



Based on Article 35, paragraph 1, sub-paragraph 1.1 of the Law No. 03/L-209 on the Central Bank of the Republic of Kosovo (Official Gazette of the Republic of Kosovo No.77/16, August 2010) in accordance with Article 4, paragraph 3, and Article 14 paragraph 3 of the Law No. 05/L-045 on Insurances, the Board of the Central Bank of the Republic of Kosovo, in the meeting held on 31 August 2017, approved the following:

## **REGULATION ON ESTABLISHING AND CLOSING INSURERS' BRANCHES AND SUBSIDIARIES WITHIN KOSOVO AND ABROAD**

### **Article 1**

#### **Purpose and scope**

1. This Regulation determines the conditions, requirements, procedures and terms to be followed for establishing and closing insurers' branches in the Republic of Kosovo and establishing insurer branches and subsidiaries outside the Republic of Kosovo.
2. This Regulation shall apply to all insurers and branches of foreign insurers licensed by the CBK to operate in the Republic of Kosovo, with the exception of Article 5, which is not applicable to branches of foreign insurers.

### **Article 2**

#### **Definition**

1. All terms used in this Regulation shall have the same meaning as defined under Article 3 of the Law no. 05/L-045 on Insurances, and as the definitions below for the purpose of this Regulation:
  - 1.1. **Branch** – shall mean the premises for the business activities of the insurer, who establishes a legally dependent branch, by which the insurer will engage in delivery of insurance activities, including other managing and administrative functions as well.
  - 1.2. **Representative Office** – shall mean the place of business activities, not established independently, which reports to the branch of the insurer, and by which the insurer engages in insurance activities.
  - 1.3. **Subsidiary** - shall mean a separate legal person, established by the insurer or the legal entity that is under common control with the insurer.

### **Article 3**

#### **Establishing and/or relocating insurer's branches within the country**

1. An insurer that has decided to establish or relocate one of its branches or offices, including relocation of its headquarters, shall submit an application to the CBK and obtain a prior approval. Moreover, a description of planned activities of the branch or office is required.
2. In case of relocation of the branch or office, the insurer shall beforehand inform the clients of that branch or office for its relocation, and disclose the new location, by placing a notice at a visible part of the facilities of the branch or the office, at least thirty (30) days prior the proposed date of relocation.
3. The insurer must submit to CBK, in writing, the application for approving the establishment/relocating of the branch or the office within the country, along with other information, such as:
  - 3.1 Decision by the decision-making body to establish/relocate the office;
  - 3.2 Description of rationality of establishing/relocating the branch;
  - 3.3 Agreement/contract on rent or any other document proving that the insurer is entitled to use the facilities wherein the branch/subsidiary will perform its activities;
  - 3.4 Exact address of the new branch/office; and
  - 3.5 Written notice on the fulfilment of technical and security conditions in accordance with legal and sub-legal acts applicable for performing insurance operations. This notice should specify the steps undertaken regarding the fulfilment of such conditions, and contain photos that prove the same.
  - 3.6 Proof of payment of the fee;
  - 3.7 Additional information that may be considered necessary by the CBK.
4. The premises in which the insurer's branch/subsidiary will perform its operations should be at least fifteen (15) square meters (m<sup>2</sup>).
5. The CBK may, prior or after approval, audit the branches/office of insurers where the insurer operations are planned to be exercised.
6. After reviewing the application, along with respective documentation, the CBK shall decide on approval or rejection of the request within thirty (30) days from the day of receiving the completed application.
7. CBK shall have the right to suspend the discharge of activities by the branch/subsidiary, should it conclude that technical and security conditions for exercising financial operations are not fulfilled.
8. CBK may grant approval even prior to the audit regarding the fulfilment of conditions stipulated under this Regulation. However, after the examination is performed, the CBK is entitled to suspend the activities of the branch/subsidiary, should it conclude that

technical and security conditions for discharging activities are not fulfilled. In such cases, the CBK shall also, in addition to suspending the exercise of activities, undertake other punitive measure against the insurer, as foreseen under the applicable legislation.

