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DECREE
of Národná banka Slovenska
of 4 August 2015

**establishing a method for proving compliance with the conditions
for granting an authorisation to conduct insurance business and authorisation to
conduct reinsurance business for entities which
will not be subject to a special regime**

Národná banka Slovenska, in accordance with Articles 7(7), 9(7), 10(8) and 11(4) of Act No 39/2015 Coll. on insurance (and amending certain laws) (hereinafter 'the Act'), has adopted this Decree:

Article 1

**Method of demonstrating compliance with the conditions for granting an authorisation
to conduct insurance business in accordance with Article 7(2) of the Act**

(1) Compliance with the condition laid down in Article 7(2)(a) of the Act is to be demonstrated with documentation that the share capital is fully paid up; this documentation shall comprise a written declaration by the person managing the share capital contributions that the contributions have been paid in full or in part by individual shareholders.¹

(2) Compliance with the condition laid down in Article 7(2)(b) of the Act is to be demonstrated with documentation of the provenance, amount and composition of funds contributed to the share capital by the founders of the future insurance undertaking (including information on the amount of own funds), with documentation of the transparent and legal provenance of cash contributed to the share capital by the founders of the future insurance undertaking and with documentation of the provenance of additional financial resources of the future insurance undertaking, in the following forms:

(a) if the founder is a natural person,

1. bank statements covering the previous three years for the person's accounts held with domestic and foreign banks, issued as at the submission date of the application for authorisation to conduct insurance business under Article 7(2) of the Act;
2. a copy not older than three months of the person's entries in the land register, or, for properties located outside the Slovak Republic, an equivalent document not older than three months;
3. documentation of the person's income for at least the previous three years, specifically personal income tax returns,² confirmation of the annual clearing of advance payments of personal income tax, or a similar document;
4. written statement of the natural person that their funds deposited in the share capital of the future insurance undertaking and additional funds of the future insurance undertaking do not stem from any criminal activity;³

b) if the founder is a natural person - entrepreneur,

¹) Article 60(4) of the Commercial Code, as amended by Act No 87/2015 Coll.

²) Article 3(1) of Act No 595/2003 Coll. on income tax, as amended by Act No 333/2014 Coll.

³) Act No 297/2008 Coll. on the prevention of money laundering and terrorist financing (and amending certain laws), as amended.

1. bank statements covering the previous three years for the person's accounts held with domestic and foreign banks, issued as at the submission date of the application for authorisation to conduct insurance business under Article 7(2) of the Act;
 2. a copy not older than three months of the person's entries in the land register, or, for properties located outside the Slovak Republic, an equivalent document not older than three months;
 3. financial statements for the previous three accounting periods if these statements are not recorded in the Financial Statements Register (FSR) under a separate regulation,⁴ with the statements having been audited if subject to mandatory auditing;
 - 3a. if the natural person - entrepreneur's business activity commenced less than three years before the submission of the authorisation application under Article 7(2) of the Act, only financial statements for the period since the business commenced must be submitted;
 - 3b. if the financial statements are subject to mandatory auditing and have not been audited as of the submission date of the authorisation application under Article 7(2) of the Act, the unaudited financial statements must also be submitted;
 4. personal income tax returns² for at least the previous three years, including documentation of compliance with tax obligations;
 - 4a. if the entrepreneur's business commenced less than three years before the submission of the authorisation application under Article 7(2) of the Act, only tax returns on income tax for the period since the business commenced must be submitted;
 - 4b. if the natural person - entrepreneur is a foreigner⁵, equivalent documentation of their income for at least the three previous years must be submitted;
 5. a written statement of the natural person - entrepreneur that their funds deposited to the share capital of the future insurance undertaking and additional funds of the future insurance undertaking do not stem from any criminal activity;³
- (c) if the founder is a legal person,
1. financial statements for the previous three accounting periods if these statements are not recorded in the Financial Statements Register (FSR) under a separate regulation,⁴ with the statements having been audited if subject to mandatory auditing, the accompanying auditor's reports and management reports or other similar reports, if produced in accordance with the law of the relevant country, and approved by the legal person's general meeting or other competent body;
 - 1a. if the applicant is part of a consolidated group, audited consolidated financial statements and accompanying auditor's reports for the previous three accounting periods must be also attached;
 - 1b. if the legal person was established less than three years before submitting the authorisation application under Article 7(2) of the Act, only the above documents for the period since its establishment must be submitted;
 - 1c. if the financial statements are subject to mandatory auditing and have not been audited as of the submission date of the authorisation application under Article 7(2) of the Act, the unaudited financial statements must also be submitted;
 2. a written statement of the legal person's statutory body that their funds deposited to the share capital of the future insurance undertaking and additional funds of the future insurance undertaking do not stem from any criminal activity.³

