

DECREE**of Národná banka Slovenska of 5 October 2015****laying down investment limits for assets covering technical provisions for insurance undertakings subject to a special regime**

Národná banka Slovenska, in accordance with Article 178(2) of Act No 39/2015 Coll. on insurance and on amendments to certain laws (hereinafter "the Act"), has adopted this Decree:

Article 1**Investment limit for assets covering technical provisions of insurance undertakings**

(1) The following limits shall be set for the individual forms of investment of funds held as technical provisions of insurance undertakings:

- a) the limit for purchase of bonds under Article 178(1)(a) of the Act shall be at most 100% of the value of technical provisions;
- b) the limit for purchase of bonds under Article 178(1)(b) of the Act shall be at most 50% of the value of technical provisions;
- c) the limit for purchase of Treasury bills under Article 178(1)(c) of the Act shall be at most
 1. 80% of the value of technical provisions, if the headquarters of the issuer are situated in a Member State or in a member state of the Organisation for Economic Cooperation and Development (OECD), or in a state which has concluded special lending arrangements with the International Monetary Fund associated with the Fund's general arrangements to borrow;
 2. 3% of the value of technical provisions, if the headquarters of the issuer are not situated in a state under point 1;
- d) the limit for purchase of bonds under Article 178(1)(d) of the Act, except the bonds referred to in points (a) and (b), shall be at most
 1. 25% of the value of technical provisions, if the headquarters of the issuer are situated in a Member State or in a member state of the OECD, or in a state which has concluded special lending arrangements with the International Monetary Fund associated with the Fund's general arrangements to borrow;
 2. 3% of the value of technical provisions, if the headquarters of the issuer are not situated in a state under point 1;
- e) the limit for purchase of shares admitted to trading in the regulated market of a stock exchange or subscriptions for such shares in accordance with Article 178(1)(e) of the Act shall be
 1. at most 15% of the value of technical provisions, if the insurance undertaking's participation in the share capital of one issuer is 20% or less and the headquarters of the issuer are situated in a Member State or in a member state of the Organisation for Economic Cooperation and Development (OECD), or in a state which has concluded special lending arrangements with the International Monetary Fund associated with the Fund's general arrangements to borrow;
 2. 0% of the value of technical provisions, if the insurance undertaking's participation in the share capital of one issuer exceeds 20% or if the headquarters of the issuer

are not situated in a state under point 1;

- f) the limit for purchase of shares/units of close-end mutual funds under Article 178(1)(f) of the Act shall be at most 15% of the value of technical provisions;
- g) the limit for purchase of shares/units of open-end mutual funds or securities of foreign open-end collective investment undertakings under Article 178(1)(g) of the Act shall be at most 20% of the value of technical provisions;
- h) the limit for depositing the technical provisions in fixed-term or current accounts under Article 178(1)(h) of the Act shall be at most
 1. 100% of the value of technical provisions if the amount of technical provisions does not exceed €1,659,696;
 2. 50% of the value of technical provisions if the amount of technical provisions exceeds €1,659,696;
- i) the limit for purchase of mortgage bonds or foreign mortgage bonds under Article 178(1)(i) of the Act shall be at most
 1. 50% of the value of technical provisions, if the headquarters of the issuer are situated in a Member State or in a member state of the Organisation for Economic Cooperation and Development (OECD), or in a state which has concluded special lending arrangements with the International Monetary Fund associated with the Fund's general arrangements to borrow;
 2. 3% of the value of technical provisions, if the headquarters of the issuer are situated in a different state than the states under point 1;
- j) the limit for purchase of certificates of deposit or foreign certificates of deposit under Article 178(1)(j) of the Act shall be at most 50% of the value of technical provisions;
- k) the limit for purchase of real properties under Article 178(1)(k) of the Act shall be at most 15% of the value of technical provisions, while the limit for purchase of real properties invested in such a way that it is regarded as one investment shall be at most 10% of the value of technical provisions;
- l) the limit for loans to insured persons under Article 178(1)(l) of the Act shall be at most 5% of the value of technical provisions in life insurance and the limit for an individual loan shall amount to at most
 1. the part of technical provisions for life insurance which would be paid in the case of early termination of the insurance contract as at the date when a loan is provided, if the interest rate of the loan is at least the amount of the technical interest rate guaranteed in the respective insurance contract;
 2. 0% of the part of technical provisions for life insurance which would be paid in the case of early termination of the insurance contract as at the date when a loan is provided, if the interest rate of the loan is lower than under point 1;
- m) the limit for loans or credits secured with a bank guarantee or a foreign bank guarantee issued by a bank with a registered office in another Member State under Article 178(1)(m) of the Act shall be at most 5% of the value of technical provisions;
- n) the limit for purchase of bills of exchange secured with a bank guarantee and bills of exchange issued by a bank under Article 178(1)(n) of the Act shall be at most 5% of the value of technical provisions;
- o) the limit for purchase of securities under Article 178(1)(o) of the Act shall be at most 5% of the value of technical provisions;
- p) the limit for purchase of debt securities issued by a special purpose vehicle under Article 178(1)(p) of the Act shall be at most 3% of the value of technical provisions;
- q) the limit for claims and other similar assets related to an insurance or reinsurance undertaking from another Member State and to a third-country reinsurance undertaking under Article 178(1)(q) of the Act shall be at most

