The Slovak version of this law is the legally binding version;
the English version is for informational purposes only.

Act No 39/2015 on insurance (and amending certain laws), as amended by Act No 359/2015, Act No 437/2015, Act No 125/2016, Act No 292/2016, Act No 339/2016, Act No 282/2017, Act No 18/2018, Act No 109/2018, Act No 177/2018, Act No 213/2018, Act No 214/2018, Act No 156/2019, Act No 221/2019, Act No 281/2019, Act No 340/2020, Act 209/2021, Act No 310/2021 and Act No 309/2023

39
ACT
of 3 February 2015
on insurance
and amending certain laws

The National Council of the Slovak Republic has adopted this Act:

ARTICLE I

DIVISION ONE
BASIC PROVISIONS

Section 1
Subject matter

This Act governs:

(a) certain relations associated with the establishment, organisation, management and operation of insurance undertakings and reinsurance undertakings;
(b) the valuation of assets, liabilities and capital requirements for supervisory purposes;
(c) the reorganisation of insurance undertakings and reinsurance undertakings, and certain relations associated with their dissolution;
(d) certain relations associated with the operation of insurance and reinsurance undertakings from other Member States and with the operation of third-country insurance and reinsurance undertaking in the territory of the Slovak Republic;
(e) certain relations associated with the exercise of supervision over the business of insurance and reinsurance.

Scope

Section 2

(1) This Act applies to the following entities:

(a) insurance undertakings conducting life insurance business;
(b) insurance undertakings conducting non-life insurance business;
(c) insurance undertakings conducting both life and non-life insurance business;
(d) reinsurance undertakings conducting reinsurance business.

(2) This Act applies to the following business:

(a) non-life insurance business as specified in Part A of Annex 1;
(b) life insurance business as specified in Part B of Annex 1.

Section 3

This Act does not apply to:

(a) public health insurance;[1]
(b) social insurance;[2]
(c) reinsurance business conducted or fully guaranteed by the government of a Member State when that government is acting, for reasons of substantial public interest, in its capacity as reinsurer of last resort, including in circumstances where such a role is required by a situation in the market in which it is not feasible to obtain adequate commercial coverage;
(d) assistance provided in the event of an accident or breakdown involving a motor vehicle when the accident or breakdown occurs in the territory of the Slovak Republic, if the provider of such assistance is not an insurance undertaking and the scope of assistance is limited to the following operations:
    1. an on-the-spot breakdown service for which the assistance provider uses, in most circumstances, its own staff and equipment;
    2. the transport of the motor vehicle to the nearest or most appropriate location at which repairs may be carried out and the transport, normally by the same means, of the driver and passengers to the nearest location from where they may continue their journey by other means;
    3. the transport of the motor vehicle, possibly accompanied by the driver and passengers, to their permanent place of residence or point of departure, if different, or to the original destination within the same Member State;
(e) assistance provided as described in points 1 and 2 of point (d) in the event of an accident or breakdown of a motor vehicle outside the territory of the Slovak Republic, if the provider of such assistance is not an insurance undertaking and the beneficiary is a member of the same provider and that provider has an agreement signed with another assistance provider from another country;

(f) operations carried out by entities not having a legal person for the purpose of providing mutual coverage for their members without there being any payment of insurance premiums or creation of technical provisions;
(g) export credit insurance operations for the account of or guaranteed by the State, or where the State is the insurer;
(h) operations of provident and mutual-benefit institutions whose benefits vary according to the resources available and which require each of their members to contribute at the appropriate flat rate;
(i) operations carried out by legal entities other than insurance undertakings whose object is to provide benefits to their employees or to self-employed persons in the event of death or survival or of discontinuance or curtailment of activity, whether or not the commitments arising from such operations are fully covered at all times by provisions;
(j) payments of benefits by legal entities other than insurance undertakings on the death of insured persons where the amount of benefits does not exceed the average burial costs or where material benefits are provided for burials.

Definition of basic terms

Section 4

(1) 'Insurance undertaking' means a legal person established in the Slovak Republic and authorised by Národná banka Slovenska to conduct insurance business in accordance with other legislation.[3]

(2) 'Captive insurance undertaking' means an insurance undertaking, owned either by a financial institution other than an insurance or reinsurance undertaking or a group of insurance or reinsurance undertakings, or by a non-financial institution the purpose of which is to provide insurance coverage exclusively for the risks of the institution or institutions to which it belongs or of an institution or institutions of the group of which it is a member.

(3) 'Insurance undertaking from another Member State' means a legal person established in another Member State and authorised to conduct insurance business in its home Member State.

(4) 'Branch of an insurance undertaking from another Member State' means an organisational unit of an insurance undertaking from another Member State which is located in the territory of the Slovak Republic; also classified as a branch shall be an office headed by an employee of an insurance undertaking from another Member State or by another person authorised to conduct insurance business on behalf of an insurance undertaking from another Member State.

(5) ‘Third-country insurance undertaking’ means a legal person established in a country that is not a Member State of the European Union and authorised in its home country to conduct insurance business.

(6) ‘Branch of a third-country insurance undertaking’ means an organisational unit of a third-country insurance undertaking which is located in the territory of the Slovak Republic[4] and conducting insurance business on the basis of an authorisation granted under other legislation[3] by Národná banka Slovenska for insurance business.

(7) ‘Reinsurance undertaking’ means a legal person established in the Slovak Republic and conducting insurance business on the basis of an authorisation granted under other legislation[3] by Národná banka Slovenska for reinsurance business.

(8) ‘Captive reinsurance undertaking’ means a reinsurance undertaking, owned either by a financial institution other than an insurance or reinsurance undertaking or a group of insurance or reinsurance undertakings, or by a non-financial institution the purpose of which is to provide reinsurance coverage exclusively for the risks of the institution or institutions to which it belongs or of an institution of institutions of the group of which it is a member.

(9) ‘Reinsurance undertaking from another Member State’ means a legal person established in another Member State and authorised in the home Member State to conduct reinsurance business.

(10) ‘Branch of a reinsurance undertaking from another Member State’ means an organisational unit of a reinsurance undertaking from another Member State which is located in the territory of the Slovak Republic; also classified as a branch shall be an office headed by an employee of a reinsurance undertaking from another Member State or by another person authorised to conduct reinsurance business on behalf of a reinsurance undertaking from another Member State.

(11) ‘Third-country reinsurance undertaking’ means a legal person established in a country that is not a Member State of the European Union and authorised in its home country to conduct reinsurance business.

(12) ‘Branch of a third-country reinsurance undertaking’ means an organisational unit of a third-country reinsurance undertaking located in the Slovak Republic and conducting insurance business on the basis of an authorisation granted under otherlegislation[3] by Národná banka Slovenska for reinsurance business.

(13) ‘Insurance business’ means business activity consisting in accepting insurance risks from persons exposed to such risks or similar risks, establishing and organising insurance portfolios, creating technical provisions for liabilities to eligible persons, arising from insurance

contracts, and discharging such liabilities for payment calculated using actuarial mathematics and statistics.

(14) 'Reinsurance business' means business activity consisting in accepting risks ceded by an insurance undertaking, an insurance undertaking from another Member State, a third-country insurance undertaking, or by a reinsurance undertaking, a reinsurance undertaking from another Member State, or a third-country reinsurance undertaking; reinsurance business also includes the acceptance of risks, ceded by any member of the association of underwriters known as Lloyd's, by an insurance or reinsurance undertaking, an insurance or reinsurance undertaking from another Member State, or a third-country insurance or reinsurance undertaking, as well as the provision of coverage by a reinsurance undertaking to an occupational pension company.[4a]

(15) 'Finite reinsurance' means reinsurance under which the explicit maximum loss potential, expressed as the maximum economic risk transferred, arising from both a significant underwriting risk and timing risk transfer, exceeds the premium over the lifetime of the reinsurance contract by a limited but significant amount, together with at least one of the following features:

(a) explicit and material consideration of the time value of money;
(b) contractual provisions to moderate the balance of economic experience between the parties over the contract's lifetime to achieve the target risk transfer.

(16) 'Technical interest rate' means the rate of interest used by insurance undertakings and branches of foreign insurance undertakings to calculate premiums and technical provisions for life insurance contracts using actuarial methods. The technical interest rate is part of the insurance rate and represents a rate of interest at which the value of future liabilities arising from insurance contracts, calculated using actuarial methods, equals the value of future premiums.

Section 5

For the purposes of this Act, the following definitions apply:

(a) 'financial undertaking' means any of the following entities: insurance undertaking, reinsurance undertaking, insurance or reinsurance undertaking from another Member State, third-country insurance or reinsurance undertaking, insurance holding company, bank or branch of a foreign bank,[5] payment institution, foreign payment institution, electronic money institution, foreign electronic money institution,[6] supplementary pension management company,[7] investment firm or branch of a foreign investment firm,[8] management company,[9] pension asset management company,[10] mixed financial holding company within the meaning of Section 125(e), or any entity established in the Slovak Republic with a similar scope of business;
(b) 'close links' means a situation in which two or more natural persons or legal entities are linked by control or participation as set out in point (c), or a situation in which two or more natural persons or legal entities are permanently linked to one and the same person by a control relationship;

(c) ‘participation’ means the ownership, direct or indirect or any combination thereof, of at least 20% of the share capital or voting rights of a legal person, or the possibility of exercising influence over the management of that legal person, which is comparable with the influence corresponding to such ownership;

(d) ‘qualifying holding’ means a direct or indirect holding of 10% or more of the share capital or of the voting rights of a legal person, calculated under other legislation,[11] or a holding that makes it possible to exercise significant influence over the management of that legal person;

(e) ‘significant influence’ means the possibility of exercising influence over the management of a legal person, comparable to the influence corresponding to a holding of 10% or more of the share capital or of the voting rights of that legal person;

(f) ‘indirect holding’ means a holding acquired by a person through the mediation of a legal person or legal persons that are controlled by that person;

(g) ‘control’ means any of the following:

1. a direct or indirect holding, or any combination thereof, in a legal person in excess of 50% of the share capital or voting rights of that legal person;
2. the right to appoint or otherwise designate or remove a legal person’s statutory body or the majority of its members, the majority of members of the supervisory board or of any other management, supervisory or control body, even where this right could be exercised in the previous two years;
3. the possibility of exercising decisive influence over the management of a legal person:
   3a. comparable with the influence corresponding to the holding defined in point 1, on the basis of the legal person’s statutes or the contract made between the legal person and its partner, shareholder or member;
   3b. on the basis of the relationship of a partner, shareholder or member of the legal person with the majority of members of its statutory body or supervisory board, or with the majority of persons constituting any other management, supervisory or control body, appointed to that body by the relevant partner, shareholder or member of that legal person, with the control relationship so established lasting until the compilation of the consolidated financial statement immediately following the lapse of the right of that partner, shareholder or member referred to in point 2;
   3c. comparable with the influence corresponding to a holding as defined in point 1, on the basis of an agreement made between the legal person’s partners, shareholders or members, or
4. the possibility of exercising, directly or indirectly, decisive influence in any other form;

(h) ‘subsidiary undertaking’ means a legal person over which control is exercised in accordance with point (g), including a subsidiary of a subsidiary undertaking;

(i) ‘parent undertaking’ means a legal person exercising control in accordance with point (g);

(j) ‘establishment’ of an insurance or reinsurance undertaking means its registered office or any of its branches;

(k) ‘Member State’ means a Member State of the European Union or a Member State of the European Free Trade Agreement which has signed the Treaty establishing the European Economic Area;

(l) ‘Member State of a branch’ means a Member State in which an insurance or reinsurance undertaking or an insurance of reinsurance undertaking from another Member State conducts insurance or reinsurance business through a local branch;

(m) ‘Member State in which the risk is situated’ means any of the following:

1. the Member State in which the property is situated, where the insurance relates either to buildings or to buildings and their contents, insofar as the contents are covered by the same insurance contract;
2. the Member State of registration, where the insurance relates to vehicles of any type;
3. the Member State in which the policyholder took out the contract in the case of contracts of a duration of four months or less covering travel or holiday risks, whatever the class concerned;
4. in all cases not explicitly covered by points 1 to 3, the Member State in which the policyholder’s habitual residence is located or, if the policyholder is a legal person, the Member State in which that policyholder’s establishment to which the contract relates is located;

(n) ‘Member State of the commitment’ means the Member State in which either of the following is located: the habitual residence of a life-insurance policyholder or, if the policyholder is a legal person, that policyholder’s establishment to which the contract relates;

(o) ‘home Member State’ means any of the following:

1. for non-life insurance, the Member State in which the registered office of the insurance undertaking or the insurance undertaking from another Member State covering the risk is situated;
2. for life insurance, the Member State in which the registered office of the insurance undertaking or the insurance undertaking from another Member State covering the commitment is situated; or
3. for reinsurance, the Member State in which the registered office of the reinsurance undertaking or the reinsurance undertaking from another Member State is situated;

(p) ‘host Member State’ means the Member State, other than the home Member State, in which an insurance or reinsurance undertaking operates via a branch or under the freedom to provide services or the Member State in which an insurance or reinsurance undertaking from another Member State operates via a branch or under the freedom to provide services;

(q) ‘competent supervisory authority of another Member State’ means the national authority of that Member State empowered by law or regulation to supervise insurance or reinsurance undertakings;