⁴) Article 23 of Act No 431/2002 Coll. on accounting as amended.

⁵) Article 1(2) of Act No 404/2011 Coll. on the temporary residence of foreigners (and amending certain laws).

(3) Compliance with the condition laid down in Article 7(2)(c) of the Act is to be demonstrated by the submission of:

- (a) the documents referred to in paragraph (2);
- (b) a list of the natural persons that have a qualifying holding in the future insurance undertaking, stating for each person their percentage interest in the share capital and the corresponding voting rights therein;
- (c) a list of legal persons with a qualifying holding in the future insurance undertaking, indicating the business name, legal form, identification number, registered office, amount of share capital and the percentage of their holding in the share capital of the future insurance undertaking and the corresponding voting rights therein,
- (d) if the acquirer of the qualifying holding in the future insurance undertaking is a natural person
 1. a professional CV;
 2. an extract from the Criminal Records Register not older than three months; in case the natural person is a foreigner,⁵ an equivalent certificate issued by a competent authority in the country of the person's habitual residence;
 3. a list of the person's close relatives⁶ who at the time of the submission of the authorisation application under Article 7(2) of the Act are in an employment or similar work relationship with an insurance undertaking, an insurance undertaking from another Member State, a foreign insurance undertaking, a branch of a foreign insurance undertaking, a reinsurance undertaking, a reinsurance undertaking from another Member State, a foreign reinsurance undertaking, a branch of a foreign reinsurance undertaking, or a financial institution under Article 5(a) of the Act, stating the undertaking's or institution's business name, legal form, registered office and identification number, if assigned;
 4. a copy not older than three months of the person's entry in the Commercial Register, or in the case of an entrepreneur, in the Trade Register, or with another document authorising the person to conduct business, or, in the case of a foreigner⁵, with an equivalent document not older than three months issued by a competent authority;
 5. an extract from the account of the owner of book-entry securities;
- (e) if the acquirer of the qualifying holding in the future insurance undertaking is a legal person
 1. professional CVs of members of the statutory body;
 2. extracts from the Criminal Records Register of the statutory body members not older than three months; in case of a foreigner⁵, with an equivalent certificate issued by a competent authority in the country of the person's habitual residence;
 3. a copy not older than three months of the legal person's entry in the Commercial Register, or another document not older than three months which proves the legal person's establishment and is issued by a competent authority, or, if the legal person has its registered office abroad, with a copy not older than three months of its registration in another register or record;
 4. an extract from the account of the owner of book-entry securities;
 5. a list of persons who, as at the date when the application is submitted under Article 7(2) of the Act, have close links⁶ to any of the legal person's statutory body members with a qualifying holding in the future insurance undertaking and who simultaneously are in an employment or similar work relationship with an insurance undertaking, an insurance undertaking from another Member State, a foreign insurance undertaking, a branch of a foreign insurance undertaking, a reinsurance undertaking, a reinsurance

⁶) Article 116 of the Civil Code.