1. 75% of the value of technical provisions, if the claims express the reinsurer's participation in the technical provisions of an insurance undertaking created in non-life insurance;
 2. 50% of the value of technical provisions, if the claims express the reinsurer's participation in the technical provisions of an insurance undertaking created in life insurance;
 3. 0% of the value of technical provisions, if the claims or other similar assets related to a reinsurance undertaking, a reinsurance undertaking from another Member State and to a third-country reinsurance undertaking do not express the reinsurer's participation in the technical provisions of an insurance undertaking;
- r) the limit for purchase of transferable securities and money market instruments under Article 178(1)(r) of the Act shall be at most 5% of the value of technical provisions.

(2) The investment limit for assets covering technical provisions of insurance undertakings under paragraph (1)(b) to (g), (j), (m) to (p) and (r) with one issuer or debtor shall be at most 5% of the value of technical provisions; the limit shall be at most 10% of the value of technical provisions, if the sum of investments with issuers or debtors holding investments of more than 5% of the value of technical provisions does not exceed 40% of the value of technical provisions.

(3) The investment limit for assets covering technical provisions of insurance undertakings under paragraph (1)(h) with one bank or foreign bank shall be at most 25% of the value of technical provisions.

(4) The investment limit for assets covering technical provisions of insurance undertakings under paragraph (1)(i) with one issuer shall be at most 20% of the value of technical provisions.

(5) The investment limit for assets covering technical provisions of insurance undertakings under paragraph (1)(b) to (e), (h), (j), (m) to (p) and (r) with issuers or debtors that are part of one group¹¹⁾ shall be at most 20% of the value of technical provisions.

(6) The investment limits for assets covering technical provisions of insurance undertakings under paragraphs (1) to (3) shall apply separately to technical provisions in life insurance for the insurance type of life insurance and separately to technical provisions in non-life insurance and reinsurance for the insurance type of non-life insurance.

¹ Article 125(c) of Act No 39/2015 Coll. on insurance and on amendments to certain laws.

Article 2

This Decree enters into force on 1 January 2016.

Jozef Makúch
Governor
represented by Ján Tóth
Vice-governor

Issuing unit:	Regulation Department	Tel.: +421 2 5787 3301
	Insurance Regulation Section	Fax: +421 2 5787 1118
Prepared by:	Matúš Medvec	Tel.: +421 2 5787 3399
	Insurance Regulation Section	matus.medvec@nbs.sk