 of the Law on Insurance. *The issues of mergers and acquisitions of insurers are further regulated by the Regulation on Mergers and Acquisitions of Insurers, which stipulates information required prior to the reorganization of an insurer, through merging with any other financial institution or company.*

If the purpose of the applicant for a merger is to create a new insurer, then the CBK shall treat that merger as application for a new license, as set out in the Law on Insurance and Regulation on Licensing of Insurers and Branches of Foreign Insurers and Chapter 2 and 3 of this manual.

The request for approval for the reorganized insurer through the merger must be supported by the following documentation:

- decision of the Shareholders Assembly of Insurers involved in the operation for the approval of their reorganization through the merger;
- draft agreement and the detailed report of the merger process, signed by the legal representatives of the insurers involved in the merger process. The draft agreement and report shall be drafted in writing and in line with the applicable legislation;
- the report of independent experts licensed in various fields, to assess the terms of the draft merger agreement;
- draft-statute of the insurer following the completion of the merger process;
- strategic and operational plans to complete the merger, including necessary acquisition analysis and financial statement projections for the merged insurer;
- In case of a change of directors and senior managers of the merged insurers, documentation shall be submitted in accordance with the requirements for directors, as defined in the Law on Insurance and Regulation on Licensing of Insurers and Branches of Foreign Insurers;
- shareholder structure of the merged insurer.

The time limits set out at the beginning of this chapter do not apply to the requirements of the insurers for mergers and acquisitions. For this purpose, the CBK shall discuss with insurers the time limit that will

be needed for preliminary approvals allowing insurers to initiate discussions with the other party or parties involved without the CBK's engagement. However, the time limits for these requirements may not exceed the deadlines set out in Chapter 2 of this manual.

The CBK shall approve the merger process, if:

- the merger does not jeopardise the financial condition of the merged insurer;
- the insurer has a system for organization, management, decision making and information technology that enables full integration of the merged insurer in the manner that does not jeopardize its functioning;
- the merger is economically viable.

It is the responsibility of the insurer to obtain approvals from other authorities that may be required before the transaction is completed.

#### **4.14. Acquisitions of equity interests by insurers in other financial institutions**

The acquisition of equity interest by insurers in financial institutions can not be done without the approval of CBK. Article 41, paragraph 2 of the Law on Insurance states that the requirements to merge and acquire the assets or to receive the insurer's liabilities are made in the form stipulated by the CBK and are accompanied by information required by the CBK.

Pursuant to Article 4 of the Regulation on Mergers and Acquisitions, depending on the nature and level (with regards to the percentage of the equity the insurer plans to include) and the size of the transaction to the size of the acquiring insurer, the CBK shall determine which additional information are necessary before the application can be considered.

In principle, the documentation required to review these applications is as follows:

- relevant decisions of shareholders' assemblies of the acquiring insurer and the financial institution involved in the act to approve their reorganization through acquisition;
- draft/agreement and detailed report of the acquisition process, signed by the legal representatives of the insurers involved in the acquisition process. The draft/agreement and report shall be drafted in writing and in accordance with the legislation in force;
- the report of independent experts licensed in different fields, to evaluate the terms of the draft agreement on acquisition;
- the draft statute of the acquiring insurer after the completion of the acquisition process;
- strategic and operational plans to complete the acquisition, including necessary acquisition analysis and forecasts of financial statements for the acquiring insurer;
- in the event of a change of directors and senior managers of the acquiring insurer, the documentation must be submitted in accordance with the requirements for senior directors and managers as defined by the Law on Insurance, the Regulation on Licensing of Insurers and Branches of External Insurers and with this manual;
- new structure of the acquirer's shareholders.

The CBK reviews the application in terms of the impact on the capital of the acquiring insurer, the capacity of the acquiring insurer management and any changes envisaged in the board of directors and the senior management of the acquiring insurer. When reviewing these requests, CBK will also evaluate the financial performance from the final on-site examination of the acquiring insurer and the acquired insurer as well as the recent reports of their external auditor.

The terms mentioned in the beginning of this chapter do not apply to the requirements of insurers for mergers and acquisitions. For this purpose, the CBK shall discuss with the acquiring insurer the timeline that will be needed for approval by allowing the acquirer to initiate discussions with the other party or parties involved without the CBK's engagement. However, the entire process shall not last longer than the licensing dates stipulated by the Law on Insurance and the Regulation on Licensing of Insurers and Branches of Foreign Insurers.

CBK approves the process of acquisition if according to its evaluation:

- acquisition does not endanger the financial condition of the acquiring insurer;
- the insurer has a system of organization, management, decision making and information technology which enables the full integration of the acquired institution in such a way as not to jeopardize its functioning;
- acquisition is economically viable for the acquiring insurer;
- acquisition adequately protects the rights of policyholders and the insured.

When the institution in which is invested upon, is also regulated by the Law on Insurance, the CBK shall also examine the suitability of the investing insurer as a shareholder of the institution in which it is invested in accordance with the relevant Articles of the Law on Insurance.

#### **4.15. Opening of representative offices**

No foreign insurer can establish and operate a representative office in Kosovo without prior permission from the CBK., as defined in Article 13 of the Insurance Law. The CBK may grant a permit for a representative office in Kosovo, provided that the external insurer will limit the activities of the representative office to provision of information, liaison activities, market research and investment opportunities, and that the foreign insurer will not engage in insurance activity in Kosovo through the representative office. *The issue of representative offices is further regulated by the Regulation on the Opening of Representative Offices by Foreign Insurers in the Republic of Kosovo.*

The request of the foreign insurer for the opening of the representative office in the Republic of Kosovo shall be supported by the following documentation:

- the decision of the competent body of the foreign insurer to open a representative office;
- the purpose of its opening;
- the expected duration of the representative office activity, address and telephone number;
- the names of the persons proposed as directors of the representative office accompanied by their curriculum vitae (education, occupation, experience, etc.);
- the estimated number of office employees;

- the registration document of the representative office at the Ministry of Trade and Industry and any approval if required by the relevant supervisory authority of the particular country to open a representative office.

The representative office of a foreign insurer must be registered and use the same name as the parent insurer, adding the words "representative office".

The CBK shall examine the request of the foreign insurer based on the terms and conditions set forth in the relevant legislation and within sixty (60) calendar days from the date of receipt of the application for representative office, the CBK approves or rejects the request specifying the terms and conditions for such an office.

#### **4.16. Transactions which require only CBK notification**

Transactions carried out following licensing of the insurer and the commencement of its operations that do not require prior approval by the CBK, but for which CBK notification is required are as follows:

- resignation of senior directors and managers;
- re-appointment of senior directors and managers;
- changes in the organizational structure, if such change is not reflected in the insurer's statute;
- changes in the ownership of shareholders holding less than five percent (5%) of the capital;
- acquisition of shares from five percent (5%) to ten percent (10%);
- closure of representative offices of foreign insurers.

The insurer shall notify the CBK within thirty (30) days of the changes made specified above, and upon receipt of the notification the CBK shall inform the insurer of the receipt of the notification.

### **5. ANNEXES TO THE MANUAL**

- |  |   |
|--|---|
| I – Insurers Licensing Process;  | III – Alternatives to Insurers Licensing; |
| II – Insurers Licensing Criteria;  | IV – Foreign Insurers;                    |
| 1 – Checklist for Completion and Submission of Application for Insurers License;   |   |
| 2 – Application Form for Insurers License;   |   |
| 3 – Application Form for Opening and Relocation of Branches/Offices within Kosovo; |   |
| 4 – Application Form for Opening Branches/Subsidiaries Outside Kosovo;             |   |
| A – Individual CV;   | C – CV for Individual Shareholders;       |
| B – Shareholder Company Report (CR);   | D – Forms of Financial Projections.       |

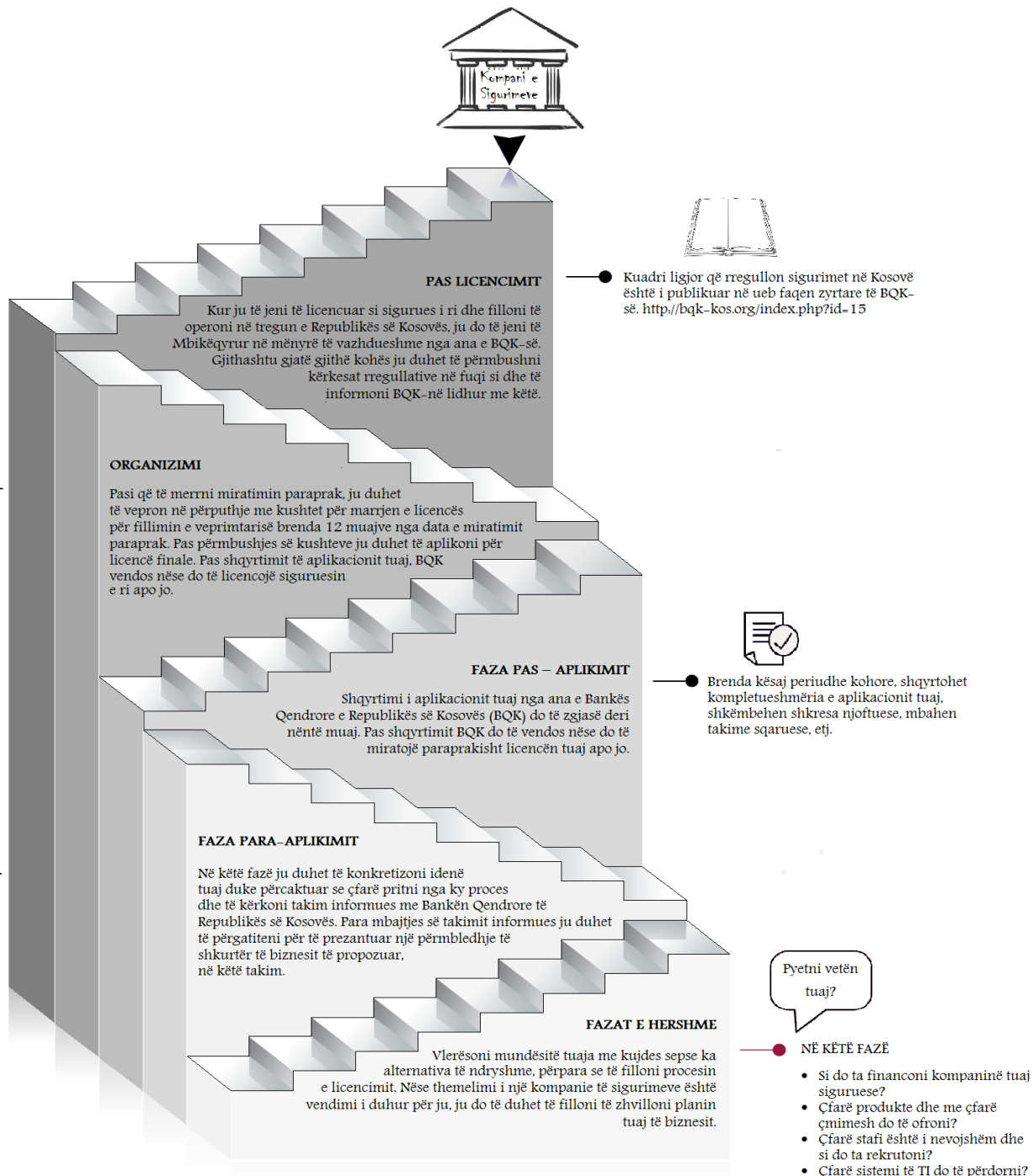
### **6. ENTRY INTO FORCE**

This Manual shall enter into force on the date of its approval.