- undertaking from another Member State, a foreign reinsurance undertaking, a branch of a foreign reinsurance undertaking, or a financial institution under Article 5(a) of the Act, stating its business name, legal form, registered office and identification number, if assigned;
6. a list of legal and natural persons whose interest in the share capital or voting rights of the legal person with a qualifying holding in the future insurance undertaking constitutes a qualifying holding therein; the list must separately state persons or entities controlling the entity with a qualifying holding in the future insurance undertaking, and any parent undertaking of the entity, including information on how control is exercised;
 7. a credit rating of the entity, if assigned to the person with a qualifying holding in the future insurance undertaking within the previous three years;
- (f) a written declaration of the person with a qualifying holding in the future insurance undertaking that their property has not been subject to bankruptcy, restructuring, debt restructuring proceedings, nor has it been placed under supervisory administration nor forced settlement approved in respect thereof;
 - (g) documentation of any sanctions imposed on the person with a qualifying holding in the future insurance undertaking within the three years preceding the submission of the authorisation application under Article 7(2) of the Act, where the sanctions were imposed by a final and enforceable decision issued in administrative or similar proceedings;
 - (h) documentation of whether, within the three years before the submission of the authorisation application under Article 7(2) of the Act, the person with a qualifying holding in the future insurance undertaking has been refused an authorisation or other permit to conduct business by a final and enforceable decision, or whether such authorisation or other permit has been withdrawn or cancelled in that time;
 - (i) where the person with a qualifying holding in the future insurance undertaking has a qualifying holding in another legal person, or is member of or is represented on the statutory or supervisory body of another legal person, or has put up a significant share of its assets as surety for the liabilities of another legal person – a list of all such legal persons, stating for each entity their business name, legal form, registered office address, identification number, if assigned, the amount of share capital held, the percentage interest in the entity's share capital and voting rights, and the extent of the liabilities for which the applicant is liable, and documents proving these facts;
 - (j) where the future insurance undertaking will be part of a financial conglomerate that includes a mixed financial holding company – a proof that the natural persons who are members of the company's statutory body or controlling shareholders of the mixed financial holding company are fit and proper and that these controlling shareholders are suitable, in the following forms:
 1. for each member of the mixed financial holding company's statutory body – their professional curriculum vitae and evidence of their formal qualifications and professional experience;
 2. an extract from the Criminal Records Register of members of the mixed financial holding company's statutory body not older than three months; in case of foreigners,⁵ an equivalent certificate issued by a competent authority in the country of the person's habitual residence;
 3. for each member of the mixed financial holding company's statutory body who runs, or has another key function in, an insurance or reinsurance undertaking as a result of the company having acquired or increased a qualifying holding in that undertaking – their written declaration that they comply with the conditions under Article 24(4)(d) to (f) of the Act;

4. for the mixed financial holding company's controlling shareholders – documents under letters (a) to (i), as appropriate, proving their suitability;
- k) a strategy document containing a description of the financial and business objectives for the following three years and information on the willingness and financial capacity of the person with a qualifying holding in the future insurance undertaking to provide additional funds in order to mitigate its financial difficulties or to develop its business.

(4) Compliance with the conditions under Article 7(2)(d), (e) and (g) of the Act is to be demonstrated with a graphical representation of the structure of qualifying holding of the person with a qualifying holding in the future insurance undertaking and a graphical representation of the structure of group with close links to which that person belongs, including an indication of foreign supervised entities within the group with close links and indicating competent supervisory authorities; in case the person is a foreigner, with their declaration on compliance with the conditions under Article 7(2)(e) and (g) of the Act.