(r) ‘regulated market’ means a market in financial instruments which satisfies the conditions laid down in the European Union’s legal acts pertaining to investment services and which is situated in a Member State or a market in financial instruments situated in a non-Member State and which fulfils requirements comparable to those applying to a regulated financial market

of a Member State if recognised by the home Member State; the financial instruments dealt in on that market must be of a quality comparable to that of the instruments dealt in on the regulated market or markets of the home Member State;

(s) 'special purpose vehicle' means any undertaking, other than an existing insurance or reinsurance undertaking, which assumes risks from insurance or reinsurance undertakings and which fully funds its exposure to such risks through the proceeds of debt issuance or any other financing mechanism where the repayment rights of the providers of such debt or financing mechanism are subordinated to the reinsurance obligations of such an undertaking;

(t) 'assistance service' means assistance provided, in the form of pecuniary or material consideration, to persons who get into difficulties while travelling, while away from their home or their habitual residence; it shall comprise an obligation undertaken by insurance undertakings and branches of foreign insurance undertakings conducting insurance business as specified in point 18 in Part A of Annex 1 to provide, against prior payment of a premium, aid immediately available to the beneficiary under an assistance contract where that person is in difficulties following the occurrence of the event insured against, in the cases and under the conditions set out in the contract; material consideration may also be provided under a contract signed with a person other than an insurance undertaking and the provision of assistance shall not cover servicing, maintenance, after-sales service, or the mere indication or provision of aid through an intermediary;

(u) 'intra-group transaction' means any transaction by which an insurance or reinsurance undertaking relies, either directly or indirectly, on other undertakings within the same group or on any natural or legal person linked to the undertakings within that group by close links, for the fulfilment of an obligation, whether or not contractual, and whether or not for payment;

(v) 'outsourcing' means an arrangement of any form between an insurance or reinsurance undertaking or a branch of a foreign insurance or reinsurance undertaking and a service provider, whether a supervised entity or not, by which that service provider performs a process, a service or an activity, whether directly or by sub-outsourcing, which would otherwise be performed by the insurance or reinsurance undertaking or the branch of a foreign insurance or reinsurance undertaking itself;

(w) 'function', within a system of governance, means an internal capacity to undertake specific tasks;

(x) 'underwriting risk' means the risk of loss or of adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions;

(y) 'market risk' means the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities, and financial instruments;

(z) 'credit risk' means the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance and reinsurance undertakings are exposed, in the form of counterparty default risk, or spread risk, or market risk concentration;

(aa) ‘operational risk’ means the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from unfavourable external events;
(ab) ‘liquidity risk’ means the risk that insurance and reinsurance undertakings are unable to realise investments and other assets in order to settle their financial obligations when they fall due;
(ac) ‘concentration risk’ means all risk exposures with a loss potential which is large enough to threaten the solvency or the financial position of insurance and reinsurance undertakings;
(ad) ‘risk-mitigation techniques’ means all techniques that enable insurance and reinsurance undertakings to transfer part or all of their risks to another party;
(ae) ‘diversification effects’ means reduction in the risk exposure of insurance or reinsurance undertakings or groups related to the diversification of their business, resulting from the fact that the adverse outcome from one risk can be offset by a more favourable outcome from another risk, where those risks are not fully correlated;
(af) ‘probability distribution forecast’ means a mathematical function that assigns to an exhaustive set of mutually exclusive future events a probability of realisation;
(ag) ‘risk measure’ means a mathematical function that assigns a monetary amount to a given probability distribution forecast and increases monotonically with the level of risk exposure underlying that probability distribution forecast;
(ah) ‘customer’ means a person having an insurance contract concluded with an insurance undertaking, a branch of a third-country insurance undertaking, or with an insurance undertaking from another Member State conducting insurance business in the territory of the Slovak Republic or to whose property, life, health or liability for loss that insurance contract relates;
(ai) ‘potential customer’ means a person showing interest in entering into an insurance contract with an insurance undertaking, a branch of a third-country insurance undertaking, or with an insurance undertaking from another Member State conducting insurance business in the territory of the Slovak Republic;
(aj) ‘qualified central counterparty’ means a central counterparty that is authorised under other legislation[12] or recognised under other legislation;[13]
(ak) ‘external rating agency’ means a rating agency that is registered or certified under other legislation[14] or a central bank which issues credit ratings and which is not subject thereto.

DIVISION TWO
COMMENCEMENT OF INSURANCE OR REINSURANCE BUSINESS

Conditions for the commencement of insurance business
Section 6

(1) Under the conditions laid down in this Act, an insurance undertaking or a branch of a foreign insurance undertaking may be established solely on the basis of an authorisation to conduct insurance business; the scope of insurance business shall be defined in the authorisation.

(2) An insurance undertaking shall be established as a joint stock company or as a European company.[15] An insurance undertaking may not have any other legal form. The business name of an insurance undertaking shall include the designation 'insurance company'. A business name that includes this designation or its translation into a foreign language may be used exclusively by legal entities authorised to conduct insurance business. No other natural or legal person may have a business name that includes this designation, except for insurance undertakings established under other legislation.[16] Where confusion may arise, Národná banka Slovenska may request the relevant insurance undertaking or branch of a foreign insurance undertaking or other legal person to change its business name; the insurance undertaking or branch of a foreign insurance undertaking or other legal person shall comply with that request.

(3) Persons other than insurance undertakings, insurance undertakings from other Member States, and branches of third-country insurance undertakings may not conduct insurance business, unless otherwise provided by other legislation.[17]

(4) Foreign insurance undertakings may conduct insurance business in the territory of the Slovak Republic only through branches, on the basis of an authorisation to conduct insurance business in accordance with Section 10.

(5) Insurance undertakings or branches of foreign insurance undertakings may conduct only business for which they are authorised in accordance with Section 7(1), Section 10(1) or Section 168, and business directly related thereto. Insurance undertakings or branches of foreign insurance undertakings may act as financial intermediaries for financial institutions with the prior approval of Národná banka Slovenska in accordance with other legislation.[18]

(6) Národná banka Slovenska shall grant authorisation to conduct insurance business in respect of the following types of insurance:

(a) life insurance as classified into insurance classes in Part B of Annex 1 or selected risks within the scope of these classes;
(b) non-life insurance as classified into insurance classes or groups in Parts A and C of Annex 1 or selected risks within the scope of these classes.

(7) Insurance undertakings may provide both life and non-life insurance services with the exception of insurance undertakings that:

(a) provide life insurance services; such insurance undertakings may also be authorised to provide accident and sickness insurance;
(b) provide only accident and sickness insurance; such insurance undertakings may also be authorised to provide life insurance services; or
(c) provide both life and non-life insurance services in accordance with the legislation previously in effect.

(8) Insurance undertakings may conduct insurance business under Section 3(d) and (e) only if they have received authorisation for insurance class 18 in Part A of Annex 1, unless otherwise provided by paragraphs 9 and 10.

(9) An insurance undertaking that has obtained authorisation for a principal insurance risk belonging to one class or a group of classes as set out in Parts A and C of Annex 1 may also insure risks included in another class without the need to obtain authorisation in respect of such risks (hereinafter 'ancillary risk') provided that the risks fulfil all of the following conditions:
(a) they are connected with the principal insurance risk;
(b) they concern the object that is covered against the principal insurance risk; and
(c) they are covered by the contract insuring the principal insurance risk.

(10) The risks included in insurance classes 14 and 15 in Part A of Annex 1 shall not be regarded as ancillary risks as referred to in paragraph 9.

(11) Insurance as set out in class 17 in Part A of Annex 1 may be regarded as a risk ancillary to class 18 in Part A of Annex 1, where the conditions laid down in paragraph 9 and either of the following conditions are fulfilled:
(a) the main risk relates solely to assistance provided to persons who get into difficulties while travelling, while away from their home or their habitual residence; or
(b) the insurance concerns disputes or risks arising from, or in connection with, the use of sea-going vessels.

(12) Insurance undertakings may also conduct reinsurance business on the basis of an authorisation obtained from Národná banka Slovenska for reinsurance business.

(13) The share capital of an insurance undertaking may be paid up only in the form of a monetary contribution.

Section 7

(1) The competence to grant authorisations to insurance undertakings to conduct insurance business lies with Národná banka Slovenska. Applications for such authorisation shall be submitted to Národná banka Slovenska by the founder of an insurance undertaking. An insurance undertaking from another Member State shall also submit an application to Národná banka Slovenska for authorisation to conduct insurance business after the project for a cross-border change of its legal form to a joint-stock company has been approved.[18a]

(2) An authorisation as referred to in paragraph 1 shall not be granted unless the following conditions are demonstrated to have been met:

(a) the share capital of the insurance undertaking is paid up in full;
(b) the share capital and other financial resources of the insurance undertaking have a clear and trustworthy provenance;
(c) the persons having a qualifying holding in the insurance undertaking, including the shareholders controlling a mixed financial holding company where the insurance undertaking is part of a financial conglomerate under Section 125(a), to which the mixed financial holding company belongs, are eligible;
(d) the group with close links that includes a shareholder with a qualifying holding in the insurance undertaking is transparent; holdings in the share capital and voting rights are to be calculated without taking account of the voting rights or holdings that an investment firm, a foreign investment firm, a bank or a foreign bank may hold as a result of underwriting or placing of financial instruments on a firm commitment basis,[19] provided that those rights are not exercised or otherwise used to intervene in the management of the insurance undertaking, and provided they are transferred by the investment firm, foreign investment firm, bank or foreign bank to a third party within one year of the acquisition;
(e) the close links within the group referred to in point (d) do not obstruct supervision;
(f) the persons who have been nominated to run the insurance undertaking or to have other key functions in the system of governance, including at least the risk management function, the compliance function, the internal audit function and the actuarial function (hereinafter 'key functions'), are professionally competent and of good repute;
(g) the exercise of supervision is not impeded by the legal system or the application of laws in the country in which the group referred to in point (d) has close links;
(h) the registered office of the insurance undertaking is located in the Slovak Republic;
(i) the insurance undertaking is to submit a business and financial plan based on its business strategy supported by real economic calculations;
(j) the insurance undertaking possesses the eligible basic own funds to cover the absolute floor of the minimum capital requirement provided for in Section 63(3) and presents evidence that it will be in a position to cover the minimum capital requirement from its eligible basic own funds as provided for in Section 63(1);
(k) the insurance undertaking presents evidence that it will be in a position to cover the solvency capital requirement from its eligible own funds as provided for in Section 48(1);
(l) the insurance undertaking presents evidence that it will be in a position to comply with the requirements laid down in Section 73 if it plans to provide both life and non-life insurance services in accordance with Section 6(7)(a) or (b);
(m) the insurance undertaking presents evidence that it will be in a position to observe the system of governance as provided for in Sections 23 to 30;
(n) for insurance undertakings intending to conduct insurance business as specified in point (a) in Part A of Annex 1, claims representatives are to be nominated in a list containing their full name, date of birth and permanent address, or their business name and registered office address.

(3) An application as referred to in paragraph 1 shall contain the following data:

(a) the business name and registered office of the future insurance undertaking;
(b) the amount of the future insurance undertaking's share capital;
(c) the list of shareholders with a qualifying holding in the future insurance undertaking, including the amount of their holdings; the said list shall contain personal data in the range needed to verify compliance with the conditions set out in paragraph 2(c) and (d);
(d) the scope of insurance business proposed for the future insurance undertaking;
(e) the full name, permanent address, and personal number of natural persons nominated to run the insurance undertaking, persons nominated as supervisory board members, or persons nominated to have other key functions;
(f) a declaration of honour by the applicants that the submitted information is complete and true.

(4) Národná banka Slovenska shall decide in respect of an application as referred to in paragraph 1 within the time limit specified in other legislation,[20] on the basis of a detailed assessment of the application and its annexes, and of the factual, personal, and organisational assumptions made in regard to the proposed scope of insurance business.

(5) Národná banka Slovenska shall reject an application as referred to in paragraph 1 if the applicant fails to meet any of the conditions set out in paragraph 2. Národná banka Slovenska shall also reject an application as referred to in paragraph 1 if the submitted data and documents are incomplete, incorrect, untrue or outdated. The economic needs of the market may not constitute a reason for rejecting an authorisation application. Národná banka Slovenska may accept an application as referred to in paragraph 1 in part if the applicant meets the conditions set out in paragraph 2 for only part of the business it intends to conduct.

(6) The conditions stated in paragraph 2 shall be fulfilled without interruption for the duration of the validity of the authorisation.

(7) In a measure promulgated in the Collection of Laws of the Slovak Republic (hereinafter 'the Collection of Laws'), Národná banka Slovenska shall stipulate how to demonstrate compliance with the conditions set out in paragraph 2 for the granting of an authorisation to an insurance undertaking to conduct insurance business and which documents are to constitute the annex to the application for such an authorisation.

(8) For the verification of compliance with the conditions set out in paragraph 2(c), eligible persons shall be understood to mean persons who provide credible evidence that they will be in a position to run the insurance undertaking in a reliable and prudent manner.

(9) Where Národná banka Slovenska decides to grant an authorisation to conduct insurance business to an insurance undertaking whose business and financial plan indicates that a part of its activities will be carried out in another Member State and also that those activities are likely to be

of relevance with respect to the host Member State's market, Národná banka Slovenska shall notify the European Insurance and Occupational Pensions Authority (hereinafter 'the European Supervisory Authority') and the competent supervisory authority of the host Member State.