Fehmi Mehmeti  
Chairman of the Executive Board

## SHTOJCA 1 – PROCESI I LICENCIMIT SI SIGURUES



Kur jeni të gatshëm të filloni këtë proces, ju lutem kontaktoni Departamentin e Licencimit dhe Standardizimit për të caktuar takim informues para aplikimit në.

+381 (0) 38 / 222 055 Licencimi@bqk-kos.org

Rr. Garibaldi nr. 33, Prishtinë, Republika e Kosovës



## **ANNEX II - CBK CRITERIA FOR LICENSING OF INSURERS**

The insurance licensing criteria in the Republic of Kosovo are defined in Article 11, paragraphs 3,4 and 5 of Law no. 05 / L-045 on Insurance. Under these provisions, the Central Bank of the Republic of Kosovo (CBK) approves an insurance license when the following conditions are met:

1. If the business plan is based on sound analysis under reasonable assumptions;
2. The organizational structure of the proposed insurer and its branches will allow the CBK to exercise effective and consolidated supervision;
3. Calculated premiums and technical or mathematical provisions are sufficient to cover the responsibilities of insurers;
4. The proposed insurer will comply with all provisions of Law no. 05 / L-045 on Insurance;
5. The qualifications, experience and integrity of its directors or senior managers are suitable for the insurers proposed business plan and insurance activities;
6. Main shareholders, directors and senior managers of the proposed insurer are fit and proper , as defined in Article 24 of Law no. 05 / L-045 on Insurance and other definitions by the CBK; and
7. The ownership structure of the insurer will not impede effective oversight by the CBK.

In cases where we are dealing with applications for licensing as a subsidiary or branch of a foreign insurer, applying entities must also meet the following criteria:

1. foreign insurer is licensed to engage in insurance activities in the jurisdiction where its head office is located;
2. the responsible Supervisory Authority where foreign insurer has its headquarters, has given its written consent for the issuance of such license, and;
3. the CBK estimates that foreign insurer is adequately supervised on consolidated basis by the supervisory authority responsible in the home country. Supervisory authority in charge in the home country, must accept in writing that is aware of awarding a new license and agrees to provide information to the CBK upon its request.

And, in the case of prior approval of a license application, the CBK shall determine all conditions that the insurer must meet for granting a license to commence its operations. Such conditions may include:

1. Payment of initial capital that shareholders should make for the insurer;

2. Hiring and training of insurer's staff;
3. The purchase of operating equipment and the determination of operating systems;
4. Lease, purchase or possession of the premises of the insurer;
5. Calculated premiums and technical or mathematical provisions are sufficient to cover the insurer's responsibilities;
6. Draft insurance contracts per classes under which the insurer requests a license;
7. Engagement of an external auditor and an actuary in accordance with the Law on Insurance;
8. Any other condition that the CBK considers appropriate.

However, the CBK shall deny a license if, in its reasonable judgment, issuing such license would:

1. jeopardize the financial sustainability of the proposed insurer or of the insurance industry in general;
2. Endanger the interests of the policy holders of the proposed insurer, and

If within one (1) year an insurer fails to comply with the conditions for obtaining a license to commence the activity, the preliminary approval of the application will be revoked.



## **ANNEX III - ALTERNATIVES TO INSURER'S LICENSING**

Depending on the business plan or activities that the interested parties wish to undertake, the establishment of an insurer is not the only option or always the most appropriate option. There are two

other alternatives such as reinsurers or insurance intermediaries, which are allowed to provide some of the services offered by insurers, at lower costs than the establishment of an insurer.

*Exercise of allowed activities for financial institutions without prior approval (licensing) by the Central Bank of the Republic of Kosovo is a criminal offense.*

### **Reinsurers**

Reinsurance is an insurance that an insurer buys from one or more other insurers ("reinsurers") directly or through an intermediary. Reinsurance is considered a risk management tool as it cedes certain risks from an insurer to a reinsurer. The insurer and the reinsurer enter into a reinsurance agreement, which sets out the terms on which the reinsurer will pay a portion of the claims incurred.

The reinsurer may be a specialized insurer for reinsurance, which undertakes only the reinsurance business.

The criteria for insurance licensing and licensing procedures, detailed in the Insurer Licensing Manual, are appropriately applied also to licensing reinsurers. Upon licensing, reinsurers have the right to provide only reinsurance activities.

### **Intermediaries**

While insurance activity is an activity through which the insurer assumes certain risks, against the payment of the premium, that on the occasion of the occurrence of the insured event to pay to the insured, the beneficiary or the third party the indemnity, the activity of the insurance intermediation is the activity of presenting, proposing and carrying out other preparatory activities until the signing of the insurance contract and the provision of assistance during the period of validity of the contract, especially in case of damages.

The intermediary can use agents as insurance product delivery channels as follows:

- Agents are not employees of the company, but are engaged under a mediation agreement with one or more insurers (but not for the same products). In order for the agents to be licenced, they should be registered as Individual Business I.B.
- Agent company – is a legal entity licenced by the CBK and conrated by one or more insurers (but not for the same products) that conduct insurance mediation activity. To be licenced as an agent company, one should be registered as a joint stock or limited liability company.
- Individual brokers – are not employees of the company but are engaged under a brokerage agreement with one or more insurers. For licensing in the CBK, individual brokers should be registered as individual businesses;
- Brokerage Company - is a legal entity licensed by the CBK and contracted by one or more insurers to conduct insurance intermediation activities. In order to be licensed as a brokerage company, one should be registered as a L.L.C or J.S.C.

The difference between agents and brokers is that insurance agents and agent companies carry out insurance intermediation activities on behalf of insurers, while brokers and brokerage companies carry out insurance intermediation activities on behalf of the insured.

When applying for licensing, applicants should specify exactly which form of intermediation organization they are planning to establish, because the application process and CBK licensing criteria for intermediaries organized in different forms differ among themselves. The licensing process is explained in the Intermediary Licensing Manual.



## **ANNEX IV – FOREIGN INSURERS**

The foreign insurer is a legal person that is organized, has its headquarters and holds a license to engage in insurance activities in a jurisdiction other than Kosovo. Foreign insurers may operate in Kosovo as affiliated subsidiaries or branch.

### **Distinguishing features**

Distinguishing features between affiliates and branches of foreign insurers are of different nature, either in terms of organization or supervision. First, an affiliate means a subsidiary of a foreign insurer that is under common control with such insurer while a branch of a foreign insurer means a legally dependent entity of a foreign that is not separately incorporated, through which the foreign insurer engages in insurance activities in the Republic of Kosovo.

The affiliate of a foreign insurer is subject to all legal requirements set forth by law no. 05 / L-045 on Insurance in the same manner as domestic insurers. Unlike affiliates, the branches of foreign insurers are not subject to the following legal requirements:

- Criteria for Members of Board of Directors and changes to Members of Board of Directors do not apply to branches of foreign insurers. The foreign insurer's branch will not be required to establish a Board in Kosovo.
- Central Bank of Republic of Kosovo (CBK) requirements for the establishment of committees do not apply to branches of foreign insurers insofar as comparable and acceptable requirements for the CBK are subject to the law according to which the foreign insurer is licensed in his parent jurisdiction;
- Approval of major shareholders is not required for branches of foreign insurers, only CBK notice.
- Changes in the charter and statute do not require prior approval by CBK, only notice.

The insurer, which carries out insurance activities in the territory of the Republic of Kosovo through its branch, on the basis of a license issued by the CBK, may convert its branch into a subsidiary in the form of a joint stock company upon request of the insurer itself or at the request of the CBK.

Also, the CBK may require from a foreign insurer which has been licensed to operate one or more branches in Kosovo, to convert its branch to a subsidiary of foreign insurer if:

- there is a material change in the ownership or management of the foreign insurer for which the CBK has reasonable grounds for concern;
- there is a material decline in the financial condition of the foreign insurer, or the foreign insurer is subject to sanctions by the responsible supervisory authority of the home country, for material violations of the law or unsafe or unsound practices;
- it considers that the operations of the foreign insurer's branch in Kosovo may endanger financial stability of the insurance sector or be detrimental to the interest of policyholders;
- it considers that oversight by the supervisory authority of the home country is inadequate; and
- due to risk management reasons.

In cases where the insurer requests that the branch be converted to a subsidiary, the insurer must also obtain the written consent of the supervisory authority of his country. Upon approval of the conversion

and issuance of a new license, all rights and obligations of the branch of the foreign insurer are transferred to the successor subsidiary.







ANNEX 1

CHECKLIST FOR COMPLETION  
AND SUBMISSION OF  
APPLICATION FOR INSURER

## **NOTES**

This form serves as a checklist for completing and submitting Insurer Licence Application, which can be downloaded from the Central Bank of the Republic of Kosovo (CBK) website. When completing the application form, you should not modify or delete any of the questions. Alternatively, if the completing of the application form is not possible through the computer, you can print out the form and complete it in CAPITAL LETTERS AND IN BLUE INK.

Request for submitting information in the checklist should be provided to CBK in support of the insurer licence application form. All the listed information should be provided in order for the application to be completed. All the listed information should be checked in order to have a complete application. The checklist shall not contain broad information according to insurer licence application; the applicant should provide broader required information when necessary, according to the specific nature of the proposed business.



**Note:**

- Complete all sections of this checklist.
- Insert the relevant section number (from the application) in the column titled “Applicant”. (The last column is for CBK use only).
- Write N/A in case any of the requirements of this list does not apply in your case.
- Where the checklist states ‘confirm’, an ‘X’ will be accepted as a confirmation.

		Applicant		CBK
<b>1</b>	<b>Applicant Details</b>			
1.1	Full name and address in the Application Form			
1.2	Contact details of an authorised person who will receive the correspondence from CBK in relation to the application form (i.e. name, address, telephone, fax and e-mail, etc.)			
1.3	Contact details of professional advisors or consultants in relation to the application for insurer license (if applicable), (i.e. name, address, telephone, fax and e-mail, etc.)			
1.4	Confirm that CBK can collaborate with assigned professional adviser (in 1.3) in respect of the licence application	<input type="checkbox"/>		

<b>2</b>	<b>Overview of Parent Insurer/Group</b>			
2.1	Full name and address of parent insurer/group			
2.2	Brief history/parent insurer/group background			
2.3	Clarification on the ownership and structure of parent insurer/group			
2.4	Is the applicant a subsidiary of	Yes/No		
	a. An international insurer	<input type="checkbox"/>		
	b. An international insurers group	<input type="checkbox"/>		
	c. An insurers conglomerate	<input type="checkbox"/>		
	d. Other (provide details)	<input type="checkbox"/>		
	Where applicable			
	i. Confirm that the supervisory authority in the country of origin of that insurer or group exercises effectively its supervising responsibilities on a consolidated basis	<input type="checkbox"/>		

	ii. Confirm that the applicant has taken the preliminary approval from the supervisor authority of his country	<input type="checkbox"/>		
2.5	Organisation chart of the group			
	a. Legal structure of each of the entities concerned			
	b. Percentage of share holding by the parent company			
	c. Details as to where the applicant will be positioned in the group			
	On parent insurer/group provide			
2.6	Information on industry ranking, size of parent insurer on local and global scale			
2.7	Main activities/lines of business			
2.8	Details of main areas of global activity of parent insurer/group			
2.9	Details of main areas of EU activity of parent insurer/group			
2.10	Financial standing details for parent insurer/group i.e. summary (in tabular format) for the last three (3) years			
	a. Income and profitability			
	b. Financial statements			
	c. Asset Quality			
	d. Capital adequacy			
	e. Leverage ratio			
2.11	Debt ratings (credit rating) for the parent insurer/group (i.e. debt rating (credit rating) of parent insurer/group according to <b>Moody's and S &amp; P</b> or similar institution and comments on it (this should include details of any improvement / decrease in the last three (3) years and the reasons for this)			
2.12	Confirm that the board of the parent insurer has approved the submission of application for the insurer's licence to the CBK (the decision of the decision-making body should be submitted)	<input type="checkbox"/>		

<b>3</b>	<b>Regulatory Supervision</b>			
3.1	Contact details in respect of the group/parent insurer's home regulator(s)/Supervisor(s)			
	Write	Po/Jo		
3.2	Has the parent insurer/group, within the last five (5) years, received regulatory approval for new entities in any other jurisdiction?			
3.3	Has the parent / group insurer applied to establish an entity (over the last five (5) years) in any other jurisdiction, which was either withdrawn or refused?			
3.4	Has the parent insurer/group been subject to an investigation into allegations of fraud, misconduct or malpractice by any regulatory authority (over the last five (5) years) in any other jurisdiction?			