(5) Compliance with the condition laid down in Article 7(2)(f) of the Act for persons nominated to run the insurance undertaking or perform another key function that is part of the corporate governance system, including but not limited to the risk management function, the compliance function, the internal audit function and the actuarial function (hereinafter “key functions”), is to be demonstrated as follows:

- (a) a professional curriculum vitae of the persons nominated to run the insurance undertaking or perform another key function, and evidence of their formal qualifications and professional experience, including written details of their previous employment, which must include the employer's name and registration number, a description of the nature and scope of the employer's business, the address of the employer's registered office and the position held by the nominated person;
- (b) an extract from the Criminal Records Register not older than three months; in case the natural person is a foreigner,⁵) an equivalent certificate issued by a competent authority in the country of the person's habitual residence;
- (c) a written confirmation from a competent court in Slovakia, or from a body having equivalent jurisdiction in another country, in accordance with Article 24(4)(b) and (c) of the Act;
- (d) a written declaration on compliance with the conditions under Article 24(4)(d) to (f) of the Act;
- (e) documentation of fit and proper assessments previously performed on the nominated person, or notifications of the same issued by a competent supervisory authority in another Member State, stating the name of the supervisory authority, the Member State and the date of the assessment or notification;
- (f) written information on potential conflict of interest containing
1. the amount of any qualifying holding the nominated person has in the future insurance undertaking and any other significant influence the nominated person exercises over it;
 2. where the person nominated to run the insurance undertaking or perform another key function has a qualifying holding in another legal person, or is member of or is represented on the statutory or supervisory body of another legal person, or has put up a significant share of their assets as surety for the liabilities of another legal person – a list of all such legal persons, stating for each entity their business name, legal form, registered office address, identification number, if assigned, the amount of share capital held, the percentage interest in the entity's share capital and voting rights, and the extent of the liabilities for which the person is liable, and documents proving these facts;

3. a list of all persons who, at the time of the submission of the authorisation application under Article 7(2) of the Act, are a close relative⁶ of the person nominated to run the insurance undertaking or perform another key function and who simultaneously are in an employment or similar work relationship with the future insurance undertaking or in a company with a participating interest in the future insurance undertaking;
 4. information on any other financial links between the nominated person's close relatives⁶ and an insurance undertaking or a company with a participating interest in an insurance undertaking;
 5. other obligations that could give rise to a conflict of interest and a declaration on how any such conflict of interest would be resolved;
- (g) information about other facts relevant to the fit and proper assessment of the nominated person, specifically:
1. ongoing criminal prosecution;
 2. dismissal from a managerial position or a position as a member of the board of directors;
 3. membership in a court of arbitration;
 4. documentation of any sanctions imposed on the person nominated to run the insurance undertaking or perform another key function in the future insurance undertaking within the three years preceding the submission of the authorisation application under Article 7(2) of the Act, where the sanctions were imposed by a final and enforceable decision issued in administrative or similar proceedings;
 5. documentation of whether, within the three years before the submission of the authorisation application under Article 7(2) of the Act, the person nominated to run the insurance undertaking or perform another key function has been refused an authorisation or other permit to conduct business by a final and enforceable decision, or whether such authorisation or other permit has been withdrawn or cancelled in that time;
- (h) any additional information relevant to the assessment by the supervisory authority.

(6) Compliance with the condition under Article 7(2)(h) of the Act is to be demonstrated with a document proving that the registered office and headquarters of the future insurance undertaking will be in the territory of the Slovak Republic, which may be

- a) a deed of incorporation or memorandum of association, an extract from the Commercial Register or other similar document;
- b) a document proving ownership of, or other right to occupy, the property in which the insurance undertaking will conduct its business.

(7) Compliance with the condition laid down in Article 7(2)(i) of the Act is to be demonstrated by the submission of a business plan stating:

- a) the nature of risks or liabilities arising from the expected activity;
- b) for reinsurance business, the types of reinsurance contracts under which risk will be accepted;
- c) the basic principles relating to reinsurance and retrocession;
- d) the items of own funds constituting the absolute floor of the minimum capital requirement;
- e) the estimate of formation expenses and funds to cover them;
- f) for insurance business referred to in Annex 1, Part A, point 18 of the Act, how assistance services will be provided;
- g) the assumed balance sheet for the first three years of operation and the profit and loss statement;