9. During the process of deciding on approving or rejecting the application of the insurer requesting to establish a new branch/subsidiary or to relocate the same, the CBK shall take into account the following:
  - 9.1 The impact that the establishment or relocation of the branch/office would have in the community where the branch/office will perform its activities;
  - 9.2 Insurer's financial situation, and the impact that the establishment/relocation of a branch/office could have, and any other existing or previous enforcement measure against the insurer;
  - 9.3 Any measures necessary, in the function of fulfilling its responsibilities under the applicable legislation.

#### **Article 4**

##### **Approval of closing the insurers' branches/offices within the country**

1. The insurer should submit an application before the CBK requesting approval for closing the branch/subsidiary at least thirty (30) days prior to the proposed closing date.
2. The application for closing the branch or subsidiary should include the following:
  - 2.1. Identification of the branch/office to be closed
  - 2.2. Proposed date for closing; and
  - 2.3. A report explaining the reasons for the closure.
3. Any insurer that proposes the closing of a branch/subsidiary is required to publish the notice for the clients of the branch, in a visible place at the premises of the branch, at least thirty (30) days prior to the proposed date of closing. The notice should emphasize the proposed date of closing, and inform the clients where they can obtain services after the date of closing, and provide a telephone number that clients can use to acquire information.

#### **Article 5**

##### **Establishment of insurers' branches/subsidiaries outside the Republic of Kosovo**

1. In order to establish a branch outside the Republic of Kosovo, insurers must submit a written request to the CBK, accompanied by the following documents:
  - 1.1. Decision by the insurer's decision-making body on approving the expansion outside the Republic of Kosovo;
  - 1.2. the proposed branch's location and area of activity;
  - 1.3. A copy of the rules and procedures of the proposed branch, specifying the activities to be carried out;
  - 1.4. The branch's business plan for the first three (3) years of activity;

- 1.5. The amount of capital that will be invested abroad, as well as payments or expenditure for purchasing or leasing premises, working equipment and other operative expenditures;
  - 1.6. Information on person/s proposed as branch manager, accompanied by a brief description of his/her competences;
  - 1.7. Insurer's projections of financial outcomes after the expansion, and its impact on the financial situation of the insurer;
  - 1.8. The organizational structure of the branch, along with the number of proposed employees;
  - 1.9. Denomination, proposed to be used by the branch, which should correspond to the name of the insurer;
  - 1.10. Other information that may be considered necessary by the CBK.
2. In order to open a subsidiary outside the Republic of Kosovo, the insurer must submit a written request to the CBK, accompanied by the following documentation:
    - 2.1. The documentation required by paragraph 1 of this article;
    - 2.2. The subsidiary's business plan and the estimated impact on the financial situation of the insurer resulting from the expansion of the network for the first three (3) years of operation;
    - 2.3. Information about the board of directors and senior managers of the subsidiary;
    - 2.4. Information about the identity, residence/location or headquarters, and trade records for the last year of any person with influencing participation on the subsidiary;
    - 2.5. Insurance operations that the subsidiary plans to perform.
  3. During the process of deciding to approve or reject the insurer's request for opening the branch or subsidiary outside the Republic of Kosovo, the CBK shall take into account:
    - 3.1. The financial situation of the insurer and the impact that opening the branch or subsidiary outside the Republic of Kosovo may have, as well as any existing or past enforcement measures against the insurer;
    - 3.2. Any other circumstance deemed reasonable, in the function of implementing its responsibilities under the applicable legislation;
  4. Branches of insurers opened outside the territory of the Republic of Kosovo may only perform those activities for which the insurer is licensed in Kosovo;
  5. Within thirty (30) calendar days from the date of receiving the completed application for the branch or subsidiary, the CBK shall approve or reject the application.
  6. This Article shall not apply to branches of foreign insurers licensed in Kosovo.

## **Article 6**

### **Administrative measures**

Any violation of this regulation shall be subject to the measures provided for in Articles 124, 125 and 126 of the Law no. 05/L-045 on Insurance.

## **Article 7**

### **Repeal**

Upon entry into force this Regulation, the provisions of other regulations and acts issued by the CBK regarding the opening and closing of insurers' branches and subsidiaries within and outside of Kosovo shall be repealed.

## **Article 8**

### **Entry into force**

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

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

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Prof. Dr. Bedri Peci