3.5	If 'yes' in relation to 3.4 provide full details thereof			
-----	--	--	--	--

<b>4</b>	<b>Ownership Structure</b>			
4.1	Details of			
	a. All direct holders of shares or other interests of the applicant			
	b. All indirect holders of shares/interests of the applicant			
	(Clearly outline whether there is any holding company involved in the ownership structure – the rationale for such a structure should be provided)			
4.2	Confirm that Annex B and C of the application form have been completed (and the required supporting documentation is attached) in relation to each shareholder identified in 4.1 (a) dhe (b)	<input type="checkbox"/>		
	Confirm that			
4.3	Applicant is independent of dominant interests	<input type="checkbox"/>		
4.4	Financial situation of the parent insurer/financial institutions is such as it may provide new equity for the insurer to be established as it may be required in the future. (A letter of comfort is required from the parent insurer confirming that 'the subsidiary/branch will be in a position to meet its liabilities as they fall due for as long as the parent insurer/shareholders continue to hold the majority of the equity)	<input type="checkbox"/>		

<b>5</b>	<b>Objectives and Proposed Activities</b>			
5.1	Clearly set out			
	a. The objectives			
	b. Full details of applicant's proposed insurance business which must include a description of all products that will be offered, anticipated customer base, etc.			
5.2	Outline of all products/services to be promoted by the applicant			
5.3	If applicable, an overview of market research which has been undertaken regarding the establishment of an insurer and its proposed activities			
5.4	Applicant's distribution network for products/services			

<b>6</b>	<b>Legal Structure</b>			
6.1	Confirm that applicant will be registered in Kosovo and subject to Kosovo laws and regulations	<input type="checkbox"/>		
6.2	Outline the legal structure of the applicant (as a Joint Stock Company)			
6.3	Confirm that the following documentation accompanies this checklist:			

	a. A copy of the applicant establishment draft papers	<input type="checkbox"/>		
	b. A draft copy of the applicant's statute (the final copy will be required upon licensing of the applicant)	<input type="checkbox"/>		
	c. Audited financial reports (for the last three years), where the applicant is incorporated	<input type="checkbox"/>		

<b>7</b>	<b>Organisation of the Applicant</b>			
	The insurer shall manage their business in accordance with sound principles of corporate governance			
7.1	Board of Directors			
	Details of proposed Board of Directors			
	a. Executive Directors			
	b. Non-executive Directors			
	c. Proposed frequency of board meetings and location			
	d. Potential conflicts of interest (if any, including details of how they will be addressed)			
7.2	For this point, you should also provide			
	a. Applicant's organizational structure			
	b. Details of all management committees and members			
	- Auditing Committee			
	- The Risk Management Committee			
	- The Investment Management Committee			
	- Other relevant committees			
	These data should include			
	- Composition thereof			
	- Meeting frequency			
	- General responsibilities/Terms of Reference			
	- Reporting lines			
	- Details of sub-committees (if applicable)			
	Senior Management/ Other staff			
7.3	Applicant's detailed organizational structure			
7.4	Details of the Organizational Structure / Management Team (to include the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Risk Officer, Internal Audit, and any person directly reporting to the Board or participates or has authority to take part in the main policy-making functions of the insurer), i.e., CVs, job titles, responsibilities, reporting lines, etc.			
7.5	Confirm that "Annex A - Individual CV" for each of the members of the Board of Directors / Senior Management is completed.	<input type="checkbox"/>		

<b>8</b>	<b>Risk oversight</b>			
	Detailed information is required in respect of the following key functions:			
8.1	Audits			
	Where the size or nature of the operations of the applicant allows it, a properly staffed internal audit function should exist (which has direct access to the board of directors or an appropriate committee of the board) that reports to the board/audit committee			
	a. Outline the role of internal audit			
	b. Outline frequency of internal audits			
	c. The audit function should be independent from the operational activities of the applicant			
8.2	Compliance			
	a. Indicate who will be responsible for the compliance function			
	b. Set out compliance reporting lines, processes, key compliance responsibilities, etc.			
	Confirm that the compliance officer will be independent from the operational activities of the applicant.	<input type="checkbox"/>		
8.3	Risk Management			
	a. Outline the scope of the risk management function			
	b. Identify the major risks that the applicant faces, and detail how the applicant proposes to monitor, manage, control and report on each of these risks (in relation to each of its proposed business lines)			
	c. Describe the applicant's definition of material risk. In doing so, please describe how a risk is determined to be non-material, the role of the applicant's board in reviewing this definition and the role of senior management in developing the definition.			
	d. Demonstrate that comprehensive risk management systems commensurate with the scope, size and complexity of the applicant's activities			
	- Continuous measuring, monitoring and controlling of risk			
	- Accurate and reliable management information systems			
	- Timely management reporting			
	- Thorough audit and control procedures			
8.4	Actuary			
	a. Details of the actuary's function (describe the activity of applicant's actuary and include information related to the actuary). i.e. CVs, job titles, responsibilities, reporting lines, etc.			
	b. Confirm that "Annex A – individual CV" has been submitted for the actuary.	<input type="checkbox"/>		
<b>9</b>	<b>Capital, Funding and Solvency</b>			






I confirm that:

- I am authorized by the applicant to make this insurer license application on its behalf;
- The information set out in the application and supporting documentation is complete, correct and accurate:  
and
- There is willingness and a capacity on the part of the applicant to comply with codes, legislative requirements applicable to insurers on a continuous basis.

Signed:

\_\_\_\_\_

Name:

\_\_\_\_\_

Title:

\_\_\_\_\_

Name of employer:

\_\_\_\_\_

Date

\_\_\_\_\_ / \_\_\_\_ / \_\_\_\_\_

**Provisions in this document should not be deleted nor amended in any manner. If any information provided is false, the CBK may revoke the license in accordance with Law No. 5 / L-045 on Insurance.**



BANKA QENDRORE E REPUBLIKËS SË KOSOVËS  
CENTRALNA BANKA REPUBLIKE KOSOVO  
CENTRAL BANK OF THE REPUBLIC OF KOSOVO

ANNEX

INSTITUTION LICENSING  
APPLICATION FORM

## **GUIDELINE NOTES**

This form serves as insurers licensing application, which can be downloaded from the Central Bank of the Republic of Kosovo (CBK) website. When completing the application form, you should not modify or delete any of the questions. Alternatively, if the completing of the application form is not possible through the computer, you can print out the form and complete it in CAPITAL LETTERS AND IN BLUE INK. Write N/A in case any of the requirements of this form does not apply in your case.

Each section of the application form outlines documents to be attached. Additional information and documents may be provided, where appropriate. All documents must be signed and dated properly.

The application must include the list of contents, showing all the attached documents for each section. If the same document is required in more than one section (e.g., individual CV-s or Company Reports (CR), it should be provided only once, indicating in all relevant boxes the section that the hard copy is attached to.

If the rows in any of the following tables in the application are not enough, or the respective table needs to be repeated, you can print that page more than once.

This application must be completed in one of the official languages of the Republic of Kosovo. Financial Statements and other attached documents must be submitted in their original language accompanied by a certified translation in one of the official languages of the Republic of Kosovo.

Unless otherwise indicated, all absolute amounts are expressed in thousands of Euros, without decimals. Conversion of other currencies in Euro is made using the exchange rate at the last date of the month as published by CBK. Percentages should be expressed using only one decimal digit.

Licensing and Standardisation Department personnel is available for consultation regarding the course of preparing the licensing application, and it will try to provide appropriate guidance, where required. CBK may request, through Licensing and Standardization Department personnel, any additional document or explanation as deemed reasonably appropriate for evaluation by CBK.

If the application is incomplete, CBK will not process it. Also, if the application does not provide complete information that may affect the CBK evaluation, it may result in significant processing delays. CBK does not take the responsibility for any loss caused to the applicant by any delay.

In addition, it should be understood that after the granting of the insurer license, if it is found during the assessment that incomplete or false information has been provided, the CBK may revoke license under the Law no. 05 / L-045 Law on Insurance.

**1. Parent Insurer****1.1. The name of the parent insurer****1.2. The country where the parent insurer is incorporated****1.3. External Auditor (s) and the audits for the last three (3) years**

YEAR	AUDITOR	AUDITOR'S OPINION

**1.4. Countries where the parent insurer is present (data from the last annual financial statements)**

COUNTRY	OWN ASSETS			PROFITS	
	AMOUNT	%	MARKET PARTICIPATION	AMOUNT	%
Total		100.00 %			100.00 %

**1.5. Main financial data for the last three (3) years**

YEAR	CAPITAL ADEQUACY	TIER I	TOTAL ASSETS	PROFITS

**1.6. The last external rating given to the parent insurer**

CREDIT RATING AGENCY	SHORT TERM RATING		LONG TERM RATING	
	RATING	DATE	RATING	DATE

**1.7. The name of home supervisor of the parent insurer**

<b>1.8. Date of the statement of agreement of the home supervisor that there are no objections to the establishment of the insurer in Kosovo (no application will be considered without a positive statement of agreement of the home supervisor)</b>				
<b>1.9. Specific terms of statement of agreement of the home supervisor, if there is any</b>				
<b>1.10. Existing legal restrictions on exchange of financial information</b> (if any, if specific to the insurer)				
<b>1.11. Specific conditions imposed for performing insurance activity from any supervisory authority</b>				
SUPERVISOR	COUNTRY	CONDITIONS	PERIOD	
<b>1.12. Date and signer (name and position) of the letter from the parent insurer declaring the intention for establishing the insurer in Kosovo and for providing guarantees and support</b>				
<b>1.13. Previous licensing applications which were rejected, or revoked licenses (if any, one row for each case)</b>				
COUNTRY	SUPERVISOR	DATE	REJECTED/ REVOKED	REASONS
<b>1.14. Significant sanctions imposed in the past three (3) years (if any, one row for each case)</b>				
COUNTRY	SUPERVISOR	DATE	SANCTION	REASONS

**DOCUMENTS TO BE ATTACHED TO SECTION 1:**

- Parent financial institution background ;
- The legalised registration certificate of the parent company in the registry of businesses in home country (if applicable);
- Audited financial statements for the past three (3) years;
- Statement from home supervisor;
- Letter from supervisors imposing special conditions for performing insurance activities;
- Letter from the parent insurer stating the intention for establishing a subsidiary or branch in Kosovo, specific guarantees and ensured support;
- Related documents and detailed descriptions of any rejected and revoked license;
- Related documents and detailed descriptions of any significant sanctions imposed in the last three (3) years.