- h) an estimate of the future solvency capital requirement under Article 48 of the Act for the first three years of operation, based on the projected balance sheet under (g), and the method used to calculate it;
- i) an estimate of the future minimum capital requirement under Article 63 of the Act for the first three years of operation, based on the projected balance sheet under (g), and the method used to calculate it;
- j) an estimate of financial resources intended to cover technical provisions, minimum capital requirement and solvency capital requirement for the first three years of operation;
- k) for non-life insurance and non-life reinsurance business, an estimate of the operating expenses for the first three years of operation, excluding formation expenses;
- l) for non-life insurance and non-life reinsurance business, an estimate of premiums earned and claims paid for the first three years of operation;
- m) for life insurance business, an estimate of income and expenses related to the conduct of insurance business and to reinsurance acceptances and reinsurance cessions, for the first three years of operation.

(8) Compliance with the condition laid down in Article 7(2)(j) of the Act is to be demonstrated by the submission of:

- (a) an estimate of eligible basic own-fund items for the first three years of operation, subdivided into types of basic own funds and classes of basic own funds in accordance with a separate regulation;⁷
- b) an estimate of the future minimum capital requirement under Article 63 of the Act for the first three years of operation, subdivided into components of the calculation in accordance with a separate regulation.⁸

(9) Compliance with the condition laid down in Article 7(2)(k) of the Act is to be demonstrated by the submission of:

- (a) an estimate of eligible own-fund items for the first three years of operation, subdivided into types of basic own funds and classes of basic own funds in accordance with a separate regulation;⁷
- (b) an estimate of the future minimum capital requirement under Article 48 of the Act for the first three years of operation, subdivided into components of the calculation in accordance with a separate regulation.⁹

(10) Compliance with the conditions laid down in Article 7(2)(l) and (m) of the Act is to be demonstrated with:

- (a) a transparent organisational chart showing a clear and appropriate division of responsibilities, including the independent performance of key functions;
- (b) draft articles of association;
- (c) written policies for, but not limited to
 1. risk management;
 2. own-risk and solvency assessment;
 3. valuation of assets and liabilities;
 4. internal control system;
 5. internal audit;
 6. submission of information for supervisory purposes;

⁷) Articles 69 to 78 of Commission Delegated Regulation (EU) No 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L 12, 17.1.2015).

⁸) Articles 248 to 253 of Commission Delegated Regulation (EU) No 2015/35.

⁹) Articles 87 to 207 of Commission Delegated Regulation (EU) No 2015/35.

7. disclosure of information in accordance with Articles 33 to 35 of the Act;
 8. handling complaints;
 9. outsourcing activities, where the future insurance undertaking wishes to outsource activities in accordance with Article 30 of the Act;
 10. remuneration;
 11. compliance function of the insurance undertaking;¹⁰
 12. assessing whether persons who effectively run the insurance undertaking or have other key functions are fit and proper;
 13. preventing the financial institution's involvement in money laundering and terrorist financing;
- (d) appropriate measures to ensure the continuous and regular performance of their activities, including contingency plans;
- (e) a description of procedures designed to identify any deterioration in the financial condition of the future insurance undertaking;
- (f) a draft outsourcing contract, if the future insurance undertaking intends to outsource activities in accordance with Article 30 of the Act;
- (g) measures preventing conflicts of interest;
- (h) a description of the technical equipment of the future insurance undertaking, including the information system, to be used for the activities that its founder intends to conduct;
- (i) other internal regulations governing the activities of the future insurance undertaking.

(11) Compliance with the condition laid down in Article 7(2) (n) of the Act is to be demonstrated by the submission of a list of all the future insurer's claims representatives, stating for each their first and last names, permanent address and date of birth, or their business name and registered office address.

Article 2

Method of demonstrating compliance with the conditions for granting an authorisation to conduct reinsurance business in accordance with Article 9(2) of the Act

Compliance with the conditions laid down in Article 9(2) of the Act for granting an authorisation to conduct reinsurance business is to be demonstrated as specified in Article 1(1) to (10).