Conditions for the commencement of reinsurance business
Section 8

(1) Under the conditions laid down in this Act, a reinsurance undertaking or a branch of a foreign reinsurance undertaking may be established solely on the basis of an authorisation to conduct reinsurance business; the scope of insurance business shall be defined in the authorisation. Under the conditions stated in this Act, insurance undertakings may also conduct reinsurance business in the scope defined in the authorisation.

(2) A reinsurance undertaking shall be established as a joint stock company or as a European company.[15] A reinsurance undertaking may not have any other legal form. The business name of a reinsurance undertaking shall include the designation 'reinsurance company'. A business name that includes this designation or its translation into a foreign language may be used exclusively by legal entities authorised to conduct reinsurance business. No other natural or legal person may have a business name that includes this designation. Where confusion may arise, Národná banka Slovenska may request the relevant reinsurance undertaking or branch of a foreign reinsurance undertaking or other legal person to change its business name; the reinsurance undertaking or branch of a foreign reinsurance undertaking or other legal person shall comply with that request.

(3) Persons other than reinsurance undertakings, reinsurance undertakings from other Member States, branches of third-country reinsurance undertakings, and insurance undertakings from other Member States may not conduct reinsurance business, unless otherwise provided by Section 6(12) and Sections 66 and 67 of this Act.

(4) Foreign reinsurance undertakings may conduct reinsurance business in the territory of the Slovak Republic only through local branches, on the basis of an authorisation to conduct reinsurance business in accordance with Section 11(1); this shall not prevent a foreign reinsurance undertaking without a local branch from assuming insurance risks on the basis of a reinsurance contract if the registered office of that undertaking is located in a non-Member State having an equivalent solvency regime pursuant to Section 67 or in a non-Member State which is signatory to an international agreement binding upon the Slovak Republic.[20aa]

(5) Reinsurance undertakings or branches of foreign reinsurance undertakings may conduct only business for which they are authorised in accordance with Section 9(1) or Section 11(1), and business directly related thereto. Reinsurance undertakings or branches of foreign reinsurance undertakings may act as financial intermediaries for financial institutions with the prior approval of Národná banka Slovenska under other legislation.[18]

(6) Národná banka Slovenska shall grant authorisation to conduct reinsurance business in respect of the following types of insurance:
(a) life insurance;
(b) non-life insurance;
(c) life and non-life insurance.

(7) Národná banka Slovenska may authorise an insurance undertaking to conduct reinsurance business only for the type of insurance for which it has authorisation as an insurance undertaking.

(8) The share capital of a reinsurance undertaking may be paid up only in the form of a monetary contribution.

Section 9

(1) The competence to grant authorisations to conduct reinsurance business lies with Národná banka Slovenska. Applications for such authorisation shall be submitted to Národná banka Slovenska by the founder of a reinsurance undertaking or by an insurance undertaking, unless otherwise provided by Section 6(12) of this Act. A reinsurance undertaking from another Member State shall also submit an application to Národná banka Slovenska for authorisation to conduct insurance business after the project for a cross-border change of its legal form to a joint-stock company has been approved.[18a] If an authorisation to conduct reinsurance business is requested by an insurance undertaking, the provisions of paragraphs 2 to 5 apply *mutatis mutandis*.

(2) An authorisation as referred to in paragraph 1 shall not be granted unless the following conditions are demonstrated to have been met:
(a) the share capital of the reinsurance undertaking is paid up in full;
(b) the share capital and other financial resources of the reinsurance undertaking have a clear and trustworthy provenance;
(c) the persons having a qualifying holding in the reinsurance undertaking, including the shareholders controlling a mixed financial holding company where the reinsurance undertaking is part of a financial conglomerate under Section 125(a), to which the mixed financial holding company belongs, are eligible;
(d) the group with close links that includes a shareholder with a qualifying holding in the reinsurance undertaking is transparent; holdings in the share capital and voting rights are to be calculated without taking account of the voting rights or holdings that an investment firm, a foreign investment firm, a bank or a foreign bank may hold as a result of underwriting or placing of financial instruments on a firm commitment basis,[19] provided that those rights are not exercised or otherwise used to intervene in the management of the reinsurance undertaking,

and provided they are transferred by the investment firm, foreign investment firm, bank or foreign bank to a third party within one year of the acquisition;

(e) the close links within the group referred to in point (d) do not obstruct supervision;
(f) the persons who have been nominated to run the reinsurance undertaking or to have other key functions are professionally competent and of good repute;
(g) the exercise of supervision is not impeded by the legal system or the application of laws in a country in which the group referred to in point (d) has close links;
(h) the registered office of the reinsurance undertaking is located in the Slovak Republic;
(i) the reinsurance undertaking is to submit a business and financial plan based on its business strategy supported by real economic calculations;
(j) the reinsurance undertaking possesses the eligible basic own funds to cover the absolute floor of the minimum capital requirement provided for in Section 63(3) and presents evidence that it will be in a position to cover the minimum capital requirement from its eligible basic own funds as provided for in Section 63(1);
(k) the reinsurance undertaking presents evidence that it will be in a position to cover the solvency capital requirement from its eligible own funds as provided for in Section 48(1);
(l) the reinsurance undertaking presents evidence that it will be in a position to observe the system of governance as provided for in Sections 23 to 30.

(3) An application as referred to in paragraph 1 shall contain the following data:

(a) the business name and registered office of the future reinsurance undertaking;
(b) the amount of the future reinsurance undertaking's share capital;
(c) the list of shareholders with a qualifying holding in the future reinsurance undertaking, including the amount of their holdings; the said list shall contain personal data in the range needed to verify compliance with the conditions set out in paragraph 2(c) and (d);
(d) the scope of reinsurance business proposed for the future reinsurance undertaking;
(e) the full name, permanent address, and personal number of natural persons nominated to run the reinsurance undertaking, persons nominated as supervisory board members, or persons nominated to have other key functions;
(f) a declaration of honour by the applicants that the submitted information is complete and true.

(4) Národná banka Slovenska shall decide in respect of an application as referred to in paragraph 1 within the time limit specified in other legislation,[20] on the basis of a detailed assessment of the application and its annexes, and of the factual, personal, and organisational assumptions made in regard to the proposed scope of reinsurance business.

(5) Národná banka Slovenska shall reject an application as referred to in paragraph 1 if the applicant fails to meet any of the conditions set out in paragraph 2. Národná banka Slovenska shall also reject an application as referred to in paragraph 1 if the submitted data and documents are incomplete, incorrect, untrue or outdated. The economic needs of the market may not constitute a reason for rejecting an authorisation application. Národná banka Slovenska may accept an

application as referred to in paragraph 1 in part if the applicant meets the conditions set out in paragraph 2 for only part of the business it intends to conduct.

(6) The conditions stated in paragraph 2 shall be fulfilled without interruption for the duration of the validity of the authorisation.

(7) In a measure promulgated in the Collection of Laws, Národná banka Slovenska shall stipulate how to demonstrate compliance with the conditions set out in paragraph 2 for the granting of an authorisation to conduct reinsurance business and which documents are to constitute the annex to the application for such an authorisation.

(8) For the verification of compliance with the conditions set out in paragraph 2(c), eligible persons shall be understood to mean persons who provide credible evidence that they will be in a position to run the reinsurance undertaking in a reliable and prudent manner.

(9) Where Národná banka Slovenska decides to grant an authorisation to conduct reinsurance business to a reinsurance undertaking whose business and financial plan indicates that a part of its activities will be carried out in another Member State and also that those activities are likely to be of relevance with respect to the host Member State's market, Národná banka Slovenska shall notify the European Supervisory Authority and the competent supervisory authority of the host Member State thereof.

Section 10
Conditions for the commencement of insurance business by foreign insurance undertakings through branches

(1) The competence to grant authorisations to foreign insurance undertakings to conduct insurance business through a branch lies with Národná banka Slovenska. Applications for such authorisation shall be submitted to Národná banka Slovenska by a foreign insurance undertaking.

(2) An authorisation as referred to in paragraph 1 shall not be granted to a foreign insurance undertaking unless the following conditions are demonstrated to have been met:

(a) the foreign insurance undertaking is authorised to conduct insurance business under the law of the country in which its registered office is located;
(b) the foreign insurance undertaking undertakes to open a separate account in a bank or in a branch of a foreign bank at the place where its branch is located in connection with its business activities and to store records thereof;
(c) the natural persons nominated by the foreign insurance undertaking to manage any of its branches or to have other key functions are professionally competent and of good repute;
(d) the assets owned by the foreign insurance undertaking in the territory of the Slovak Republic are not lower than one-half of the absolute floor of the solvency capital requirement referred

to in Section 63 and financial resources in an amount corresponding to one-quarter of that absolute floor are deposited as security in a separate account in a bank or in a branch of a foreign bank;[5] the funds are to be kept in that account throughout the operation of the foreign insurance undertaking's local branch;

(e) the foreign insurance undertaking presents evidence that it will be in a position to cover the minimum capital requirement pursuant to Section 63(1) from its eligible basic own funds to the extent of its insurance business conducted in the territory of the Slovak Republic;
(f) the foreign insurance undertaking presents evidence that it will be in a position to cover the solvency capital requirement pursuant to Section 63(1) from its eligible own funds to the extent of its insurance business conducted in the territory of the Slovak Republic;
(g) the foreign insurance undertaking is to submit a business-financial plan based on its business strategy proposed for the branch, supported by real economic calculations;
(h) the foreign insurance undertaking presents evidence that it will be in a position to observe the system of governance referred to in Sections 23 to 30;
(i) the group with close links to which the foreign insurance undertaking belongs is transparent;
(j) the close links within the group referred to in point (i) do not obstruct supervision;
(k) the exercise of supervision is not impeded by the legal system or the application of laws in a country in which the group referred to in point (i) has close links;
(l) if a future branch of the foreign insurance undertaking intends to conduct insurance business as specified in point 10(a) in Part A of Annex 1, claims representatives are to be nominated in a list containing their full name, date of birth, permanent address, or business name and registered office address.

(3) An application as referred to in paragraph 1 shall contain the following data:

(a) the business name and registered office of the foreign insurance undertaking, and the proposed location of its branch in the Slovak Republic;
(b) the identification number of the future branch of the foreign insurance undertaking, if assigned;
(c) the scope of insurance business proposed for the future branch of the foreign insurance undertaking;
(d) the full name, permanent address, and personal number of natural persons nominated to run the branch of the foreign insurance undertaking and of natural persons nominated to have other key functions.

(4) Národná banka Slovenska shall decide in respect of an application as referred to in paragraph 1 within the time limit specified in other legislation,[20] on the basis of a detailed assessment of the application and its annexes, and of the factual, personal, and organisational assumptions made in regard to the proposed scope of insurance business.

(5) Národná banka Slovenska shall reject an application as referred to in paragraph 1 if the applicant fails to meet any of the conditions set out in paragraph 2. Národná banka Slovenska shall also reject an application as referred to in paragraph 1 if the submitted data and documents are

incomplete, incorrect, untrue or outdated. The economic needs of the market may not constitute a reason for rejecting an authorisation application. Národná banka Slovenska may accept an application as referred to in paragraph 1 in part if the applicant meets the conditions set out in paragraph 2 for only part of the business it intends to conduct.

(6) An application as referred to in paragraph 1 may not be rejected on the grounds that the legal form of the foreign insurance undertaking concerned does not correspond to the legal form of a joint stock company.

(7) The conditions stated in paragraph 2 shall be fulfilled without interruption for the duration of the validity of the authorisation to conduct insurance business.

(8) In a measure promulgated in the Collection of Laws, Národná banka Slovenska shall stipulate how to demonstrate compliance with the conditions set out in paragraph 2 for the authorisation of a foreign insurance undertaking to conduct insurance business through a branch and which documents are to constitute the annex to the application for such an authorisation.

(9) Foreign insurance undertakings may be granted authorisation under paragraph 1 for only one insurance class, for business covered by the authorisation granted in their home country for the same insurance class. Insurance business in another insurance class may be conducted by foreign insurance undertakings in the territory of the Slovak Republic only through their subsidiaries; this shall be without prejudice to the provisions of Section 6(1). Foreign insurance undertakings may be granted authorisation to conduct reinsurance business for only one insurance class, for business covered by the authorisation granted in their home country.

(10) Any foreign insurance undertaking which has requested or obtained authorisation pursuant to paragraph 1 from Národná banka Slovenska and from another Member State to conduct insurance business through branches may apply for the following advantages:

(a) the funds required under paragraph 2 shall be deposited in a separate account with a bank or a foreign bank established in another Member State in only one of the Member States in which the undertaking has branches;
(b) the solvency capital requirement shall be calculated in relation to the entire range of insurance business it conducts in the Member States; account shall be taken only of the business conducted by all the branches established in the Member States for the purposes of this calculation;
(c) the assets representing the minimum capital requirement shall be deposited in any of the Member States in which the undertaking conducts its business.

(11) The advantages referred to in paragraph 10 may be granted only jointly. Applications for such advantages shall be submitted to the competent supervisory authorities of the Member States in which the foreign insurance undertaking concerned intends to conduct insurance business.

Such applications shall state the supervisory authority of the Member State which in future is to supervise the solvency of the undertaking's branches established in the relevant Member States, as well as the reasons for the choice of supervisory authority made by the undertaking.

(12) The advantages referred to in paragraph 10 may be granted only where the competent supervisory authorities of all Member States in which an application has been made agree to them. Those advantages shall take effect from the day when the supervisory authority selected by the foreign insurance undertaking concerned informs Národná banka Slovenska that it will supervise the state of solvency of the branches pursuant to paragraph 11 or from the day when Národná banka Slovenska, in its capacity as supervisory authority, informs the competent authorities of the Member States in which an application for advantages has been made under paragraph 10 that it will supervise the state of solvency of the branches pursuant to paragraph 11.