<b>2. Applicant Company / Potential Insurer</b>	
<b>2.1. Proposed name of the potential insurer</b>	
<b>2.2. The type of company (joint stock company, limited liability company, etc.)</b>	
<b>2.3. The address of the insurer's headquarters</b>	
Street	
City	
ZIP code	
Telephone	
Fax	
E-mail	

**DOCUMENTS TO BE ATTACHED TO SECTION 2:**

- Business registration certificate (if applicable)

<b>3. Representatives of the Applicant Company/Potential Insurer</b>						
<b>3.1. The person appointed as an authorized representative, who will act as a contact person between the applicant company / potential insurer and the CBK</b>						
NAME	LASTNAME	ID NUMBER	ROLE IN PROCESS	POSTAL ADDRESS	TELEPHONE NUMBER	E-MAIL ADDRESS
<b>3.2. Legal Representative of Applicant Company / Potential Insurer</b>						
NAME	LASTNAME	ID NUMBER	ROLE IN PROCESS	POSTAL ADDRESS	TELEPHONE NUMBER	E-MAIL ADDRESS
<b>3.3. Support from foreign companies and professionals</b>						
NAME / COMPANY	BUSINESS/ OCCUPATION	ID/BUSINESS REG. NUMBER	ROLE	POSTAL ADDRESS	TELEPHONE NUMBER	E-MAIL ADDRESS

**DOCUMENTS TO BE ATTACHED TO SECTION 3:**

- Authorization of legal representatives;
- ID copies;
- Legal representatives: CVs, according to the format listed in Annex A;
- Foreign companies: Company Reports (CR), according to the format listed in Annex B;
- Foreign professionals: CVs, according to the format listed in Annex A.

**4. Ownership of the Applicant Company / Potential Insurer**

**4.1. Share of equity directly owned by the parent insurer**

2

**4.2. Individuals and other companies that are direct shareholders and each owning more than five percent (5%) of equity**

NAME / COMPANY	ID/BUSINESS REGISTRATION NUMBER	COUNTRY	INCORPORATION / DATE OF BIRTH	% OF EQUITY	RELATIONSHIP WITH THE PARENT INSURER	TELEPHONE NUMBER	E-MAIL
TOTAL				%			

**4.3. For each company mentioned in Table 4.2 (direct shareholders with more than five percent (5%) of equity of the potential insurer), provide the full list of beneficiary shareholders**

NAME / COMPANY	NUMBER OF BUSINESS REGISTRATION	COUNTRY	INCORPORATION	% OF EQUITY	BENEFICIAL SHAREHOLDER	TELEPHONE NUMBER	E-MAIL


**4.4. Explanation of Shareholder Structure**

**DOCUMENTS TO BE ATTACHED TO SECTION 4:**

- Individual Shareholders: CV, according to format listed in Annex C;
- Shareholders as a Company: Shareholder Company Report (CR), in accordance with Annex B;
- Group structure scheme, including relation between companies and the percentage of capital.





**5.4. The Proposed committees (use one row per committee)**

NAME	EXECUTIVE MEMBERS	NON-EXECUTIVE MEMBERS	MAIN FUNCTIONS	FREQUENCY OF MEETINGS	NATURE (MANDATORY OR ORIENTATION)

**5.5. The Proposed Departments (use one row per department)**

NAME	MAIN FUNCTIONS	FOREIGN EMPLOYEES	LOCAL EMPLOYEES
	- - - - - - - - - - -	- - - - - - - - - - -	- - - - - - - - - - -
	- - - - - - - - - - -	- - - - - - - - - - -	- - - - - - - - - - -
	- - - - - - - - - - -	- - - - - - - - - - -	- - - - - - - - - - -
	- - - - - - - - - - -	- - - - - - - - - - -	- - - - - - - - - - -
	-	-	-

	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-

**5.6. The proposed internal auditors and the main positions of control (use as many rows as needed)**

NAME	ID NUMBER	COUNTRY	DATE OF BIRTH	YEARS OF FINANCIAL EXPERIENCE	POSITION	POSITION IN THE PARENT INSURER	PHONE NUMBER
					Internal Auditor		
					Compliance Official		

**5.7. Proposed Actuary**

NAME/COMPANY	ID/ BUSINESS REGISTRATION NUMBER	COUNTRY	DATE OF BIRTH/INCORPORATION	YEARS OF FINANCIAL EXPERIENCE	POSITION	POSITION IN THE PARENT INSURER	PHONE NUMBER
					Actuary		
					Actuary		

**DOCUMENTS TO BE ATTACHED TO SECTION 5:**

- Statute and Articles of Association (charter);
- Organizational structure scheme;
- Detailed description on the committees;
- Individuals: CVs according to the format listed under Annex A, on CBK's web site.

<b>6. Business Objectives</b>	
<b>6.1. Financial services and products to be provided</b>	- - - - -
<b>6.2. Key segments of customers to be pursued</b>	- - - - -
<b>6.3. Insurance classes</b>	- - - - -
<b>6.4. Geographic areas to be covered (network)</b>	- - - - -
<b>6.5. The main distribution channels</b>	- - - - -
<b>6.6. The insurance activity volume estimated for the next three (3) years</b>	- - -
<b>6.7. Profitability estimates for the next three (3) years</b>	- - -

**DOCUMENTS TO BE ATTACHED TO SECTION 6:**

- Business plan for the next three (3) years, including rational assumptions;
- Quantitative financial projections for the next three (3) years in the CBK form listed on the CBK web site ([bqk-kos.org](http://bqk-kos.org)); Annex D- financial projections form.

<b>7. Risks</b>
A brief description of the relative importance of each of the following risks considering the main business lines of the insurer and how this risk will be controlled and managed
A brief description of how important are each of the following risks that may be estimated in the main lines of business of insurer and how these risks can be controlled and managed

<b>7.1. Insurance risk</b>	
<b>7.2. Investment or Market Risk</b>	
<b>7.3. Operational risk</b>	
<b>7.4. Other risks:</b> - - -	

**DOCUMENTATION TO BE ATTACHED TO SECTION 7:**

- Risk Policy and Strategies.

<b>8. Capital adequacy</b>								
<b>8.1. Capital as a guarantee fund for branches of foreign insurers</b>								
<b>8.2. Initial capital for subsidiaries (one row per type of share)</b>								
CLASS / TYPE OF SHARE	NUMBER OF SHARES	NOMINAL VALUE	NOMINAL AVERAGE PAR VALUE	CAPITAL PREMIUMS	PAID-IN CAPITAL	MINIMUM % OF INITIAL CAPITAL	AUTHORIZED CAPITAL	% OF PAIDIN CAPITAL
TOTAL								
<b>8.3. Regulatory Capital Ratio (%) estimated for the first three (3) years</b>								
YEAR	SOLVENCY MARGIN			ASSETS COVERING TECHNICAL PROVISIONS		INITIAL CAPITAL		
				1.3				
				1.4				

**DOCUMENTS TO BE ATTACHED TO SECTION 8:**

- Detailed description of each type of share characteristic;
- Capital strategy.

## 9. Potential Added Value to the Insurance Industry of Kosovo

### 9.1. The potential added value provided by the new insurer to the Kosovo insurance industry in relation to

Available products and classes	- - - - -
Best premiums for customers	- - - - -
Financial access in certain customer segments	- - - - -
Geographical distribution	- - - - -
Liquidity	
Other issues	- - - - -

#### DOCUMENTATION TO BE ATTACHED TO SECTION 9:

- Analysis of potential added value of the new insurer to the Kosovo financial system.

I / we hereby declare that the Law on Insurance is met and that the statements and the documents submitted herein are true and accurate to the best of my/our knowledge and belief. Any substantial change to the details in the particulars stated here or in any of the referred documents will be immediately communicated to the CBK no later than five days after the date of such change taking place.

Failure to do so may result in non-approval of this application.

Signed on

/ /

Signature of the representative of the Applicant 1

Full name:

Signature of the representative of the Applicant 2

Full name:

---

I/we hereby submit the payment concerning this insurance company license application according to the CBK Fees Scheme, published on the official website: [www.bqk-kos.org](http://www.bqk-kos.org), as required by Article 130 of the Law No. 05 / L- 045 on Insurance.

**The amount paid: €**

**Transfer no:**

**Payment date:**

**Paid by**

**(Full names)**

**Signature:**

**DATE/STAMP OF THE COMPANY**

ANNEX 3

REGULATIONS ON THE FORM  
OF LICENSING AND  
RELOCATING BRANCHES  
AND OFFICES OF INSURERS  
WITHIN THE REPUBLIC OF  
KOSOVO



## **GUIDELINE NOTES**

This form serves as an application for opening and relocating branches and offices of insurers within the Republic of Kosovo, which can also be downloaded from the website of the Central Bank of the Republic of Kosovo (CBK). When completing the form, you should not change or delete any of the questions. If completing this form is not possible through the computer, you can print out the same and fill it in CAPITAL LETTERS AND IN BLUE INK. If any of the requirements of this form do not apply to your case write down N/A.

This application must be completed in one of the official languages of the Republic of Kosovo.

Licensing and Standardisation Department personnel are available for consultation regarding the course of preparing this application. CBK may request, through the Licensing and Standardization Department personnel, any additional document or explanation as deemed reasonably appropriate for assessment by the CBK.

If the application is incomplete, CBK will not process it. Also, if the application does not provide complete information that may affect the CBK assessment, it may result in at least significant processing delays. CBK does not take the responsibility for any loss caused to the applicant by any delay.

## Insurer Identification Information

Name of Insurer

Head Office Location

Address

Zip Code

City

## Type of application (tick the appropriate box)

The application has been submitted for obtaining the approval to

Open a branch/office at the following address

Relocate a branch/office at the following address

Relocate the head office at the following address

Location

Address

Zip Code

City

## For Relocation

If it is a relocation of the branch office, indicate the current address

Address

Zip Code

City

Request for additional information or any other communication regarding this proposal should be addressed to:

Name

Title

Postal Address

Telephone number

<b>Statutory and Regulatory Factors</b>		
<b>1. Legality</b>		
For the opening or relocation of insurer branches/offices		
Is there any restrictions imposed by the Regulation on opening or relocation of the branch/head office at this location?	<input type="checkbox"/>	YES
	<input type="checkbox"/>	NO
Are there other legal issues involved in this proposal?	<input type="checkbox"/>	YES
	<input type="checkbox"/>	NO
If Yes, provide legal analysis and fully clarify legal issues		
<b>2. Insurer facility</b>	<b>YES</b>	<b>NO</b>
a. Is there a minimum surface area of 15 m <sup>2</sup> ?	<input type="checkbox"/>	<input type="checkbox"/>
b. Is there adequate inventory?	<input type="checkbox"/>	<input type="checkbox"/>
c. Does the insurer have the appropriate inscription and logo?	<input type="checkbox"/>	<input type="checkbox"/>
d. Are insurance premiums placed in convenient location?	<input type="checkbox"/>	<input type="checkbox"/>
e. Is there a safe supply of electricity (generators or ancillary inventories)?	<input type="checkbox"/>	<input type="checkbox"/>
f. Is it near the branches / offices of banks or similar payment institutions?	<input type="checkbox"/>	<input type="checkbox"/>
g. Has the company prepared the technical infrastructure for installing the policy release system?	<input type="checkbox"/>	<input type="checkbox"/>
h. Has the insurer paid the fee for reviewing this request?	<input type="checkbox"/>	<input type="checkbox"/>
i. Has the commission appointed by the Central Bank verified the fulfilment of these conditions?	<input type="checkbox"/>	<input type="checkbox"/>

**Planned date on opening / relocation**

I/we plan the opening/relocation , and hereby wish that CBK acts on this application no later than    /    /  
. I/we hereby certify that the Board of Directors or the highest decision-making body of the Insurer has authorized the completion of this application and that to the best of my/our knowledge it does not contain any misrepresentations or change of facts in the documents. Any substantial change to the details declared herein or in any of the referred documents will be immediately communicated to the CBK within a period not later than five days from such change taking place.