Article 3

Method of demonstrating compliance with the conditions for granting an authorisation to conduct insurance business in accordance with Article 10(2) of the Act

(1) Compliance with the condition laid down in Article 10 (2)(a) of the Act is to be demonstrated with the full text of the authorisation to conduct business which was issued to the foreign insurance undertaking in accordance with the law of the country in which it is established.

(2) Compliance with the condition laid down in Article 10(2)(b) of the Act is to be demonstrated by a written declaration of the foreign insurance undertaking's statutory body in which it pledges that the undertaking will, at the place where its branch is established, open separate accounts in a bank or foreign bank branch for the business that its branch will be

¹⁰⁾ Article 270 of Commission Delegated Regulation (EU) No 2015/35.

conducting, and that it will, at that place, keep all records related to the business of the branch.

(3) Compliance with the condition laid down in Article 10(2)(c) of the Act is to be demonstrated as specified in Article 1(5).

(4) Compliance with the condition laid down in Article 10(2)(d) of the Act is to be demonstrated with bank account statements issued by banks or foreign bank branches as of the submission date of the authorisation application and a document proving the commitment of funds to the account in the bank or foreign bank branch.

(5) Compliance with the condition laid down in Article 10(2)(e) of the Act is to be demonstrated as specified in Article 1(8).

(6) Compliance with the condition laid down in Article 10(2)(f) of the Act is to be demonstrated as specified in Article 1(9).

(7) Compliance with the condition laid down in Article 10(2)(g) of the Act is to be demonstrated as specified in Article 1(7).

(8) Compliance with the condition laid down in Article 10(2)(h) of the Act is to be demonstrated as specified in Article 1(10).

(9) Compliance with the conditions laid down in Article 10(2)(i) to (k) of the Act is to be demonstrated as specified in Article 1(4).

(10) Compliance with the condition laid down in Article 10(2)(l) of the Act is to be demonstrated as specified in Article 1(11).

Article 4

Method of demonstrating compliance with the conditions for granting an authorisation to conduct reinsurance business in accordance with Article 11(2) of the Act

Compliance with the conditions laid down in Article 11(2) of the Act for the issuance to a foreign reinsurance undertaking of an authorisation to conduct reinsurance business through its branch is to be demonstrated as specified in Article 3(1) to (9).

Article 5

(1) An application for authorisation referred to in Articles 1 to 4 must also include:

- a) a written declaration that all data provided, and documents submitted are complete, accurate, true, authentic and up-to-date;
- b) the date on which and the place where the application was drawn up;
- c) certified signatures of the persons authorised to act on behalf of the future insurance undertaking, insurance undertaking, future reinsurance undertaking, foreign insurance undertaking or foreign reinsurance undertaking.

(2) The documents submitted under Articles 1 to 4 must be originals or certified copies, if originals cannot be submitted. If an authorisation application under Articles 1 to 4 and the documents annexed thereto are in a foreign language, their certified translations into

the state language must also be submitted. Documents annexed to an authorisation application under Articles 1 to 4 may also be submitted in a language other than the state language, if so provided by a separate regulation.¹¹

(3) Where documents under Articles 1 to 4 have been submitted to Národná banka Slovenska before the submission of the application under Articles 1 to 4, they may be substituted in the application with a written declaration stating that they are complete, accurate, true, authentic and up to date; the declaration must include the certified signatures of the persons authorised to act on behalf of the future insurance undertaking, insurance undertaking, future reinsurance undertaking, foreign insurance undertaking or foreign reinsurance undertaking, and a list of the documents already submitted to Národná banka Slovenska, including the dates of their submission.

Article 6

This Decree enters into force on 1 January 2016.

Jozef Makúch
Governor

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¹¹) For example, Article 16(5) of Act No 747/2004 Coll. on financial market supervision (and amending certain laws), as amended by Act No 373/2014 Coll., Commission Delegated Regulation (EU) No 2015/35.