(13) Národná banka Slovenska shall provide the supervisory authority selected from other Member States with all the information needed for the supervision of the state of solvency of the branches pursuant to paragraph 11. Národná banka Slovenska, in its capacity as selected supervisory authority, may require the supervisory authorities of the Member States in which an application for advantages has been made pursuant to paragraph 10 to provide all the information it needs to supervise the state of solvency of the branches pursuant to paragraph 11.

(14) Where advantages have been granted under paragraph 10, the financial resources referred to in paragraph 10(a) shall be deposited in a separate account with a bank established in the Member State whose supervisory authority supervises the state of solvency of the branches pursuant to paragraph 11.

(15) At the request of the supervisory authority or other competent authority of the Member State in which an application for advantages has been made pursuant to paragraph 10, Národná banka Slovenska shall withdraw the advantages and inform the supervisory authorities concerned accordingly.

(16) If Národná banka Slovenska decides on its own initiative to withdraw the advantages it has granted under paragraph 10 to a foreign insurance undertaking conducting insurance undertaking on the basis of an authorisation pursuant to paragraph 1, it shall inform the supervisory authorities of the Member States in which an application for such advantages was made and shall request them to withdraw the advantages they have granted.

(17) In implementing the provisions of Sections 144 to 146, Národná banka Slovenska as a supervisory authority responsible for verifying the state of solvency of branches pursuant to paragraph 12 shall be in the same position as the supervisory authority of a Member State in which the registered office of an insurance undertaking conducting business in other Member States is located.

(18) A foreign insurance undertaking incorporated in the Swiss Confederation and intending to conduct, or already conducting, non-life insurance business through a branch established within the territory of the Slovak Republic is subject to the relevant provisions of this Act governing the operation of third-country insurance undertakings, unless otherwise provided by an international agreement binding upon the Slovak Republic.[20a]

Section 11
Conditions for the commencement of reinsurance business by foreign reinsurance undertakings through branches

(1) The competence to grant authorisations to foreign reinsurance undertakings to conduct reinsurance business through a branch lies with Národná banka Slovenska. Applications for such authorisation shall be submitted to Národná banka Slovenska by a foreign reinsurance undertaking.

(2) An authorisation as referred to in paragraph 1 shall not be granted unless the conditions set out in Section 10(2)(a) to (k) are demonstrated to have been met.

(3) An application made by a foreign reinsurance undertaking under paragraph 1 shall contain the data specified in Section 10(3), as appropriate.

(4) In a measure promulgated in the Collection of Laws, Národná banka Slovenska shall stipulate how to demonstrate compliance with the conditions set out in paragraph 2 for the granting of an authorisation to a foreign reinsurance undertaking to conduct reinsurance business through a branch and which documents are to constitute the annex to the application for such an authorisation.

(5) In deciding in respect of an application referred to in paragraph 1, Národná banka Slovenska shall proceed as appropriate in accordance with Section 10(5) to (8) and Sections 10 to 17. Národná banka Slovenska shall proceed in accordance with Section 10(10) to (17) even in the case of an existing branch of a foreign reinsurance undertaking which has applied for advantages under Section 10(1).

Section 12
Authorisations to conduct insurance business or reinsurance business

(1) Authorisations to conduct insurance business or reinsurance business shall be granted for an indefinite period and may not be transferred to any other person, nor assigned to the holder's legal successor. An authorisation granted to an insurance undertaking shall be valid for all Member States. It shall allow its holder to conduct insurance business in the territory of another Member State through a branch established in that Member State or under the freedom to provide services.

An authorisation granted to a reinsurance undertaking shall be valid for all Member States. It shall allow its holder to conduct reinsurance business in the territory of another Member State through a branch established in that Member State or under the freedom to provide services.

(2) In addition to the general elements of a decision as defined in other legislation,[21] the operative part of a decision to grant an authorisation to conduct insurance or reinsurance business shall state the following:

(a) the business name and registered office of the insurance or reinsurance undertaking or of the branch of a foreign insurance or reinsurance undertaking whose establishment and operation are the subject of the authorisation;
(b) the insurance types and classes, or the risks selected within these classes, for which the relevant insurance undertaking or branch of a foreign insurance undertaking is authorised to conduct insurance business, or the insurance type for which the reinsurance undertaking or branch of a foreign reinsurance undertaking is authorised to conduct reinsurance business.

(3) An authorisation to conduct insurance or reinsurance business may also state the conditions which the authorised insurance or reinsurance undertaking or foreign insurance or reinsurance undertaking must meet prior to commencing its authorised business or the conditions which the insurance or reinsurance undertaking or foreign insurance or reinsurance undertaking must observe while conducting its authorised business. An authorisation to conduct insurance business may restrict the scope or manner of conduct of certain insurance business within an insurance class.

(4) An authorisation to conduct insurance or reinsurance business may not be granted where such authorisation would contradict an international agreement ratified and promulgated in a manner stipulated by law.

(5) Insurance and reinsurance undertakings, including foreign insurance and reinsurance undertakings, shall, on the basis of their authorisation to conduct insurance or reinsurance business or an amendment thereto, file a motion with the competent registration court for their entry in the Commercial Register within 60 days from when the decision on the authorisation or the amendment thereto came into effect.

(6) Insurance or reinsurance undertakings shall, without undue delay, notify Národná banka Slovenska in writing of any change in the facts referred to in Section 7(2) and (3) or in Section 9(2) and (3). Foreign insurance or reinsurance undertakings providing insurance or reinsurance services in the territory of the Slovak Republic through branches shall, without undue delay, notify Národná banka Slovenska in writing of any change in the facts referred to in Section 10(2) and (3) or in Section 11(2) and (3).

Section 13

Modification of an authorisation

(1) At the request of an insurance or reinsurance undertaking or of a foreign insurance or reinsurance undertaking, an authorisation to conduct insurance or reinsurance business may be modified by a decision of Národná banka Slovenska. The modification of an authorisation to conduct insurance business shall be understood to mean the extension or restriction of that authorisation by one or more insurance classes as specified in Annex 1 or by one or more selected risks within a given insurance class. The modification of an authorisation to conduct reinsurance business shall be understood to mean the extension or restriction of that authorisation by non-life insurance or life insurance.

(2) Where an authorisation to conduct insurance business is to be extended, the insurance undertaking or foreign insurance undertaking concerned shall prove that it meets the conditions stipulated in Section 7(2)(i) to (l) or in Section 10(2)(e) to (g) for the extension of the scope of insurance business. Where an authorisation to conduct reinsurance business is to be extended, the reinsurance undertaking or foreign reinsurance undertaking concerned shall prove that it meets the conditions stipulated in Section 9(2)(i) to (k) or in Section 10(2)(e) to (g) for the extension of the scope of reinsurance business.

(3) Where an authorisation to conduct insurance business is to be restricted, the insurance undertaking or foreign insurance undertaking concerned shall prove that it has settled all its claims and liabilities that arose in connection with one or more insurance classes or with one or more risks occurring within the insurance class by which the authorisation is to be restricted. Where an authorisation to conduct reinsurance business is to be restricted, the insurance or reinsurance undertaking or foreign insurance or reinsurance undertaking concerned shall prove that it has settled all its claims and liabilities that arose in connection with the insurance class by which the authorisation is to be restricted.

(4) Insurance undertakings or branches of foreign insurance undertakings which conduct life insurance business and which have applied for a change in their authorisation to cover the insurance classes included in points 1 and 2 in Part A of Annex 1 and insurance undertakings or branches of foreign insurance undertakings which conduct only non-life insurance business in the classes included in points 1 and 2 in Part A of Annex 1 and which have applied for a change in their authorisation to cover life insurance shall prove, in addition to the facts mentioned in paragraph 2, the fact that they have sufficient eligible basic own funds to cover the absolute floor of the minimum capital requirement for life insurance and the absolute floor of the minimum capital requirement for non-life insurance in accordance with Section 63(3).

Section 14
Cooperation of Národná banka Slovenska with the competent supervisory authorities of other Member States

(1) Národná banka Slovenska shall discuss the granting of an authorisation as referred to in Sections 7 and 9 with the competent supervisory authority of the Member State concerned if the authorisation is to be granted to a legal person which is:

(a) a subsidiary of an insurance undertaking from another Member State or a subsidiary of a reinsurance undertaking from another Member State;
(b) a subsidiary of the parent company of an insurance undertaking from another Member State or a subsidiary of the parent company of a reinsurance undertaking from another Member State, or
(c) is controlled by the same persons that control an insurance undertaking from another Member State or a reinsurance undertaking from another Member State.

(2) Národná banka Slovenska shall discuss the granting of an authorisation as referred to in Sections 7 and 9 with the competent supervisory authority of another Member State, the banking supervisor of another Member State or with the authority supervising the capital market of another Member State if the authorisation is to be granted to a legal person which is:

(a) a subsidiary of a foreign bank established in another Member State or a subsidiary of a foreign investment firm established in another Member State;
(b) a subsidiary of the parent company of a foreign bank established in another Member State or a subsidiary of a foreign investment firm established in another Member State; or
(c) is controlled by the same persons that control a foreign bank established in another Member State or a foreign investment firm established in another Member State.

(3) Národná banka Slovenska shall discuss, with the supervisory authorities referred to in paragraphs 1 and 2, the eligibility of shareholders and the professional competence and good repute of all persons who control an insurance or reinsurance undertaking or who hold key functions in another company of the same group and shall exchange any information with these authorities as needed for the granting of an authorisation under Section 7 or 9 and for the supervision of the activities of persons in accordance with paragraphs 1 and 2.

Section 15
Establishment of branches abroad

(1) An insurance undertaking which has decided to establish a branch in another Member State shall report the following data to Národná banka Slovenska in writing:

(a) the Member State in which the insurance undertaking intends to establish a branch;
(b) the proposed location of the branch;
(c) the full name of the natural person nominated as head of the branch or of the person authorised to represent the insurance undertaking in relation to third persons;
(d) the organisational structure of the branch;

(e) a plan of the business the insurance undertaking intends to conduct through its branch over the first three years, including the nature of the risks or liabilities;
(f) membership of the national bureau and of the national guarantee fund of the host Member State if the undertaking intends to conduct the insurance business included in point 10(a) in Part A of Annex 1 through its branch.

(2) An insurance or reinsurance undertaking which has decided to establish a branch in a country that is not a Member State of the European Union shall report the following data to Národná banka Slovenska in writing:
(a) the country in which the undertaking intends to establish a branch;
(b) the proposed location of the branch;
(c) the full name of the natural person nominated as head of the branch;
(d) the organisational structure of the undertaking and that of the branch;
(e) a plan of the business the undertaking intends to conduct through its branch over the first three years, including the nature of the risks or liabilities.

(3) Insurance or reinsurance undertakings shall notify Národná banka Slovenska of any change they plan to make in the data referred to in paragraph 2(b) to (e), no later than 30 days before the change is made.

(4) Insurance undertakings intending to conduct, or already conducting, non-life insurance business through a branch established within the territory of the Swiss Confederation is subject to the relevant provisions of this Act governing the operation of insurance undertakings in third countries, unless otherwise provided by an international agreement binding upon the Slovak Republic.[20a]

Cooperation and free movement within the Member States
Section 16

(1) After an insurance undertaking notifies Národná banka Slovenska under Section 15(1) of its decision to establish a branch in another Member State, Národná banka Slovenska shall send a confirmation to the competent supervisory authority of the host Member State within three months of the receipt of that notification to certify that the undertaking in question satisfies the solvency capital requirement pursuant to Section 48 and the minimum capital requirement pursuant to Section 63, has an appropriate system of governance and a sound financial standing, and the natural person nominated as head of the branch is professionally competent and of good repute as required in Section 24; the insurance undertaking shall also be informed of these facts.

(2) An insurance undertaking may establish a branch and commence operations through that branch only after the competent supervisory authority of the host Member State has notified Národná banka Slovenska of the relevant provisions of the host Member State's legislation of

general application pertaining to the insurance business the undertaking intends to conduct through its branch. Národná banka Slovenska shall report this information to the insurance undertaking concerned. If the supervisory authority of the host Member State fails to notify Národná banka Slovenska of the relevant provisions of the host Member State's legislation of general application, the insurance undertaking may establish a branch and commence operations through that branch no earlier than two months after the date of delivery of the notification mentioned in paragraph 1 to the supervisory authority of the host Member State.

(3) If Národná banka Slovenska has reason to doubt the adequacy of the system of governance or financial position of an insurance undertaking in relation to its authorised business, or the good repute and professional competence of the head of its branch pursuant to Section 24, it shall not report the data mentioned in paragraph 1 to the supervisory authority of the host Member State. In such case, Národná banka Slovenska shall issue a rejecting decision in proceedings under other legislation[3] within three months of the delivery of all the data in accordance with Section 15(1) and shall deliver that decision to the insurance undertaking without undue delay.

(4) An insurance undertaking shall notify Národná banka Slovenska and the competent supervisory authority of the Member State in which its branch is located of any change it plans to make in the data referred to in Section 15(1)(b) to (e), no later than 30 days before the change is made.

(5) Supervision over a branch of an insurance or reinsurance undertaking established in another Member State shall be exercised by Národná banka Slovenska.