Signature of Authorized Officer \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_ /    /

---

I/we hereby submit the payment regarding this application pursuant to the CBK Fees Scheme, published on the official website: [www.bqk-kos.org](http://www.bqk-kos.org)

**Amount paid: €** \_\_\_\_\_

**Transfer No:** \_\_\_\_\_

**Payment date:** \_\_\_\_\_

**Paid by:** \_\_\_\_\_ (Full names)

**Signature:** \_\_\_\_\_

**OFFICIAL DATE /STAMP OF THE COMPANY**



## ANNEX 4

# APPLICATION FORM FOR OPENING OF BRANCHES AND SUBSIDIARIES OF INSURERS OUTSIDE REPUBLIC OF KOSOVO

## **GUIDELINE NOTES**

This form is intended as an application form for opening of the branch or subsidiaries of insurer outside the Republic of Kosovo, which is available for download at the web site of the Central Bank of the Republic of Kosovo (CBK). During the completion, you should not modify or delete any of the questions. If the completion of this application form is not possible by means of the computer, you can print it out and fill it in CAPITAL LETTERS AND IN BLUE INK. If any of the requirements of this application form is not applicable in your case, write N/A.

This application form must be completed in one of the official languages of the Republic of Kosovo.

Licensing and Standardisation Department personnel are available for consultations regarding the course of preparing this application form. CBK may request, through the Licensing and Standardisation Department, any additional document or explanation as deemed appropriate for assessment by CBK.

If any application form is incomplete, CBK will not process it. Also, if the application does not provide complete information that may affect the CBK assessment, it may result in significant processing delays. CBK does not take responsibility for any loss caused to the applicant by any delay.

<b>Insurer Identification Information</b>	
Name of Insurer	
Head Office Location	
Address	
Zip Code	
City	
<b>Information for the Identification of the Application</b>	
(For all applications for opening a branch/subsidiary outside of Kosovo)	
The application is submitted for licence to:	
<input type="checkbox"/>	Open a branch at the following address
<input type="checkbox"/>	Open a subsidiary at the following address
Location	
Address:	
Zip Code:	
City:	
Request for additional information or other communication with regard to this proposal should be sent to:	
Name	
Title	
Email address	
Telephone number	
<b>Statutory and Regulatory Factors</b>	
<b>3. Legality</b>	
For the opening of a branch/subsidiary	
Was this expansion outside Kosovo approved by the Board of Directors ?	<input type="checkbox"/> YES
	<input type="checkbox"/> NO
Is there any restriction imposed by the Regulation on opening or relocation of the branches/subsidiaries in this location?	<input type="checkbox"/> YES

	<input type="checkbox"/>	NO
Is there any other legal issue involved in this proposal?	<input type="checkbox"/>	YES
	<input type="checkbox"/>	NO
If yes, provide legal analyses and fully discuss the legal issue		
<b>4. Organisation and activities</b>		
Has the insurer included the organizational structure of the Office, along with the proposed number of employees, as well as the person(s) proposed as Office Director, accompanied by a description of their respective competences?	<input type="checkbox"/>	YES
	<input type="checkbox"/>	NO
Has the insurer provided the business plan for the office for the first three years of their activity, including the completion of applications requested in Annex D-Financial Projections Form, available at CBK official website under Applications: <a href="http://www.bqk-kos.org">www.bqk-kos.org</a> ?	<input type="checkbox"/>	YES
	<input type="checkbox"/>	NO
<b>5. Only for the subsidiary of the insurer</b>		
If this application form is for opening a subsidiary, have the following additional information been included:		
Information on the identity, location or head office and current year business data for each person possessing shares in the established subsidiary.	<input type="checkbox"/>	YES
	<input type="checkbox"/>	NO

**Desired Date of Action**

/ / .

---

Signature of Authorised Official

---

Name

---

Title

---



Date

\_\_\_\_ / \_\_\_\_ / \_\_\_\_

---

*I/we hereby submit the payment regarding this application pursuant to the CBK Fees Scheme, published on the official website:  
[www.bqk-ks.org](http://www.bqk-ks.org)*

**Amount paid €**

**Transfer No.**

**Payment date**

\_\_\_\_ / \_\_\_\_ / \_\_\_\_

**Paid by**

(Full names)

**Signature**

**Assignment**

**DATE / COMPANY STAMP**



ANNEX

INDIVIDUAL CV

## **GUIDELINE NOTES**

This application form is intended as application form for insurers' requirements on the approval of individual shareholders, directors and senior managers, which can be downloaded from the website of the Central Bank of Kosovo (CBK). During the completion, you should not modify or delete any of the questions. If the completion of this application form is not possible by means of the computer, then you can print it out and fill it in CAPITAL LETTERS AND BLUE INK.

Each section of this Annex requires the information necessary for submission. Depending on the specific circumstances of each case, the CBK may require, through the Licensing and Standardisation Department personnel, additional clarification or information which is considered necessary for its assessment, including the original supporting documentation of the given information.

Regardless, the applicant may also provide other information and additional documents from those requested by CBK, in case they are deemed as adequate in order to clarify and better explain the situation. In any case, the submitted documents should be dated and signed.

Any material change from the information provided in Annex A, during the time the application submitted is being reviewed, should immediately be disclosed to CBK.

Annex A should be filled out in one of the official languages of the Republic of Kosovo. Other attached documents should be submitted in their original language, accompanied with a certified translation in one of the official languages of Republic of Kosovo.

Unless stated otherwise, all absolute amounts should be expressed in thousands of Euros, without decimal digits. Conversion of other currencies in Euro is made using the exchange rate of the last date of the month as published by CBK. Percentage figures should be expressed with the use of only one decimal digit.

Licensing and Standardisation Department personnel are available to provide advice and will try to provide the right instructions accordingly.

If Annex A is not complete or does not disclose all the information which can influence the CBK evaluation, it may result in significant proceeding delays. CBK cannot claim responsibility for any loss caused to the applicant by any delay.

If during the evaluation period it is found that incomplete or false information is presented, CBK may withdraw the registration/approval pursuant to the Article 16 of the Law No. 05/L-045 on Insurance (hereinafter "Law on Insurance").

**Name of the individual**

\_\_\_\_\_

**This CV is part of the following application form**

\_\_\_\_\_

**Name of the potential applicant company/insurer**

\_\_\_\_\_

<b>Type of application</b>		<b>Current or potential role</b>	
<input type="checkbox"/>	Insurance license	<input type="checkbox"/>	Director
<input type="checkbox"/>	Changes in control	<input type="checkbox"/>	Senior Manager
<input type="checkbox"/>	Changes in management	<input type="checkbox"/>	Actuary
<input type="checkbox"/>	Other (specify) _____	<input type="checkbox"/>	Other (specify) _____

## 1. IDENTIFICATION DATA

### 1.1. Name and Surname

Name	█
Middle name	█
Surname	█

### 1.2. Address

Street	█
Zip Code	█
City	█
Region/Country	█

### 1.3. Date of birth (dd/MM/yyyy)

█ / █ / █
-----------

### 1.4. Place of birth

City	█
Region	█
Country	█

### 1.5. Gender:

<input type="checkbox"/>	Male	<input type="checkbox"/>	Female
--------------------------	------	--------------------------	--------

### 1.6. Current citizenship

Country	█
Initial date	█

### 1.7. Previous citizenship (if different from the current)

Country	█
Initial date	█
Final date	█

1.8. Type of ID		ID Number	Country
<input type="checkbox"/>	National ID	■	■
<input type="checkbox"/>	Passport	■	■
<input type="checkbox"/>	Resident permit	■	■
<input type="checkbox"/>	Other (specify) <u>■</u>	■	■

**1.9. Telephone numbers (including the prefix of the country and city)**

Landline	■
Mobile	■

**1.10. Email address**

■

**1.11. Indicate all your places of residence in the last three (3) years in chronological order (start from the most recent)**

CITY	COUNTRY	REASON	FROM (MM / YY)	UNTIL (MM /YY)
■	■	■	■	■
■	■	■	■	■
■	■	■	■	■
■	■	■	■	■
■	■	■	■	■

## 2. EDUCATION BACKGROUND

### 2.1. The highest education level achieved (university, high school etc.)

EDUCATION LEVEL	INSTITUTION	PERIOD	DIPLOMA
█	█	█	█
█	█	█	█
█	█	█	█
█	█	█	█

### 2.2. Specific vocational trainings

SUBJECT	INSTITUTION AND PLACE	YEAR(S)	OVERALL TRAINING PERIOD
█	█	█	█
█	█	█	█
█	█	█	█
█	█	█	█
█	█	█	█
█	█	█	█
█	█	█	█
█	█	█	█

## 3. PROFESSIONAL EXPERIENCE

### 3.1. Employment or self-employment in reverse chronological order (current employment first)

PERIOD (mm/yyyy)	INSTITUTION /COMPANY AND COUNTRY	POSITION	MAIN FUNCTIONS	DISCHARGED OR REQUESTED TO RESIGN (Y/N)
█	█	█	█	█
█	█	█	█	█
█	█	█	█	█
█	█	█	█	█
█	█	█	█	█





## 5. PARTICIPATION IN DIFFICULT FINANCIAL SITUATIONS

### 5.1. Participation in a company under administration, bankruptcy or liquidation within three (3) years of leaving

COMPANY	POSITION	% of CAPITAL	PROCESS	INITIAL DATE

### 5.2. Participation in non-performing loans, as a borrower or guarantor

CREDITOR	BORROWER	PERSONAL PARTICIPATION	AMOUNT	DATE

## 6. CRIMINAL OFFENCES AND DISCIPLINARY MEASURES

### 6.1. Any sanction by any court against you/ or any business or company which you have cooperated with as a senior manager, director or important shareholder (with ten percent (10 %) of the capital or more)

DATE	COURT	BUSINNES/COMPANY	POSITION	% of CAPITAL	OFFENSE	SANCTION

### 6.2. Sanctions by any law implementing agency against you, the business or company with which you were related as a senior manager, director or important shareholder (with ten percent (10 %) of the capital or more)

DATE	AGENCY	BUSINESS/COMPANY	POSITION	% of CAPITAL	OFFENSE	SANCTION

*I hereby declare that the above statements and the documents submitted are true and correct to the best of my knowledge and belief. Any substantial changes to the information stated herein or in the referred document will be immediately communicated to the authorities within a period not later than five (5) days from the date of such changes taking place.*

**Date** \_\_\_\_\_

**Place** \_\_\_\_\_

**Signature** \_\_\_\_\_

**Full name:** \_\_\_\_\_



ANNEX

SHAREHOLDER COMPANY  
REPORT (CR)

## **GUIDELINE NOTES**

This application form is intended as application form for insurers' requirements on the approval of shareholders organised as business organization, which can be downloaded from the Central Bank of Kosovo (CBK) website. During the completion, you should not modify or delete any of the questions. If the completion of this application form is not possible by means of the computer, then you can print it out and fill it in CAPITAL LETTERS IN BLUE INK.

Each section of Annex B describes the information necessary for submission. Depending on the specific circumstances in each case, the CBK may ask, through the Licensing and Standardisation Department personnel, for additional clarifications or information which is considered as needed for the assessment, including the original support documentation of the given information.

However, the applicant may also provide information and other documents from those requested by CBK if they are deemed as adequate in order to clarify and explain the situation better. In any case, the submitted documents should be dated and signed.

Any material change in the documentation from the information provided in Annex B, during the time the application submitted is being reviewed, should immediately be disclosed to CBK.

Annex B should be completed in one of the official languages of the Republic of Kosovo. Other attached documents should be submitted in their original language, accompanied with a certified translation in one of the official languages of Republic of Kosovo.

Unless stated otherwise, all absolute amounts should be expressed in thousands of Euros, without decimal digits. For the conversion of other currencies in Euro, the exchange rate of the last date of the month should be used as published by CBK. Percentage figures should be expressed with the use of only one decimal digit.

Licensing and Standardisation Department personnel are available to provide advice and will try to provide the right instructions accordingly.

If Annex B is not complete or does not disclose all the information which can influence the CBK evaluation, it may result in significant delays for proceeding. CBK cannot claim responsibility for any loss caused to the applicant by any delay.

If during the evaluation period it is found that incomplete or false information is presented, CBK may withdraw the registration/approval pursuant to the Law No. 05/L-045 on Insurance (hereinafter Law on Insurance).

<b>Company name</b>	
[REDACTED]	
<b>This report is part of the following application form</b>	
[REDACTED]	
<b>Name of the potential applicant company/insurer</b>	
[REDACTED]	
<b>Type of Application</b>	<b>Actual or potential role</b>
<input type="checkbox"/> New insuring licence	<input type="checkbox"/> Shareholder
<input type="checkbox"/> Changes in control	<input type="checkbox"/> Other (specify) [REDACTED]
<input type="checkbox"/> Other (specify) [REDACTED]	

<b>1. IDENTIFICATION DATA</b>	
<b>1.1. Full name and designation</b>	
[REDACTED]	
<b>1.2. Type of company</b> (Joint Stock, Limited Liability Company, etc.)	
[REDACTED]	
<b>1.3. Date and place of registration as in Articles of Association (charter)</b> (dd / mm / yyyy)	
[REDACTED] / [REDACTED] / [REDACTED]	
<b>1.4. Business Registration Number</b>	
[REDACTED]	
<b>1.5. Address of Company Headquarters</b>	
Street	[REDACTED]
Zip Code	[REDACTED]
City	[REDACTED]
Telephone	[REDACTED]
Fax	[REDACTED]
Email address	[REDACTED]



### 3.2. Related individuals

NAME	ID NUMBER	DATE OF BIRTH	PLACE	ASSOCIATED COMPANY	BUSINESS REG. NUMBER	% OF OVERALL CAPITAL (DIR.+IND.)	RELATIONS WITH COMPANY	TELEPHONE NUMBER	EMAIL ADDRESS
█	█	█	█	█	█	█	█	█	█
█	█	█	█	█	█	█	█	█	█
█	█	█	█	█	█	█	█	█	█

### 3.3. Business Partners

NAME/COMPANY	ID/BUSINESS REG. NUMBER	BASIC CONTROLLER	BUSINESS/ACTIVITY	RELATIONS	% OF CAPITAL OWNED
█	█	█	█	█	█
█	█	█	█	█	█
█	█	█	█	█	█

### 4. Professional Activity

#### 4.1. Main business lines

BUSINESS LINES	ANNUAL TURNOVER	ANNUAL PROFITS
█	█	█
█	█	█
█	█	█

#### 4.2. Main clients/customers

CLIENT/ CUSTOMER	BUSINESS LINE	ANNUAL TURNOVER
█	█	█
█	█	█
█	█	█

#### 4.3. The main activity in connection with financial services

PERIOD	FINANCIAL INSTITUTION	PROJECT/ACTIVITY	ANNUAL TURNOVER
█	█	█	█
█	█	█	█
█	█	█	█

**5. REFERENCES AND PROFESSIONAL ASSOCIATIONS (DO NOT APPLY TO RELATED COMPANIES OF THE POTENTIAL APPLYING COMPANY/INSURER)**

**5.1. Professional references, which are not related in any way or associated with the application form for which this annex is attached (at least three (3))**

NAME	INSTITUTION/ COMPANY	POSITION	POSTAL ADDRESS	TELEPHONE	EMAIL ADDRESS

**5.2. Professional Associations**

PROFESSIONAL ASSOCIATION	MEMBER SINCE	POSITION

**6. PREVIOUS APPLICATIONS**

**6.1. Participation in previous applications**

DATE	REGULATORY AGENCY	TYPE OF APPLICATION	ROLE	FINAL DECISION

**7. PARTICIPATION IN DIFFICULT FINANCIAL SITUATIONS**

**7.1. Participation in a company that has been under administration, bankruptcy or liquidation during association/relation or within three (3) years after departure**

COMPANY	RELATIONS	PROCESS	START DATE

**7.2. Participation in non-performing loans, as a borrower or guarantor**

CREDITOR	BORROWER	POSITION	AMOUNT	DATE	LOSSES



## 8. CRIMINAL OFFENCES AND DISCIPLINARY MEASURES

### 8.1. Sanctions by any court

DATE	COURT	OFFENCE	SANCTION

### 8.2. Sanctions by any law enforcement agency

DATE	AGENCY	OFFENCE	SANCTION

## 9. FINANCIAL STATEMENTS (only for those companies applying as existing or potential shareholders?)

This section should be completed only by those companies that apply as existing or potential shareholders. Precise details of financial statements, for the last three years, should be attached as additional to the information below.

### 9.1. Financial Statements for at least three (3) past years

DATE	EXTERNAL AUDITOR

### 9.2. Summary of financial statements for the past three (3) years

ASSETS				LIABILITIES			
TYPE	YEAR X AMOUNTS	YEAR X-1 AMOUNTS	YEAR X-2 AMOUNTS	TYPE	YEAR X AMOUNTS	YEAR X-1 AMOUNTS	YEAR X-2 AMOUNTS
Cash in banks				Bank loans			
Receivables				Payable Accounts			
Inventory				Other liabilities			
Fixed assets				<b>TOTAL LIABILITIES</b>			
Other assets				<b>NET VALUE</b>			
<b>TOTAL ASSETS</b>				<b>TOTAL LIABILITIES AND NET VALUE</b>			

### 9.3. Other assets and liabilities (details when higher than 10 % of total assets)

YEAR	ASSETS/LIABILITIES	DESCRIPTION	AMOUNT

<b>9.4. Profit and loss for the past three (3) years</b>			
<b>PROFIT AND LOSS</b>	<b>YEAR X AMOUNTS</b>	<b>YEAR X-1 AMOUNTS</b>	<b>YEAR X-2 AMOUNTS</b>
Sales	■	■	■
Cost of sales	■	■	■
General expenses	■	■	■
<b>NET ORDINARY INCOME</b>	■	■	■
Extraordinary items (net)	■	■	■
<b>TOTAL NET INCOME</b>	■	■	■
<b>9.5. Net cash flow for the last three (3) years (amounts and dates)</b>			
<b>NET CASH FLOW</b>	<b>YEAR X</b>	<b>YEAR X-1</b>	<b>YEAR X-2</b>
	■	■	■

We hereby declare that the above statements and the documents submitted are true and correct to the best of my knowledge and belief. Any substantial changes to the information stated herein or in the referred documents shall be immediately communicated to authorities within a period of no more than five (5) days from the date of such changes taking place.

<b>Date</b>	■ / ■ / ■■
<b>Place</b>	■
<b>Signature</b>	■
<b>Full name</b>	■
<b>Position</b>	■
<b>Signature</b>	■
<b>Full name</b>	■
<b>Position</b>	■





ANNEX

CV OF INDIVIDUAL  
SHAREHOLDER

## GUIDELINE NOTES

This form serves as an application for insurers' request for approval of individual shareholders, which can also be downloaded from the website of Central Bank of the Republic of Kosovo (CBK). When filling in the form, you should not modify or delete any of the questions. . If the completion of this form is not possible by means of a computer, you can print out the form and fill it in CAPITAL LETTERS AND IN BLUE INK.

Each section of Annex C describes the information necessary for submission. Depending on the specific circumstances in each case, the CBK may ask, through the Licensing and Regulation Department staff, for additional clarifications or information which is considered as needed for the assessment, including the original support documentation of the given information.

However, the applicant may also provide other information and documents from those requested by CBK if they are deemed as adequate in order to better clarify and explain the situation. In any case, the submitted documents should be dated and signed.

Any material changes to the information provided in Annex C, taking place during the time while the application for which it is submitted is being reviewed, should immediately be disclosed to the CBK..

Annex C must be completed in one of the official languages of the Republic of Kosovo. The Financial Statements and other attached documents must be submitted in their original language, accompanied by a certified translation into one of the official languages of the Republic of Kosovo.

Unless stated otherwise, all absolute amounts should be expressed in thousands of Euros, without decimal digits. Conversion of other currencies in Euro is made by using the exchange rate on the end of the month. Percentage figures should be expressed with the use of only one decimal digit.

Licensing and Regulation Department staff is available to provide advice and will try to provide the right instructions accordingly.

If Annex C is incomplete or does not disclose all the information which can influence the CBK evaluation, it may result in significant delays in processing the application. CBK shall not be held responsible for any losses incurred to the applicant from any delay.

If, during the assessment period, it is discovered that incomplete or false information was provided, the CBK may revoke the registration / approval pursuant to Article 16 of Law no. 05/L-045 on Insurance, hereinafter referred to as the "Law on Insurance".

**Name of the individual**

█

**This CV of the shareholder is part of the following application**

█

**Name of the potential applicant company/insurer**

█

**Type of application**

**Current or potential role**

New insurer licence

Shareholder

Changes in control

Other (specify)

█

## 1. IDENTIFICATION DATA

### 1.1. Name and surname

Name	█
Middle name	█
Surname	█

### 1.2. Address

Street	█
Postal code	█
Town	█
Region/Country	█

### 1.3. Date of birth (dd/MM/yyyy)

█ / █ / █

### 1.4. Place of birth

Town	█
Region	█
Country	█

### 1.5. Gender:

Male  Female

### 1.6. Current citizenship

Country	█
Initial date	█

### 1.7. Previous citizenship (if different from the current)

Country	█
Initial date	█
Final date	█

1.8. Type of ID		ID Number	Country
<input type="checkbox"/>	National ID	█	█
<input type="checkbox"/>	Passport	█	█
<input type="checkbox"/>	Resident permit	█	█
<input type="checkbox"/>	Other (specify) _____	█	█

**1.9. Telephone numbers** (including the prefix of the country and of the town)

Landline	█
Mobile	█

**1.10. Electronic address**

█

**1.11. Indicate all places of residence in the last three (3) years in reverse chronological order** (current residence first)

TOWN	COUNTRY	REASON	FROM (MM/YY)	TO (MM/YY)
█	█	█	█	█
█	█	█	█	█
█	█	█	█	█
█	█	█	█	█
█	█	█	█	█



**2. Related individual, related companies ad business partners**

**2.1. Related companies – companies controlled by reported individuals**

COMPANY	BUSINES REGISTRATION NUMBER	COUNTRY	MAIN BUSINESS/ACTIVITY	DATE OF ESTABLISHMENT	OVERALL PERCENTAGE OF CAPITAL (DIR.+IND.)	OVERALL INVESTMENTS IN THE COMPANY	TELEPHONE NUMBER	EMAIL ADDRESS
█	█	█	█	█	█	█	█	█
█	█	█	█	█	█	█	█	█
█	█	█	█	█	█	█	█	█

**2.2. Related companies – companies where the reported individual is the principal controller, individual shareholder, director and/or senior manager**