(6) If the supervisory authority of a Member State in which an insurance or reinsurance undertaking has a branch warns Národná banka Slovenska that the branch in question violates the legal regulations while conducting its business in that Member State or that the business of that insurance or reinsurance undertaking may adversely affect the undertaking's financial situation, Národná banka Slovenska shall take the necessary measures to end the unlawful state or shall verify whether the insurance or reinsurance undertaking complies with the principles of prudential business. Národná banka Slovenska may request the European Supervisory Authority for assistance in accordance with other legislation.[22]

(7) If a branch of an insurance or reinsurance undertaking operating in the territory of a Member State fails to remedy the situation mentioned in paragraph 6 within the prescribed time limit, it shall implement or allow the implementation of a remedial measure proposed by the competent supervisory authority of the Member State in which the branch is located.

(8) When exercising supervision over a branch of an insurance or reinsurance undertaking under paragraph 7, the competent supervisory authority of the Member State concerned may require that branch to supply information in the same range as an insurance or reinsurance

undertaking established in that Member State. The Member State's supervisory authority may require an insurance or reinsurance undertaking that has a branch in its territory to deliver regular reports on its business for statistical purposes. The insurance or reinsurance undertaking shall comply with that requirement.

(9) Národná banka Slovenska shall notify the European Supervisory Authority and the competent supervisory authority of the host Member State where it identifies deteriorating financial conditions or other emerging risks posed by an insurance or reinsurance undertaking carrying out insurance or reinsurance activities through a branch established in the territory of the host Member State.

(10) Národná banka Slovenska may submit to the European Supervisory Authority a request to set up a collaboration platform where:

(a) it has made a notification under Section 7(9) or Section 9(9);
(b) it has made a notification under paragraph 9 or under Section 17(11);
(c) it has made a request for assistance under Section 21(9);
(d) the supervisory authority of another Member State has informed Národná banka Slovenska that an insurance or reinsurance undertaking from that Member State intends to carry out insurance or reinsurance activities in the territory of the Slovak Republic; or
(e) the supervisory authority of another Member State has informed Národná banka Slovenska that it has identified deteriorating financial conditions or other emerging risks posed by an insurance or reinsurance undertaking from that Member State carrying out insurance or reinsurance activities in the territory of the Slovak Republic.

(11) Národná banka Slovenska shall provide the European Supervisory Authority with all necessary information to allow for a proper assessment of the need for the setting-up of a collaboration platform as referred to in paragraph 10. Notifications made under paragraph 9, Section 7(9), Section 9(9), Section 17(11) and Section 21(8) and (9) shall be sufficiently precise to allow for their proper assessment. Národná banka Slovenska shall at the same time provide the European Supervisory Authority and the competent supervisory authority of the host Member State with all necessary information to allow for the proper functioning of the collaboration platform.

Section 17

(1) An insurance undertaking that has decided to conduct insurance or reinsurance business in another Member based on the freedom to provide services, without establishing a branch, shall notify Národná banka Slovenska in writing of this intention prior to commencing its insurance or reinsurance business.

(2) In the notification mentioned in paragraph 1, the insurance undertaking shall report the following information:

(a) the Member State in which the insurance undertaking intends to conduct insurance or reinsurance business;
(b) the nature of the risks or liabilities arising from the insurance or reinsurance business planned for the first three years.

(3) Within 30 days of the delivery date of a notification pursuant to paragraph 1, Národná banka Slovenska shall send the following documents and information to the competent supervisory authority of the Member State concerned under paragraph 2(a):
(a) a confirmation proving that the insurance undertaking meets the solvency capital requirement pursuant to Section 48 and the minimum capital requirement pursuant to Section 63;
(b) the list of insurance classes for which the insurance undertaking has received authorisation to conduct insurance business or the insurance type for which the insurance undertaking has received authorisation to conduct reinsurance business; and
(c) the information referred to in paragraph 2(b).

(4) Národná banka Slovenska shall inform the insurance undertaking concerned about the facts mentioned in paragraph 3. The insurance undertaking may commence insurance or reinsurance business in another Member State upon receiving information from Národná banka Slovenska pursuant to the first sentence.

(5) If Národná banka Slovenska fails to send the documents mentioned in paragraph 3 to the competent supervisory authority of the Member State concerned under paragraph 2(a), it shall issue a rejecting decision in proceedings under other legislation[3] and shall deliver it to the insurance undertaking without undue delay.

(6) Insurance undertakings shall notify Národná banka Slovenska of any change occurring in the data provided pursuant to paragraph 2(b) no later than 30 days before the change takes place; the provisions of paragraphs 3 to (5) apply *mutatis mutandis*.

(7) The conduct of insurance or reinsurance business by insurance undertakings or reinsurance undertakings in other Member States based on the freedom to provide services without establishing a branch shall be supervised by Národná banka Slovenska.

(8) If the supervisory authority of a host Member State warns Národná banka Slovenska that an insurance or reinsurance undertaking violates the legal regulations while conducting its business in the territory of that Member State or that the business of an insurance or reinsurance undertaking may adversely affect the undertaking's financial situation, Národná banka Slovenska shall take the necessary measures to end the unlawful state or shall verify whether the insurance or reinsurance undertaking in question complies with the principles of prudential business. Národná banka Slovenska may request the European Supervisory Authority for assistance in accordance with other legislation.[22]

(9) If an insurance or reinsurance undertaking operating in the territory of a host Member State fails to remedy the situation referred to in paragraph 8, it shall implement or allow the implementation of a measure proposed by the supervisory authority of the host Member State.

(10) When exercising supervision over an insurance or reinsurance undertaking under paragraph 9, the competent supervisory authority of the host Member State may require that undertaking to supply information in the same range as an insurance or reinsurance undertaking established in that Member State. The supervisory authority of the host Member State where an insurance or reinsurance undertaking conducts insurance or reinsurance business based on the freedom to provide services without establishing a branch may require that undertaking to submit regular reports on its business for statistical purposes. The insurance or reinsurance undertaking shall comply with that requirement.

(11) Národná banka Slovenska shall notify the European Supervisory Authority and the competent supervisory authority of the host Member State where it identifies deteriorating financial conditions or other emerging risks posed by an insurance or reinsurance undertaking carrying out insurance or reinsurance activities in the host Member State based on the freedom to provide services without establishing a branch.

Section 18

(1) An insurance undertaking from another Member State may conduct insurance or reinsurance business in the territory of the Slovak Republic through its branch without authorisation if it is authorised to conduct insurance or reinsurance business in the relevant Member State, with the consent of the competent supervisory authority of the home Member State delivered to Národná banka Slovenska in writing. In the country of registration and in written communication, a branch of an insurance undertaking shall always use the designation ‘branch of an insurance company from another Member State’ in its business name.

(2) Národná banka Slovenska shall, within two months of the delivery date of the consent referred to in paragraph 1, notify the supervisory authority of the home Member State of the relevant provisions of legislation of general application pertaining to the conduct of insurance or reinsurance business by a branch of an insurance undertaking from another Member State in the territory of the Slovak Republic.

(3) A branch of an insurance undertaking from another Member State may commence insurance or reinsurance business in the territory of the Slovak Republic upon receipt of a notification from Národná banka Slovenska pursuant to paragraph 2 or upon the lapse of two months after the delivery of the written consent to Národná banka Slovenska pursuant to paragraph 1.

(4) An insurance undertaking from another Member States shall notify Národná banka Slovenska in writing of any change in the following data, no later than 30 days before the change is made:

(a) the nature of the risks that a branch of the insurance undertaking from another Member State will cover while conducting insurance business in the territory of the Slovak Republic;
(b) the address of the relevant branch of the insurance undertaking from another Member State in the Slovak Republic;
(c) the full name of the head of the relevant branch of the insurance undertaking from another Member State in the Slovak Republic;
(d) the organisational structure of the relevant branch of the insurance undertaking from another Member State in the Slovak Republic.

(5) The notification of a branch of an insurance undertaking from another Member State pursuant to paragraph 4 is subject to the provisions of paragraphs 1 to 3.

(6) Reinsurance undertakings from other Member States may conduct reinsurance business in the territory of the Slovak Republic through branches without authorisation if they are authorised to conduct such business in their home Member State.

Section 19

(1) An insurance undertaking from another Member State may conduct insurance or reinsurance business in the territory of the Slovak Republic under the freedom to provide services after the competent supervisory authority of the home Member State in which that insurance undertaking is established has notified Národná banka Slovenska in a range specified in Section 17(3).

(2) The provisions of paragraph 1 apply *mutatis mutandis* to changes an insurance undertaking intends to make in the data referred to in Section 17(2)(b) in connection with the conduct of insurance or reinsurance business in the territory of the Slovak Republic under the freedom to provide services.

(3) Reinsurance undertakings from other Member States may conduct reinsurance business in the territory of the Slovak Republic under the freedom to provide services if they are authorised to conduct such business in their home Member State.

Section 20

Insurance and reinsurance business conducted by insurance undertakings from other Member States or reinsurance business conducted by reinsurance undertakings from other Member

States under Section 18(1) and (6) and Section 19(1) and (3) is subject to supervision by the competent supervisory authorities of the home Member States concerned, unless otherwise provided by Section 79 of this Act.

Section 21

(1) If Národná banka Slovenska finds that an insurance undertaking from another Member State conducting insurance or reinsurance business or a reinsurance undertaking from another Member State conducting reinsurance business in the Slovak Republic has breached any legislation of general application, Národná banka Slovenska shall, without undue delay, require that undertaking to remedy the situation within a stipulated time limit. Národná banka Slovenska shall report such breach of legislation of general application to the competent supervisory authority of the Member State concerned.

(2) If the insurance or reinsurance undertaking from another Member State referred to in paragraph 1 fails to remedy the situation within the stipulated time limit, Národná banka Slovenska shall inform the home Member State's supervisory authority and shall request that authority to take the necessary measures to rectify the unlawful situation and to provide information about the measures taken. Národná banka Slovenska may request the European Supervisory Authority for assistance in accordance with other legislation.[22]

(3) Where, despite the measures taken under paragraph 2 or because such measures prove to be inadequate or are lacking in that Member State, the insurance or reinsurance undertaking from another Member State persists in violating legislation of general application, Národná banka Slovenska may, after informing the home Member State's competent supervisory authority, take appropriate measures to end the unlawful situation, including measures to rectify or eliminate the shortcomings detected and measures to restrict or suspend the undertaking's authorisation to conclude or extend an insurance or reinsurance contract. The insurance or reinsurance undertaking concerned shall implement the measures imposed.

(4) If the supervisory authority of the home Member State withdraws the authorisation of an insurance undertaking from another Member State to conduct insurance or reinsurance business or the authorisation of a reinsurance undertaking from another Member State to conduct reinsurance business, Národná banka Slovenska shall, upon the discovery of this fact, promptly take measures to restrict the conduct of insurance or reinsurance business by that undertaking.

(5) For the purposes of paragraphs 1 to 4, Národná banka Slovenska may request information from an insurance undertaking from another Member State conducting insurance or reinsurance business in the Slovak Republic or from a reinsurance undertaking from another Member State conducting reinsurance business in the Slovak Republic in the same range as from an insurance or reinsurance undertaking established in the Slovak Republic.

(6) Národná banka Slovenska may require an insurance undertaking from another Member State conducting insurance or reinsurance business in the Slovak Republic or a reinsurance undertaking from another Member State conducting reinsurance business in the Slovak Republic to submit reports on its business for statistical purposes. In a measure promulgated in the Collection of Laws, Národná banka Slovenska shall stipulate the scope of such reports and how and when they are to be submitted.

(7) If Národná banka Slovenska finds that the business of an insurance or reinsurance undertaking from another Member State operating in the Slovak Republic may adversely affect the undertaking's financial situation, it shall inform the competent supervisory authority of the home Member State.

(8) Národná banka Slovenska may notify the supervisory authority of the home Member State where it has serious and reasoned concerns that an insurance or reinsurance undertaking from that Member State is violating consumer protection rights when carrying out insurance or reinsurance activities.

(9) If Národná banka Slovenska cannot find a bilateral solution with the competent supervisory authority of the home Member State, it may request the European Supervisory Authority for assistance in remedying the deficiencies identified.

Section 22

(1) Národná banka Slovenska shall inform the European Commission (hereinafter 'the Commission') and the European Supervisory Authority whenever it refuses to meet its obligations laid down in Section 16(1) and Section 17(3) and proceeds pursuant to Section 16(3) or Section 17(5) and shall state its reasons for doing so.

(2) Národná banka Slovenska shall inform the Commission about:

(a) the measures imposed in accordance with Section 21(3);
(b) the establishment of a branch by an insurance or reinsurance undertaking in a country that is not a Member State;
(c) the granting of an authorisation for a branch of a foreign insurance or reinsurance undertaking to conduct insurance or reinsurance business or the withdrawal of such authorisation;
(d) the problems that occurred during the establishment of a foreign insurance undertaking as a subsidiary of an insurance undertaking or during the establishment of a branch of an insurance undertaking in a country that is not a Member State or the facts that hindered the proper conduct of insurance business in the territory of a non-Member State;
(e) the problems that occurred during the establishment of a foreign reinsurance undertaking as a subsidiary of a reinsurance undertaking or during the establishment of a branch of a

reinsurance undertaking in a country that is not a Member State or the facts that hindered the proper conduct of reinsurance business in the territory of a non-Member State;

(f) the fact that an insurance or reinsurance undertaking is or will become the subsidiary of a foreign insurance or reinsurance undertaking which is subject to the law of a country that is not a Member State;

(g) the structure of the group to which the insurance or reinsurance undertaking referred to in point (f) belongs or will belong.