COMPANY	BUSINES REGISTRATION NUMBER	COUNTRY	MAIN BUSINESS/ACTIVITY	DATE OF ESTABLISHMENT	OVERALL PERCENTAGE OF CAPITAL (DIR.+IND.)	OVERALL INVESTMENTS IN THE COMPANY	TELEPHONE NUMBER	EMAIL ADDRESS
█	█	█	█	█	█	█	█	█
█	█	█	█	█	█	█	█	█
█	█	█	█	█	█	█	█	█

**2.3. Related individuals – principal controller, individual shareholder, directors and senior managers of related companies**

NAME	ID NUMBER	DATE OF BIRTH	COUNTRY	RELATED COMPANY	NUMBER OF BUSINESS REGISTRATIONS	OVERALL PERCENTAGE OF CAPITAL (DIR.+IND.)	RELATIONSHIP WITH THE COMPANY	TELEPHONE NUMBER	EMAIL ADDRESS
█	█	█	█	█	█	█	█	█	█
█	█	█	█	█	█	█	█	█	█
█	█	█	█	█	█	█	█	█	█

**2.4. Related individuals – relatives of the reported individual**

NAME OF THE RELATIVE	ID NUMBER	BUSINESS/ACTIVITY	RELATIONSHIP
█	█	█	█
█	█	█	█
█	█	█	█



**2.5. Related Individuals– relatives of the related individuals different from the reported individual**

NAME OF THE RELATIVE	ID NUMBER	BUSINESS/ACTIVITY	RELATED INDIVIDUAL	RELATIONSHIP
█	█	█	█	█
█	█	█	█	█
█	█	█	█	█

**2.6. Business partners**

NAME / COMPANY	ID/ BUSINES REGISTRATION NUMBER	PRINCIPAL CONTROLLER	BUSINESS/ACTIVITY	RELATIONSHIP	% OF OWNED CAPITAL
█	█	█	█	█	█
█	█	█	█	█	█
█	█	█	█	█	█

**3. EDUCATION BACKGROUND****3.1. The highest education level achieved (university, secondary school ,etj.)**

Education level	Institution	Period	Diploma
█	█	█	█
█	█	█	█
█	█	█	█

**3.2. Specific vocational training**

Topic	Institution	Year(s)	Overall training period
█	█	█	█
█	█	█	█
█	█	█	█
█	█	█	█
█	█	█	█

**4. PROFESSIONAL EXPERIENCE****4.1. Employment of self-employment in reverse chronological order (current employment first)**

PERIOD	INSTITUTION / COMPANY	POSITION	MAIN FUNCTIONS	DISCHARGED OR REQUESTED TO RESIGN (Y/N)
█	█	█	█	█
█	█	█	█	█
█	█	█	█	█

**4.2. Insurance/financing experience in reverse chronological order, most recent experience first (only if not mentioned in the previous table)**

█	█	█	█	█
█	█	█	█	█

## 5. PREVIOUS APPLICATIONS

### 5.1. Participation in previous applications

DATE	REGULATORY AGENCY	TYPE OF APPLICATION	ROLE	FINAL DECISION

## 6. PARTICIPATION IN TROUBLED FINANCIAL SITUATIONS

### 6.1. Participation in a company which is under administration, bankruptcy or liquidation during cooperation or within three (3) years after leaving

COMPANY	POSITION	% OF CAPITAL	PROCESS	START DATE

### 6.2. Participation in delayed loans, as a borrower or guarantor

CREDITOR	BORROWER	PERSONAL PARTICIPATION	AMOUNT	DATE	FINAL LOSS

## 7. CRIMINAL OFFENCES AND DISCIPLINARY MEASURES

### 7.1. Any sanction by any court against you/or any business or company which you have cooperated with as a senior manager, director or important shareholder (with 10 or more % of the capital)

DATE	COURT	BUSINESS/COMPANY	POSITION	% OF CAPITAL	OFFENCE	SANCTION

### 7.2. Sanctions by any law enforcement agency against you, the business or company with which you were related as a senior manager, director or important shareholder (with ten percent (10 %) or more of the capital)

DATE	AGENCY	BUSINESS/COMPANY	POSITION	% OF CAPITAL	OFFENCE	SANCTION

--	--	--	--	--	--	--

## 8. FINANCIAL STATEMENTS (NET VALUE)

Complete the following financial data for the last three years:

### 8.1. Financial statements data for the last three years (net value) (dd/MM/yyyy)

/ /	/ /	/ /
-----	-----	-----

### 8.2. Summarised financial statements for the last three (3) years

ASSETS				LIABILITIES			
TYPE	YEAR X AMOUNTS	YEAR X-1 AMOUNTS	YEAR X-2 AMOUNTS	TYPE	YEAR X AMOUNTS	YEAR X-1 AMOUNTS	YEAR X-2 AMOUNTS
Cash, bank deposits, tradable securities				Mortgage on immovable assets			
Pension funds				Other bank loans			
Immovable assets				Other liabilities			
Ownership interests				<b>TOTAL LIABILITIES</b>			
Other assets				<b>NET VALUES</b>			
<b>TOTAL ASSETS</b>				<b>TOTAL LIABILITIES AND NET VALUE</b>			

### 8.3. Details of ownership interests (one row for business or company):

LEGAL FORM OF BUSINESS	REGISTRATION NUMBER	NATURE OF BUSINESS	POSITION	% OF CAPITAL	ESTIMATED VALUE	LAST YEAR'S TURNOVER	LAST YEAR'S PROFITS

### 8.4. Other assets and liabilities (provide details when each is higher than five (5%) of total assets)

YEAR	ASSETS / LIABILITIES	DESCRIPTION	AMOUNT

### 8.5. Net income for the last three (3) years

NET INCOMES	YEAR X AMOUNTS	YEAR X-1 AMOUNTS	YEAR X-2 AMOUNTS
Salaries and wages			
Interest and capital gains on financial investments			
Property gains (net , positive or negative)			
Other incomes			
<b>INCOMES</b>			
Net ordinary income			
Financial expenses			
Tax			
<b>EXPENSES</b>			
<b>NET INCOMES</b>			

### 8.6. Net cash flow for the last three (3) years (amounts and dates)

NET CASH FLOW	YEAR X	YEAR X-1	YEAR X-2
---------------	--------	----------	----------



	<b>Name of the potential insurer:</b>		
	<b>Business address:</b>		
	<b>No. of registration:</b>		
<b>Balance sheet</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Assets</b>			
Cash and deposits at the Central Bank	- €	- €	- €
Deposits at banks	- €	- €	- €
Financial assets held for trading	- €	- €	- €
Financial assets determined according to the fair value (fair value)	- €	- €	- €
Available-for-sale assets	- €	- €	- €
Financial assets held to maturity	- €	- €	- €
Loans and receivables	- €	- €	- €
From the insured	- €	- €	- €
By agents, brokers and intermediaries	- €	- €	- €
From reinsurers	- €	- €	- €
Others	- €	- €	- €
Investments in property	- €	- €	- €
Other tangible assets	- €	- €	- €
Long-term assets held for sale	- €	- €	- €
Goodwill	- €	- €	- €
Intangible assets	- €	- €	- €
Investments in subsidiaries, partnerships and (Joint Ventures)	- €	- €	- €
The reinsurer's share for technical reserves:	- €	- €	- €
Mathematical reserve	- €	- €	- €
Reserve for premiums	- €	- €	- €
Reserve for damages	- €	- €	- €
Deferred Acquisition Costs (DAC)	- €	- €	- €
Current tax assets	- €	- €	- €
Deferred tax assets	- €	- €	- €
Other assets	- €	- €	- €
<b>Total Assets</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>
<b>Shareholder's equity</b>			
Equity capital paid	- €	- €	- €
The premium part	- €	- €	- €
Other equity instruments	- €	- €	- €
Repurchased shares (-)	- €	- €	- €
Revaluation reserve	- €	- €	- €
Other reserves	- €	- €	- €
Retained earnings	- €	- €	- €
Net Profit/Loss for the period	- €	- €	- €
<b>Total shareholders' equity</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>
Non-controlling interests	- €	- €	- €
<b>Total Equity</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>
<b>Liabilities</b>			
Technical reserves	- €	- €	- €
Reserve for gross premiums:	- €	- €	- €
Unearned premiums	- €	- €	- €
Unexpired risk	- €	- €	- €
Reserve for gross claims:	- €	- €	- €
Regulated but not paid	- €	- €	- €
Acknowledged but not regulated	- €	- €	- €
Incurred but not reported	- €	- €	- €
Mathematical reserve	- €	- €	- €
Financial liabilities determined according to the fair value	- €	- €	- €
Loans and liabilities from independent securities	- €	- €	- €
Subordinated debts	- €	- €	- €
Liabilities included in long-term assets held for sale	- €	- €	- €
Other payables accounts	- €	- €	- €
To the insured	- €	- €	- €
Payable reinsurance	- €	- €	- €
State and government liabilities	- €	- €	- €
To agents, brokers, intermediaries	- €	- €	- €
Other payables	- €	- €	- €
Liabilities to employees	- €	- €	- €
Provisions	- €	- €	- €
Current tax liabilities	- €	- €	- €
Deferred tax liabilities	- €	- €	- €
Other liabilities	- €	- €	- €
<b>Total liabilities</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>
<b>Total equity and liabilities</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>

	<b>Name of the potential insurer:</b>		
	<b>Business address:</b>		
	<b>No. of registration:</b>		
<b>Income statement</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Gross written premiums	- €	- €	- €
Premiums ceded to the reinsurer	- €	- €	- €
(Change) reserves for unearned premiums	- €	- €	- €
(Change) reserves for unearned premiums (ceded reinsurance)	- €	- €	- €
(Change) reserve for outstanding risk	- €	- €	- €
(Change) reserve for outstanding risk (ceded reinsurance)	- €	- €	- €
<b>Net earned premiums</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>
Gross claims paid	- €	- €	- €
Claims paid (reinsurance ceded)	- €	- €	- €
(Change) reserves for reported claims	- €	- €	- €
(Change) reserves for reported claims (ceded reinsurance)	- €	- €	- €
(Change) reserves for claims incurred but not reported	- €	- €	- €
(Change) reserves for claims incurred but not reported (reinsurance ceded)	- €	- €	- €
(Change) Mathematical Reserve			
(Change) mathematical reserve (ceded reinsurance)			
Part of the profits / losses			
<b>Damages incurred</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>
Acquisition costs	- €	- €	- €
(Change) deferred acquisition costs	- €	- €	- €
Administrative expenditure	- €	- €	- €
Reinsurance commissions	- €	- €	- €
Administrative expenditures KIB	- €	- €	- €
Expenditures for the Compensation Fund	- €	- €	- €
Expenditures for Green Cards	- €	- €	- €
Fee for the Insurance Association of Kosovo	- €	- €	- €
<b>Net operating expenses</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>
Interest earned from financial assets	- €	- €	- €
Dividends earned from financial assets	- €	- €	- €
Other financial income	- €	- €	- €
<b>Financial income</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>
Interest expenditures from financial liabilities	- €	- €	- €
Other financial costs	- €	- €	- €
<b>Financial costs</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>
Net profit/(loss) from assets and liabilities determined according to the fair value	- €	- €	- €
Net profit/(loss) from assets and liabilities held for trading	- €	- €	- €
Net profit/(loss) from available-for-sale assets	- €	- €	- €
Net profit/(loss) from other assets and liabilities	- €	- €	- €
Profit/(loss) from foreign exchange	- €	- €	- €
Impairment losses on financial assets (net from change)	- €	- €	- €
Impairment losses on other assets (net from change)	- €	- €	- €
Other income/expenses	- €	- €	- €
Net profit/(loss) from investments in subsidiary companies, partner, and joint ventures according to the equity me	- €	- €	- €
<b>Net profit before tax</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>
Current income tax	- €	- €	- €
Deferred income tax	- €	- €	- €
<b>Net profit for the period</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>
Of which:			
Net profit for the period from discontinued operations	- €	- €	- €
Net profit attributable to non-controlling interests	- €	- €	- €
<b>Net profit attributable to shareholders</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>







	<b>Name of the potential insurer:</b>		
	<b>Business address:</b>		
	<b>No. of registration:</b>		
<b>Cash flow statement</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Cash and cash equivalents at the beginning of the period</b>	- €	- €	- €
<b>Cash flows from operating activities</b>			
Net Profit for the Period	- €	- €	- €
Adjustments required to adjust the net profit of the period with the net cash flow from operating activities:			
Arrangements for insurance underwriting activities:			
Technical reserve for direct insurance	- €	- €	- €
Technical reserves for the ceded share in Reinsurance	- €	- €	- €
Provisions for investment contracts	- €	- €	- €
Deferred acquisition costs	- €	- €	- €
Other arrangements for insurance underwriting activities	- €	- €	- €
Arrangements for investment activities:			
Dividends earned from financial assets	- €	- €	- €
Interest expense from financial liabilities	- €	- €	- €
Interest income from financial assets	- €	- €	- €
Net gains/(losses) from financial instruments	- €	- €	- €
Fair value of net gains/(losses) in financial instruments calculated according to the fair value	- €	- €	- €
Losses in the value of financial assets (Net from change)	- €	- €	- €
Purchase of securities	- €	- €	- €
Sale and maturity of securities	- €	- €	- €
Deposits at banks	- €	- €	- €
Other arrangements for investment activities	- €	- €	- €
Other adjustments:			
The share of profit from partners and joint ventures calculated according to the equity method	- €	- €	- €
Impairment losses on non-financial assets (net from change)	- €	- €	- €
Depreciation and amortization expenses	- €	- €	- €
Receivables and Payables	- €	- €	- €
Costs of tax on premiums	- €	- €	- €
Changes in assets and deferred tax liabilities	- €	- €	- €
Other non-cash items	- €	- €	- €
<b>Net cash flow from operating activities</b>	- €	- €	- €
<b>Cash flow from investment activities</b>			
Purchase of companies, net cash flow purchased	- €	- €	- €
Sale of companies, net balance of cash	- €	- €	- €
Purchase of tangible assets	- €	- €	- €
Sale of tangible assets	- €	- €	- €
Loans granted to related parties	- €	- €	- €
Repayment of loans granted to related parties	- €	- €	- €
Other investing activities	- €	- €	- €
<b>Net cash from investing activities</b>	- €	- €	- €
<b>Cash flow from financing activities</b>			
Income from issuance of ordinary shares	- €	- €	- €
Revenue from the issue of preferential returnable shares	- €	- €	- €
Purchase of treasury shares	- €	- €	- €
Income from loans	- €	- €	- €
Ripagesa e kredive	- €	- €	- €
Revenue from issuing convertible bonds	- €	- €	- €
Dividends paid to the shareholders of the company	- €	- €	- €
Dividends paid for minority interests (not controllable)	- €	- €	- €
<b>Net cash from financing activities</b>	- €	- €	- €
Net (decrease)/increase in cash and cash equivalents	- €	- €	- €
(Losses)/gains on the currency exchange and its equivalents	- €	- €	- €
<b>Cash and cash equivalents at the end of the period</b>	- €	- €	- €

	Name of the potential insurer:		
	Business address:		
	No. of registration:		
<b>Solvency and Capital</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>PART I</b>			
<b>1 Solvency and Capital - Table of Reserves for claims</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
1.1 Requirements for outstanding claims at the beginning of the period	- €	- €	- €
1.2 Paid claims	- €	- €	- €
1.3 Requirements for outstanding claims at the end of the period	- €	- €	- €
<b>1.4 Incurred losses (1.2 + 1.3) - 1.1</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>
<b>1.5 Averaged incurred losses</b>			- €
<b>2 Table of part of reinsurer requirements</b>			
2.1 Part of reinsurance for pending claims at the beginning of the period	- €	- €	- €
2.2 Accepted reinsurance	- €	- €	- €
2.3 Part of reinsurance for pending claims at the end of the period	- €	- €	- €
<b>2.4 Part of reinsurance for incurred claims</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>
<b>2.5 Net incurred losses (held claims)</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>
<b>2.6 Holding level</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
<b>2.7 Average of holding level</b>			<b>#DIV/0!</b>
<b>3 Based on premiums</b>			
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
3.1 Gross written premiums	- €	- €	- €
3.2 Change of premiums	- €	- €	- €
3.3 For QI: 11,12,13 increase of premium for 50%	- €	- €	- €
3.4 Others (tax & reinsurance)	- €	- €	- €
<b>3.5 Total</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>
3.6 First layer (fixed to 10 million)	- €	- €	- €
3.7 Second layer (more than 10 million)	- €	- €	- €
3.8 Percentage of the first layer (fixed)	- €	- €	- €
3.9 Percentage of the second layer (fixed)	- €	- €	- €
<b>3.10 Result based on premiums</b>		-	-
3.11 Holding level	#REF!	#DIV/0!	#DIV/0!
<b>3.12 Result of solvency based on premiums</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>
<b>4 Based on claims</b>			
4.1 Incurred gross claims (see table of claims)	- €	- €	- €
4.2 First layer (fixed)	- €	- €	- €
4.3 Second layer	- €	- €	- €
4.4 Percentage of the first layer (fixed)	- €	- €	- €
4.5 Percentage of the second layer (fixed)	- €	- €	- €
4.6 Sum of the first layer	- €	- €	- €
4.7 Net and gross incurred claims ratio	#DIV/0!	#DIV/0!	#DIV/0!
<b>4.8 Minimum percentage</b>			
<b>5 Result of solvency based on claims</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>
<b>5 Required solvency</b>			
5.1 Based on premiums	- €	- €	- €
5.2 Based on claims	- €	- €	- €
5.3 Required solvency	- €	- €	- €
5.4 Required solvency for the previous year	- €	- €	- €
<b>5.5 Solvency based on growth of 150%</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>
<b>PART II</b>			
<b>6 Requirements for capital</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
6.1 Initial capital - Contributed	- €	- €	- €
6.2 Revaluation reserve	- €	- €	- €
6.3 Others	- €	- €	- €
6.4 Accumulated profits/losses	- €	- €	- €
<b>6.5 Net Property (Equity) - Charter Capital</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>
6.6 Premiums receivable and debtors from the reinsurance for more than 90 days	- €	- €	- €
6.7 Borrowings and receivables with related parties	- €	- €	- €
6.8 Debtors and other accounts receivable, which do not derive from the insurance activity	- €	- €	- €
6.9 Borrowings from brokers and agents	- €	- €	- €
6.10 50% of DAC	- €	- €	- €
6.1 100% expenses paid in advance and deferred tax assets	- €	- €	- €
6.12 Other assets, not excluded from any responsibility or liability	- €	- €	- €
6.1 Other assets which are not easily convertible into cash	- €	- €	- €
6.14 Participations or possessions in ownership of other insurance companies, reinsurers	- €	- €	- €
6.2 Fixed assets - inventory	- €	- €	- €
6.16 Intangible Assets	- €	- €	- €
6.2 Other	- €	- €	- €
<b>6.18 Available Capital</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>
<b>7 Guarantee fund according to the law</b>	<b>3,200,000 €</b>	<b>3,200,000 €</b>	<b>3,200,000 €</b>
<b>8 Request for capital according to the guarantee fund</b>	<b>(3,200,000) €</b>	<b>(3,200,000) €</b>	<b>(3,200,000) €</b>
<b>9 Request for solvency coverage</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10 Final request for capital growth</b>	<b>3,200,000 €</b>	<b>3,200,000 €</b>	<b>3,200,000 €</b>

Name of potential insurer: \_\_\_\_\_  
 Business Address: \_\_\_\_\_  
 No. of registration: \_\_\_\_\_

Statement of assets covering technical provisions		Year I			Year II			Year III		
No.	Investments	The amount invested	% allowed	The amount allowed	The amount invested	% allowed	The amount allowed	The amount invested	% allowed	The amount allowed
1	Bank deposits over 3 months		Unlimited	- €		Unlimited	- €		Unlimited	- €
2	Securities and bonds	- €		- €	- €		- €	- €		- €
2.1	Issued by the Government of Kosovo	- €	Unlimited	- €	- €	Unlimited	- €	- €	Unlimited	- €
2.1.1	Treasury bonds	- €		- €	- €		- €	- €		- €
2.1.2	Bonds	- €		- €	- €		- €	- €		- €
2.1.3	Other financial instruments	- €		- €	- €		- €	- €		- €
2.2	Issued and guaranteed by EU member states, with a rating not lower than BBB	- €	20% in total 5% individually	- €	- €	20% in total 5% individually	- €	- €	20% in total 5% individually	- €
2.2.1	Treasury bonds	- €		- €	- €		- €	- €		- €
2.2.2	Bonds	- €		- €	- €		- €	- €		- €
2.2.3	Other financial instruments	- €		- €	- €		- €	- €		- €
3	Land and buildings	- €	20% in total, 10% on individual investments	- €	- €	20% in total, 10% on individual investments	- €	- €	20% in total, 10% on individual investments	- €
3.1	for personal use	- €		- €	- €		- €	- €		- €
3.2	for investment purposes	- €		- €	- €		- €	- €		- €
4	Cash and cash equivalents	- €	3%	- €	- €	3%	- €	- €	3%	- €
4.1	Deposits <= 3 muaj	- €		- €	- €		- €	- €		- €
4.2	Current Accounts	- €		- €	- €		- €	- €		- €
4.3	Cash on hand	- €		- €	- €		- €	- €		- €
5	Receivables with insurers	- €		- €	- €		- €	- €		- €
5.1	Rated > = BBB	- €	Unlimited	- €	- €	Unlimited	- €	- €	Unlimited	- €
5.2	Rated < BBB	- €	25%	- €	- €	25%	- €	- €	25%	- €
6	Reinsurance share in technical provisions	- €		- €	- €		- €	- €		- €
6.1	Rated > = BBB	- €	Unlimited	- €	- €	Unlimited	- €	- €	Unlimited	- €
6.2	Rated < BBB	- €	25%	- €	- €	25%	- €	- €	25%	- €
7	Interest accumulated from investments	- €	5%	- €	- €	5%	- €	- €	5%	- €
8	Premiums receivables, up to 90 days	- €	up to 20% of the unearned premium	- €	- €	up to 20% of the unearned premium	- €	- €	up to 20% of the unearned premium	- €
8.1	by policyholders	- €		- €	- €		- €	- €		- €
8.2	by intermediaries	- €		- €	- €		- €	- €		- €
9	Other long-term assets other than (land and buildings)	- €	5%	- €	- €	5%	- €	- €	5%	- €
10	Total assets invested in covering technical provisions	- €		- €	- €		- €	- €		- €

No.	Technical provisions, XX/XX/20XX	Amount	Amount	Amount
1	Provisions for unearned premium and unexpired risk	- €	- €	- €
2	Provisions for loss and loss adjustment costs	- €	- €	- €
3	Other technical provisions	- €	- €	- €
4	Total amount required to cover technical provisions	- €	- €	- €
5	Total assets covering technical provisions	- €	- €	- €
6	Total technical provisions	- €	- €	- €
7	Difference	- €	- €	- €