(3) The facts referred to in paragraph 2(c), (f) and (g) shall also be reported by Národná banka Slovenska to the competent supervisory authorities of other Member States. The facts referred to in paragraph 2(a) and (c) to (g) shall also be reported by Národná banka Slovenska to the European Supervisory Authority.

(4) Národná banka Slovenska shall also inform the Commission about:

(a) the problems that occurred during the transposition of the legally binding acts of the European Union pertaining to the conduct of insurance or reinsurance business and those related to the transfer of insurance or reinsurance business by an insurance or reinsurance undertaking to its branch established in another Member State;

(b) the submission of certificates as referred to in Section 24(4)(a) and (b) to Národná banka Slovenska by non-residents having their habitual residence in another Member State; this also applies to the submission of documents by natural persons under Section 10 or Section 11;

(c) the authorities or institutions issuing certificates under Section 24(4)(a) and (b) in the territory of the Slovak Republic.

(5) The facts referred to in paragraph 4(b) and (c) shall also be reported by Národná banka Slovenska to the competent supervisory authorities of other Member States.

DIVISION THREE
REQUIREMENTS FOR THE CONDUCT OF INSURANCE BUSINESS AND REINSURANCE BUSINESS

TITLE ONE
SYSTEM OF GOVERNANCE

Section 23
General governance requirements

(1) The management board of an insurance or reinsurance undertaking shall be responsible for compliance with this Act and other legislation of general application, as well as with the

undertaking's internal regulations and concepts relating to the conduct of insurance or reinsurance business.

(2) Insurance and reinsurance undertakings, as well as branches of foreign insurance and reinsurance undertakings, shall have in place an effective system of governance which provides for sound and prudent management of the business. The system shall at least include an adequate transparent organisational structure with a clear allocation and appropriate segregation of responsibilities and an effective system for ensuring the transmission of information. It shall comply with the requirements laid down in Sections 24 to 30. The system of governance is subject to regular internal review.

(3) Insurance and reinsurance undertakings, as well as branches of foreign insurance and reinsurance undertakings, shall conduct their business in a prudent manner that:
(a) takes account of and mitigates the risks to which they are exposed;
(b) poses no threat to the interests of their customers;
(c) has no adverse effect on their financial situation.

(4) The system of governance shall be proportionate to the nature, scale and complexity of the operations of the insurance or reinsurance undertaking or branch of a foreign insurance or reinsurance undertaking, and to the range of services they provide.

(5) Insurance undertakings shall take appropriate measures for the prevention of conflicts of interests, designed to enable independent risk management, in particular to ensure that tasks related to risk valuation are performed independently of the undertaking's remuneration contract that is dependent on its economic results. Insurance undertakings shall also take other appropriate measures for the prevention of conflicts of interests.

(6) Insurance and reinsurance undertakings, as well as branches of foreign insurance and reinsurance undertakings, shall have written contracts in relation to at least risk management, internal control, internal audit, information disclosure for supervisory purposes, publication, complaints procedures, and where relevant, outsourcing in accordance with Section 30.

(7) Insurance and reinsurance undertakings, as well as branches of foreign insurance and reinsurance undertakings, shall review their written contracts defined in paragraph 6 at least annually. Such written contracts shall be subject to prior approval by the management board or the supervisory board of the insurance or reinsurance undertaking concerned. The written contracts of branches of foreign insurance and reinsurance undertakings shall be subject to approval by the head of the branch concerned. Insurance and reinsurance undertakings, as well as branches of foreign insurance and reinsurance undertakings, shall revise their written contracts whenever they make a substantial change in the system of governance.

(8) Insurance and reinsurance undertakings, as well as branches of foreign insurance and reinsurance undertakings, shall take reasonable steps to ensure continuity and regularity in the conduct of their business, including the development of contingency plans. To that end, the undertaking or branch concerned shall employ appropriate and proportionate systems, resources and procedures.

(9) If an insurance or reinsurance undertaking or a branch of a foreign insurance or reinsurance undertaking enters into a finite reinsurance contract or conducts finite reinsurance business, it shall be able to identify correctly, assess, monitor, manage, verify, and report risks arising from finite reinsurance contracts or from finite reinsurance business.

(10) Insurance and reinsurance undertakings, as well as branches of foreign insurance and reinsurance undertakings, shall adopt and apply procedures designed to identify any deterioration in their financial situation and shall, without undue delay, inform Národná banka Slovenska if such deterioration occurs.

(11) Insurance and reinsurance undertakings, as well as branches of foreign insurance and reinsurance undertakings, shall adopt and apply appropriate systems and structures with the objective of meeting the requirement to provide information for supervisory purposes.

Section 24
Requirements for professional competence and good repute

(1) Insurance and reinsurance undertakings, as well as branches of foreign insurance and reinsurance undertakings, shall ensure that all persons who effectively run the undertaking or branch or have other key functions at all times fulfil the following requirements:

(a) they have sufficient professional competence, meaning that their knowledge and experience enables them to perform sound and prudent management or to perform their duty; and
(b) they are of good repute.

(2) Insurance and reinsurance undertakings, as well as branches of foreign insurance and reinsurance undertakings, shall promptly notify Národná banka Slovenska of any change in the identity of the persons who effectively run the undertaking or branch or are responsible for other key functions, along with all information needed to assess whether any new persons appointed to manage the undertaking or branch or to have other key functions meet the requirements laid down in paragraph 1.

(3) Insurance or reinsurance undertakings and branches of foreign insurance or reinsurance undertakings shall, without undue delay, inform Národná banka Slovenska if any of the natural persons referred to in paragraphs 1 and 2 have been replaced because they no longer fulfil the requirements referred to in paragraph 1.

(4) For the purposes of this Act, a natural person is deemed to be of good repute if that person:

(a) has not been convicted by a final judgement of a property-related crime, an intentional crime, or a crime committed in connection with the performance of managerial duties, or has had their conviction for such a crime expunged; these facts shall be proved with a criminal register extract[23] requested in accordance with the procedure laid down in paragraph 6 or, if the person is a foreigner, with an equivalent document, not older than three months, issued by a competent authority of the country of which the person is a national or in which the person permanently or habitually resides;

(b) has not in the past ten years been a member of the statutory body or supervisory board of a financial institution that was subject to a bankruptcy order, was admitted to restructuring or insolvency proceedings, was placed in receivership, or entered into a compulsory arrangement with its creditors; this shall be proved with a confirmation issued by a court of competent jurisdiction or by an authority of equivalent competence in another country;

(c) has not in the past ten years been subject to a bankruptcy order; this shall be proved with a confirmation issued by a court of competent jurisdiction or by an authority of equivalent competence in another country;

(d) has not in the past ten years been fined under Section 139(6) or under other legislation pertaining to the financial market[24] an amount exceeding 50% of the maximum fine under the respective provision;

(e) is a person of good repute under other legislation[25] pertaining to the financial market;

(f) has during the past ten years performed their duties and conducted their business reliably, honestly and without infringing any legislation of general application, and, these facts being taken into account, guarantees to perform the duties of the position to which they have been nominated in a reliable and honest manner, without infringing any legislation of general application, and in fulfilment of their obligations under legislation of general application, under the articles of association of the insurance or reinsurance undertaking, and under any internal regulations.

(5) A natural person not meeting the condition referred to in paragraph 4(b) may be recognised as being of good repute if the nature of the matter indicates that they could not have affected the facts mentioned in paragraph 4(b) and those facts will have no effect on their activities as a statutory body or supervisory board member.

(6) For the purposes of reviewing and demonstrating facts concerning good repute under paragraph 4(a) and Section 181(3)(a), the applicant and the person concerned shall provide in writing to Národná banka Slovenska the information necessary for requesting a criminal register extract;[25a] the requesting, issuing and transmitting of the criminal register extract are subject to other legislation,[25aa] with the proviso that Národná banka Slovenska is competent to request criminal register extracts.

(7) Documents issued to prove the facts referred to in paragraph 4(b) to (c) must not be submitted upon the lapse of three months after their issuance. Where such documents are not issued, they may be replaced by a declaration of honour or, in Member States where there is no provision for a declaration of honour, by an equivalent declaration made by the foreign national concerned before a competent judicial or administrative authority or, where appropriate, a notary public in the home Member State or the Member State that the foreign national comes from.

(8) When assessing compliance with the requirements for professional competence and good repute, account shall be taken of the nature, complexity and scope of business of the relevant insurance or reinsurance undertaking or branch of a foreign insurance or reinsurance undertaking, as well as the post held by the person concerned.

Section 25
Risk management

(1) Insurance and reinsurance undertakings, as well as branches of foreign insurance and reinsurance undertakings, shall have in place an effective risk management system comprising strategies, processes and reporting procedures necessary to identify, measure, monitor, manage and report, on a continuous basis, the risks to which they are or could be exposed, and the interdependencies of these risks. Such risk management shall be performed at an individual level and at an aggregate level.

(2) The risk management system of an insurance or reinsurance undertaking or of a branch of a foreign insurance or reinsurance undertaking shall be effective and well integrated into the organisational structure and in the decision-making processes of the undertaking or branch with proper consideration of the persons who effectively run the undertaking or branch or have other key functions.

(3) The risk management system shall cover the risks to be included in the calculation of the solvency capital requirement as set out in Section 48(5) as well as the risks which are not or not fully included in the calculation thereof.

(4) The risk management system covers at least the following areas:
(a) risk underwriting and the creation of technical provisions;
(b) asset and liability management;
(c) investment, in particular derivatives and similar financial instruments;
(d) liquidity and concentration risk management;
(e) operational risk management;
(f) reinsurance and other risk-mitigation techniques.

(5) The written contract on risk management referred to in Section 23(6) shall comprise contracts relating to at least the areas specified in paragraph 4. Where a volatility adjustment is applied under Section 42, the written contract shall also comprise criteria for that volatility adjustment.

(6) Where a matching adjustment is applied under Section 40 or a volatility adjustment under Section 42, insurance undertakings, reinsurance undertakings, and branches of foreign insurance and reinsurance undertakings, shall draw up a plan of liquidity including a projection of cash inflows and outflows in relation to assets and liabilities to which these corrections apply.

(7) When managing their assets and liabilities, insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings shall, on a regular basis, assess the following:

(a) the sensitivity of technical provisions and eligible own funds to the assumptions of extrapolation of the structure of risk-free interest rates pursuant to Section 39;
(b) where a matching adjustment is applied under Section 40:
    1. the sensitivity of technical provisions and eligible own funds to the assumptions of matching adjustment calculations, including the calculation of fundamental surcharges and the possible impact of an enforced sale of assets on eligible own funds;
    2. the sensitivity of technical provisions and eligible own funds to changes in the composition of the asset portfolio reserved;
    3. the impact of a zero matching adjustment;
(c) where a volatility adjustment is applied under Section 42:
    1. the sensitivity of technical provisions and eligible own funds to the assumptions of volatility adjustment calculations and the possible impact of an enforced sale of assets on eligible own funds;
    2. the impact of a zero volatility adjustment.

(8) Insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings shall submit the results of assessment as referred to in paragraph 7 to Národná banka Slovenska on an annual basis. If the matching adjustment or volatility adjustment is reduced to zero and this leads to inconsistency with the solvency capital requirement, they shall also submit an analysis of the measures needed to replenish their eligible own funds to a level covering the solvency capital requirement or to reduce their risk profile with the aim of restoring compliance with the solvency capital requirement.

(9) In the case of an investment risk, insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings shall provide a proof of compliance with Section 64.

(10) Insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings shall ensure risk management in a manner that facilitates the operation of the risk management system.

(11) If an insurance or reinsurance undertaking or a branch of a foreign insurance or reinsurance undertaking uses external ratings for the calculation of technical provisions and of the solvency capital requirement, the risk management process shall include an assessment of the external ratings applied, i.e. an additional own assessment if possible, designed to restrict the occurrence of any automatic dependence on such external ratings.

(12) For insurance and reinsurance undertaking and branches of foreign insurance and reinsurance undertaking using a partial or full internal model approved in accordance with Section 54, the risk management function shall cover the following additional tasks:

(a) to design and implement an internal model;
(b) to test and validate the internal model;
(c) to document the internal model and any subsequent changes made to it;
(d) to analyse the performance of the internal model and to produce summary reports thereof;
(e) to inform the management board about the performance of the internal model, suggesting areas needing improvement, and up-dating the board on the status of efforts made to improve previously identified weaknesses.

Section 26
Own-risk and solvency assessment

(1) As part of its risk management system, every insurance and reinsurance undertakings and branch of foreign insurance and reinsurance undertakings shall conduct its own-risk and solvency assessment. That assessment shall include at least the following:

(a) the overall solvency needs taking into account the specific risk profile, approved risk tolerance limits, and the business strategy of the undertaking or branch concerned;
(b) the compliance, on a continuous basis, with the capital requirements as laid down in Sections 48 to 63 and with the requirements regarding technical provisions as laid down in Section 47 to 44;
(c) the identification of the difference between the risk profile of the undertaking or branch concerned and the assumptions underlying the solvency capital requirement as laid down in Section 48, calculated with the standard formula in accordance with Sections 49 to 53 or with its partial or full internal model in accordance with Sections 54 to 62.

(2) For the purposes of paragraph 1(a), the undertaking or branch concerned shall have in place processes which are proportionate to the nature, scale and complexity of the risks inherent in its business and which enable it to properly identify and assess the risks it faces in the short and

long term and to which it is or could be exposed. The undertaking or branch shall prove the methods used in that assessment to Národná banka Slovenska.

(3) If an insurance or reinsurance undertaking or a branch of a foreign insurance or reinsurance undertaking applies a matching adjustment under Section 40, a volatility adjustment under Section 42, or transitional measures under Sections 203 and 204, it shall assess whether the capital requirements laid down in paragraph 1(b) are met without interruption, with or without the said adjustments and transitional measures taken into account.

(4) In the case referred to in paragraph 1(c), when an internal model is used, the assessment shall be carried out together with the model's recalibration and the solvency capital requirement shall be revised.

(5) The own-risk and solvency assessment made by an insurance or reinsurance undertaking or a branch of a foreign insurance or reinsurance undertaking shall be an integral part of the business strategy of that undertaking or branch and shall be taken into account on an ongoing basis in its strategic decisions.

(6) Insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings shall, at least once a year, carry out an assessment in accordance with paragraph 1 regularly and without any delay, following any significant change in their risk profile.

(7) Insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings shall inform Národná banka Slovenska of the results of each own-risk and solvency assessment as part of the information reported for supervisory purposes.

(8) The own-risk and solvency assessment carried out by an insurance or reinsurance undertaking or by a branch of a foreign insurance or reinsurance undertaking shall not serve to calculate a capital requirement. The solvency capital requirement shall be adjusted only in accordance with Sections 97 to 99 and Sections 103 and 142.

Section 27
Internal control

(1) Insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings shall have in place an effective internal control system. The system shall at least include:

(a) administrative and accounting procedures;
(b) an internal control framework;
(c) appropriate reporting arrangements at all levels of the undertaking or branch; and
(d) a compliance function ensuring compliance with the regulations mentioned in paragraph 2.

(2) The compliance function shall include:

(a) advising the management board or the supervisory board on compliance with legislation of general application pertaining to insurance and consumer protection;
(b) an assessment of the possible impact of any change in the legal environment on the operations of the undertaking or branch concerned;
(c) the identification and assessment of compliance risks.

Section 28
Internal audit

(1) Insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings shall provide for an effective internal audit function. The internal audit function shall include an evaluation of the adequacy and effectiveness of the internal control system and other elements of the system of governance.

(2) Insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings shall ensure that their internal audit function is objective and independent from their operational functions.

(3) Insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings shall ensure that the persons performing the internal audit function have access to any information they need in connection with the performance of tasks under this Act.

(4) The natural person responsible for the performance of the internal audit function shall report their findings and recommendations to the management board or to the supervisory board which shall determine what actions are to be taken with respect to each of the internal audit findings and recommendations and shall ensure that those actions are carried out.

Section 29
The actuarial function

(1) Insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings shall provide for an effective actuarial function to fulfil at least the following tasks:

(a) to coordinate the calculation of technical provisions;
(b) to ensure the appropriateness of the methodologies and underlying models used, as well as of the assumptions made in the calculation of technical provisions;
(c) to assess the sufficiency and quality of the data used in the calculation of technical provisions;
(d) to compare the best estimates of technical provisions against experience;

(e) to inform the management board or the supervisory board about the reliability and adequacy of the calculation of technical provisions;
(f) to oversee the calculation of technical provisions in the cases set out in Section 44(1) and (2);
(g) to express an opinion on the overall underwriting contract;
(h) to express an opinion on the adequacy of reinsurance arrangements; and
(i) to contribute to the effective implementation of the risk management system referred to in Section 25, in particular with respect to the risk modelling underlying the calculation of the capital requirements set out in Sections 48 to 63 and to the assessment referred to in Section 26.

(2) Insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings shall ensure that the actuarial function is performed by persons who have knowledge of actuarial and financial mathematics, commensurate with the nature, scale, and complexity of the risks inherent in the business of the undertaking or branch concerned, and who are able to prove their relevant experience in actuarial and financial mathematics, corresponding to the applicable professional and other standards.

Section 30
Outsourcing

(1) Insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings shall remain fully responsible for discharging all of their obligations under this Act and other legislation of general application pertaining to their business when they outsource certain functions or activities related to insurance or reinsurance.

(2) The outsourcing of critical or important operational functions or activities shall not be undertaken in such a way as to lead to any of the following:
(a) materially impairing the quality of the system of governance of the undertaking or branch concerned;
(b) unduly increasing in the operational risk;
(c) impairing the ability of Národná banka Slovenska to monitor whether the undertaking or branch complies with its obligations;
(d) undermining continuous and satisfactory service to policyholders.

(3) Insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings shall, in a timely manner, notify Národná banka Slovenska of their intention to outsource critical or important operational functions or activities, as well as of any subsequent material developments occurring in connection with those functions or activities.

Section 31
Conflict of interests

(1) The organisational structure and internal processes of an insurance undertaking or a branch of a foreign insurance undertaking shall be designed to minimise the risk of financial losses, as well as the risk of damage to customers, resulting from a conflict of interests.

(2) For the purpose of identifying conflicts of interests under paragraph 1, it shall be verified whether the employees of the relevant insurance undertaking or branch of a foreign insurance undertaking or other persons responsible for the conclusion and administration of insurance contracts or for the settlement of insurance claims under these contracts:

(a) are not persons closely related to any of the customers of that undertaking or branch under other legislation;
(b) have no interest in or significant influence on the property of any of the customers where the customer is a legal person;
(c) have no judicial dispute or other dispute with any of the customers;
(d) are not personally interested in the result of a service or benefit provided to any of the customers.

(3) For the purpose of identifying conflicts of interests under paragraph 1, it shall be verified whether the employees of the relevant insurance undertaking or branch of a foreign insurance undertaking or other persons responsible for the conclusion of contracts other than insurance contracts, who may influence the financial position of the undertaking or branch concerned in relation to persons other than the customers with whom such contracts are made:

(a) are not relatives or persons in a similar relationship;
(b) have no interest in or significant influence on the property of any of these persons;
(c) have no judicial dispute or other dispute with any of these persons;
(d) are not personally interested in the result of a services or benefit provided under such contracts.

(4) Insurance undertakings and branches of foreign insurance undertakings shall adopt and use effective measures to prevent the occurrence of conflicts or interests. Such measures shall be drawn up in writing with respect to the size and organisational structure of the undertaking or branch concerned, and of the nature, scope, and complexity of the individual activities. If the insurance undertaking is a member of a group, the measures must reflect all the circumstances that may lead to a conflict of interests as a result of the structure and business of other members of that group and of which the undertaking is or should be aware.

(5) Measures for the prevention of conflicts of interests may be adopted only where the following conditions are met:

(a) the circumstances that may lead to the occurrence of any conflict of interest representing a marked risk of damage to the interests of the undertaking or branch concerned or its customers are clearly identified;
(b) the procedures that are to be observed in order that such conflicts of interests are handled successfully are specified.

(6) Procedures and measures for the prevention of conflicts of interests shall ensure that persons performing activities that may be affected by a conflict of interests perform these activities at such a level of independence that is proportionate to the nature of these activities, while the measures in question shall include at least the following:

(a) the obligation of the persons concerned to inform the relevant insurance undertaking or branch of a foreign insurance undertaking whenever a potential conflict of interests is identified and rules for the exchange of information in such cases;
(b) the rules governing the remuneration of persons bearing no risk for a conflict of interests;
(c) the measures restricting the possibilities of other persons to influence disproportionately the manner in which the relevant person performs activities that affect the financial situation of the undertaking or branch or the payment of benefits to customers under insurance contracts;
(d) the control mechanisms ensuring the proper use of the measures in question, while the persons conducting checks shall not be subordinated to persons who are responsible for the activities checked.

(7) If a conflict of interests with a customer cannot be avoided, the nature and source of that conflict shall be reported to the customer before an insurance contract is concluded or another activity is carried out for that customer, and the relevant insurance undertaking or branch of a foreign insurance undertaking shall ensure that this fact is not detrimental to the customer. In the case of a conflict of interests with several customers, the undertaking or branch concerned shall ensure that all the customers are treated equally and justly.

(8) All employees of an insurance undertaking or of a branch of a foreign insurance undertaking, as well as other persons who are responsible for activities that may be affected by a conflict of interests, shall be informed of the measures adopted for the prevention of conflicts of interests.

(9) Measures for the prevention of conflicts of interests shall also apply, where appropriate, to outsourcing as referred to in Section 30.

(10) If the measures taken by an insurance undertaking or a branch of a foreign insurance undertaking to handle conflicts of interests are insufficient to avoid with certainty the risk that the interests of that undertaking or branch or of its customers may be jeopardised, the management board shall be promptly informed in order that it could take the necessary decision to prevent such conflicts of interests.

Section 32
Complaints handling rules

(1) Insurance undertakings and branches of foreign insurance undertakings shall have in place a functional complaint handling and recording system enabling them to examine complaints justly and to identify and avoid potential conflicts of interests.

(2) Insurance undertakings and branches of foreign insurance undertakings shall analyse all the data they obtain while handling complaints in order to provide for the identification and solution of any individual or recurring problems, system problems, or potential legal or operational risks, and for the elimination of the shortcomings detected.

(3) Insurance undertakings and branches of foreign insurance undertakings shall:

(a) provide the complainant with comprehensible, accurate and up-to-date information about the complaint handling procedure;
(b) ensure that every contract documentation includes information about the complaint handling procedure and release such information in a form that is easily accessible to the public, e.g. in the form of a brochure or leaflet, or on their website.

(4) Insurance undertakings and branches of foreign insurance undertakings shall:

(a) accumulate and verify evidence they obtain from complainants, as well as other available evidence and information regarding complaints;
(b) communicate with complainants in a clear and comprehensible manner;
(c) handle complaints without undue delay, no later than 30 days of the date of registration; if a complaint cannot be addressed within this time limit, the complainant shall be informed of the expected deadline and of the reasons why the time limit is to be extended;
(d) explain their position to complainants in a comprehensive manner; if a complaint cannot be resolved as expected by the complainant, the complainant shall be informed of the other options of complaint handling available;
(e) adopt measures to remedy the shortcomings detected.

(5) Insurance undertakings and branches of foreign insurance undertakings shall accept complaints through each of their offices where complaints about their services can be filed, at any time during working hours. Complaints made in electronic form shall also be accepted. Insurance undertakings and branches of foreign insurance undertakings shall keep a record of the complaints received as appropriate.

TITLE TWO
REPORT ON SOLVENCY AND FINANCIAL CONDITION
Section 33

(1) Insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings shall disclose publicly, on an annual basis, a report on their solvency and

financial condition. Such report shall contain information as specified in paragraph 2, either in full or by way of references to equivalent information, both in nature and scope, disclosed publicly under other legal or regulatory requirements.

(2) A report on solvency and financial condition shall contain the following information:

(a) a description of the business of the relevant insurance or reinsurance undertaking or branch of a foreign insurance or reinsurance undertaking;
(b) a description of the system of governance and an assessment of its adequacy for the risk profile of the undertaking or branch concerned;
(c) a description, separately for each category of risk, of the risk exposure, concentration, mitigation, and sensitivity;
(d) a description, separately for assets, technical provisions, and other liabilities, of the bases and methods used for their valuation, together with an explanation of any major differences in the bases and methods used for their valuation in financial statements;
(e) a description of the capital management, including at least the following:
    1. the structure and amount of own funds, and their quality;
    2. the amounts of the solvency capital requirement and of the minimum capital requirement;
    3. information allowing a proper understanding of the main differences between the underlying assumptions of the standard formula and those of any internal model used by the undertaking or branch for the calculation of its solvency capital requirement;
    4. the amount of any non-compliance with the minimum capital requirement or any significant non-compliance with the solvency capital requirement during the reporting period, even if subsequently resolved, with an explanation of its origin and consequences as well as any remedial measures taken.

(3) The description in point (d) of paragraph 2 shall contain the following information:

(a) where a matching adjustment is used pursuant to Section 40, a description of such adjustment and of the portfolio of assets and liabilities, including the assets to which the matching adjustment applies, as well as the quantification of the impact of a zero matching adjustment on the financial position of the relevant insurance or reinsurance undertaking or branch of a foreign insurance or reinsurance undertaking;
(b) where a volatility adjustment is used pursuant to Section 42, a statement confirming that a volatility adjustment has been made, and the quantification of the impact of a zero volatility adjustment on the financial position of the undertaking or branch concerned.

(4) The description referred to in point (e) of paragraph 2 shall include an analysis of any significant change as compared to the previous reporting period and an explanation of any major difference in the values of assets, technical provisions, and other liabilities in comparison with the values of these elements in financial statements, and a brief description of the transferability of own funds.

(5) The disclosure of the solvency capital requirement referred to in point 2 of paragraph 2(e) shall show separately the amount calculated according to a standard formula or according to an internal model and any capital ad-on imposed in accordance with Section 142. The impact of the specific parameters the insurance or reinsurance undertaking or branch of a foreign insurance or reinsurance undertaking is required to use in accordance with Section 53 shall also be included, together with concise information on its justification by Národná banka Slovenska.

(6) Where the amount of the solvency capital requirement has not yet been verified, Národná banka Slovenska shall provide the aforementioned information later.

(7) Insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings shall have in place appropriate systems and processes that enable them to meet the requirements laid down in paragraphs 1 to 6 and in Sections 34 and 35(1), as well as a written contract ensuring the ongoing appropriateness of any information disclosed in accordance with paragraphs 1 to 6 and Sections 34 and 35.

(8) A report on solvency and financial condition shall be subject to approval by the management board or supervisory board of the insurance undertaking concerned, the management board of the reinsurance undertaking concerned, or by the head of the relevant branch of a foreign insurance or reinsurance undertaking, and be published only after that approval.

Section 34

(1) Národná banka Slovenska shall grant prior approval to an insurance or reinsurance undertaking or to a branch of a foreign insurance or reinsurance undertaking for withholding certain information in accordance with Section 33, where:

(a) the competitors of the undertaking or branch would gain significant undue advantage from the disclosure of such information;
(b) there are obligations to policyholders or persons insured, or other counterparty relationships binding the undertaking or branch to secrecy or confidentiality.

(2) Where Národná banka Slovenska grants prior approval to an insurance or reinsurance undertaking or to a branch of a foreign insurance or reinsurance undertaking in accordance with paragraph 1, the undertaking or branch shall make a statement to this effect in its report on solvency and financial condition and shall state the reasons.

(3) Insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings may make use of, or refer to, public disclosures made under this Act or under other legislation of general application, to the extent that those disclosures are equivalent to the information required under Section 33 in both their nature and scope.

(4) The provisions of paragraphs 1 and 2 shall not apply to any information disclosed under Section 33(2)(e).

Section 35

(1) In the event of any adverse financial development affecting significantly the relevance of the information disclosed in accordance with Sections 33 and 34, insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings shall disclose appropriate information about the nature and effects of that development.

(2) For the purposes of paragraph 1, at least the following shall be regarded as adverse financial developments:

(a) an insurance or reinsurance undertaking or a branch of a foreign insurance or reinsurance undertaking fails to comply with the minimum capital requirement and Národná banka Slovenska either assumes that the undertaking or branch will not be able to submit a realistic short-term finance scheme or does not obtain such a scheme within one month of the date when non-compliance was observed;

(b) significant non-compliance with the solvency capital requirement is observed and Národná banka Slovenska does not obtain a realistic recovery plan as defined in Section 144 within two months of the date when non-compliance was observed.

(3) In the event of an adverse development as defined in paragraph 2(a), Národná banka Slovenska shall require the relevant insurance or reinsurance undertaking or branch of a foreign insurance or reinsurance undertaking to disclose immediately the amount of non-compliance, i.e. the difference between the amounts of eligible own funds and the minimum capital requirement, together with an explanation of its origin and consequences, including any remedial measure taken. Where, in spite of a short-term finance scheme initially considered to be realistic, non-compliance with the minimum capital requirement has not been resolved three months after its observation, it shall be disclosed by the undertaking or branch concerned at the end of that period, together with an explanation of its origin and consequences, including any remedial measures taken as well as any further remedial measures planned.

(4) In the event of an unfavourable development as defined in paragraph 2(b), Národná banka Slovenska shall require the relevant insurance or reinsurance undertaking or branch of a foreign insurance or reinsurance undertaking to disclose immediately the amount of non-compliance, i.e. the difference between the amounts of eligible own funds and the solvency capital requirement, together with an explanation of its origin and consequences, including any remedial measure taken. Where, in spite of the recovery plan initially considered to be realistic, a significant non-compliance with the solvency capital requirement has not been resolved six months after its observation, it shall be disclosed by the undertaking or branch concerned at the end of that period,

together with an explanation of its origin and consequences, including any remedial measures taken as well as any further remedial measures planned.

(5) Insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings may disclose, on a voluntary basis, any additional information or explanation that is not required to be disclosed in accordance with paragraph 1 or Section 33 or 34.

TITLE THREE
RULES RELATING TO TECHNICAL PROVISIONS, OWN FUNDS, CAPITAL REQUIREMENTS AND INVESTMENTS

Section 36
Valuation of assets and liabilities

(1) Unless otherwise provided by this Act, in Sections 37 to 46, or by other legislation,[26] insurance and reinsurance undertakings shall value assets and liabilities as follows:

(a) assets shall be valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction;

(b) liabilities shall be valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction.

(2) When valuing liabilities under point (b) of paragraph 1, no adjustment to take account of the own credit standing of the relevant insurance or reinsurance undertaking shall be made.

Section 37
Rules relating to technical provisions

(1) Insurance and reinsurance undertakings shall establish technical provisions with respect to all of their insurance and reinsurance obligations towards policyholders and beneficiaries of insurance or reinsurance contracts.

(2) In calculating technical provisions, insurance and reinsurance undertakings shall proceed in compliance with the principles set out in paragraphs 3 to 5, the provisions of Sections 38 to 44, and the relevant provisions of other legislation,[26] while taking into account the valuation principles set out in Section 36(1).

(3) The value of technical provisions shall correspond to the current amount an insurance or reinsurance undertaking would have to pay if it were to transfer its insurance or reinsurance obligations immediately to another insurance or reinsurance undertaking or to a branch of a foreign insurance or reinsurance undertaking.

(4) The calculation of technical provisions shall make use of and be consistent with the information provided by the financial markets and generally available data on underwriting risks (market consistency).

(5) Technical provisions shall be calculated in a prudent, reliable, and objective manner.

(6) Insurance and reinsurance undertaking shall prove to Národná banka Slovenska, upon its request, that the value of technical provisions is adequate, the methods applied are appropriate and proportionate, and that the statistical data used are correct.

Section 38

(1) The value of technical provisions shall be equal to the sum of a best estimate and a risk margin as set out in paragraphs 2 and 3.

(2) The best estimate of technical reserves shall correspond to the probability-weighted average of future cash flows, using the relevant risk-free interest rate term structure. The calculation of the best estimate shall be based upon up-to-date and credible information and realistic assumptions and be performed using adequate, applicable, and relevant actuarial and statistical methods. The cash-flow projection used in the calculation of the best estimate shall take account of all the cash inflows and outflows required to settle the insurance and reinsurance obligations over the lifetime thereof. The best estimate shall be calculated gross, without deduction of the amounts recoverable from reinsurance contracts and special purpose vehicles. Those amounts shall be calculated separately, in accordance with the provisions of Section 43.

(3) The risk margin of an insurance or reinsurance undertaking shall be such as to ensure that the value of technical provisions is equivalent to the amount that another insurance or reinsurance undertaking would be expected to require in order to take over and meet insurance or reinsurance obligations.

(4) Insurance and reinsurance undertakings shall value the best estimate and the risk margin separately. However, where future cash flows associated with insurance or reinsurance obligations can be replicated reliably using financial instruments for which a reliable market value is observable, the value of technical provisions associated with those future cash flows shall be determined on the basis of the market value of those financial instruments. In this case, separate calculations of the best estimate and the risk margin shall not be required.

(5) Where insurance and reinsurance undertakings value the best estimate and the risk margin separately, the risk margin shall be calculated by determining the cost of providing an amount of eligible own funds equal to the solvency capital requirement necessary to support

insurance and reinsurance obligations over the lifetime thereof. The rate used in the determination of the cost of providing that amount of eligible own funds (Cost-of-Capital rate[26]) shall be the same for all insurance and reinsurance undertakings and shall be reviewed periodically. The Cost-of-Capital rate used shall be equal to the additional rate, above the relevant risk-free interest rate, that an insurance or reinsurance undertaking would incur holding an amount of eligible own funds equal to the solvency capital requirement necessary to support insurance and reinsurance obligations over the lifetime of those obligations.

(6) In addition to the rules laid down in paragraphs 1 to 5, when calculating technical provisions, insurance and reinsurance undertakings shall take account of the following items:
1. all expenses that will be incurred in servicing insurance and reinsurance obligations;
2. inflation, including inflation in expenses and inflation in insurance claims payable;
3. all payments to policyholders and beneficiaries, including future discretionary bonuses, which insurance and reinsurance undertakings expect to make, whether or not those payments are contractually guaranteed.

(7) When calculating technical provisions, insurance and reinsurance undertakings shall also take account of the value of financial guarantees and any contractual options included in insurance and reinsurance contracts. Any assumptions made by insurance and reinsurance undertakings with respect to the likelihood that policyholders will exercise contractual options, including lapses and surrenders, shall be realistic and based on current and credible information. The assumptions shall take account, either explicitly or implicitly, of the impact that future changes in the financial and non-financial conditions may have on the exercise of those options.

(8) When calculating technical provisions, insurance and reinsurance undertakings shall segment their insurance and reinsurance obligations into homogeneous risk groups, and as a minimum by lines of business, in accordance with other legislation.[26]

Section 39

(1) The term structure of risk-free interest rates as referred to in Section 38(2) shall be determined using data and information derived from the relevant financial instruments so that the structure is consistent therewith. The financial instruments taken into account shall include bonds with maturities at which the markets for such financial instruments are effective, liquid, and transparent. For maturities at which the markets for such financial instruments are not effective, liquid and transparent, the relevant risk-free interest rate term structure shall be determined through extrapolation.

(2) The extrapolated part of the relevant risk-free interest rate term structure shall be based on forward rates. The extrapolated part of the relevant risk-free interest rate term structure shall

smoothly converge from forward rates with the longest maturities, at which the markets for the relevant financial instruments are effective, liquid and transparent, to the final forward rate.

Section 40

(1) In calculating the best estimate of life insurance or reinsurance obligations, including annuities arising from non-life insurance or reinsurance contracts, insurance and reinsurance undertakings may apply a matching adjustment to the relevant risk-free interest rate terms structure, while the application of such adjustment is subject to prior approval by Národná banka Slovenska.

(2) Prior approval as referred to in paragraph 1 shall not be granted unless the following conditions are demonstrated to have been met:

(a) a separate asset portfolio is in place for bonds and other assets with cash flows similar to those of bonds; this portfolio is reserved for coverage of the best estimate of insurance or reinsurance obligations during their lifetime, except when the cash flows change to such an extent that the expected cash flows between assets and liabilities need to be replicated;
(b) the portfolio of insurance or reinsurance obligations to which a matching adjustment is applied and the associated asset portfolio are identified, administered and managed separately from the other business of the insurance or reinsurance undertaking concerned, and that asset portfolio cannot be used for the coverage of losses arising from the other business of that undertaking;
(c) the expected cash flows of the relevant asset portfolio precisely replicate the expected cash flows of insurance or reinsurance obligations and a possible inconsistency is not likely to lead to any significant risk, nor to an increase in existing significant risks in the insurance or reinsurance sector to which a matching adjustment is applied;
(d) no premium payments will be required to be made in the future under insurance or reinsurance contracts from a portfolio to which a matching adjustment is applied;
(e) the only subscription risks associated with the portfolio of insurance or reinsurance liabilities to which a matching adjustment is applied are the longevity risk, expense risk, revision risk, and the risk of death;
(f) where the subscription risk associated with the portfolio of insurance or reinsurance obligations to which a matching adjustment is applied includes the risk of death, the best estimate of these obligations is not likely to increase by more than 5% in the event of a shock caused by a risk of death calibrated in accordance with Section 48(2) to (7);
(g) contracts from the portfolio of insurance or reinsurance obligations to which a matching adjustment is applied contain no contractual option for the policyholder, except for the surrender right, under which the surrender value does not exceed the value of assets covering insurance or reinsurance obligations when a surrender is effected, valued in accordance with Section 36;
(h) the cash flows of the separate asset portfolio are firmly fixed and cannot be changed by the issuers of these assets, nor by third parties;

(i) the obligations arising from insurance or reinsurance contracts to which a matching adjustment is applied are not segmented for the purpose of calculating the best estimate.

(3) The condition set out in paragraph 2(h) shall not apply to assets whose cash-flows depend on inflation and which replicate the cash-flows of insurance or reinsurance obligations depending on inflation.

(4) Where the issuers or other third parties are entitled to change the cash-flows of assets in the separate asset portfolio and the investor receives adequate compensation for another investment in assets of the same or better credit quality to ensure the same cash-flows, the condition stipulated in paragraph 2(h) concerning the right to change the cash-flows shall not apply.

(5) Insurance and reinsurance undertakings applying a matching adjustment to the portfolio of insurance or reinsurance obligations shall not be allowed to return to an approach that uses no matching adjustment. If an insurance or reinsurance undertaking using matching adjustments is no longer able to meet the conditions set out in paragraph 2, it shall promptly inform Národná banka Slovenska and shall take measures to restore its ability to meet those conditions. If the insurance or reinsurance undertaking is unable to meet the conditions again within two months of the breach thereof under paragraph 2, it shall no longer be allowed to apply a matching adjustment to any of its insurance or reinsurance obligations. In such case, the insurance or reinsurance undertaking shall be prohibited from using a matching adjustment over the next 24 months.

(6) A matching adjustment shall not be applied to insurance and reinsurance obligations, the best estimate of which is calculated on the basis of the relevant risk-free interest rate term structure, which includes a volatility adjustment as defined in Section 42 or a transitional measure for risk-free interest rates as defined in Section 203.

Section 41

(1) The matching adjustment as referred to in Section 40 shall be calculated for each currency in accordance with the following principles:

(a) the matching adjustment shall be equal to the difference between 1. the annual effective interest rate calculated as a discount rate, which, after being applied to the cash-flows of insurance or reinsurance obligations, will be equal to the value of the portfolio of reserved assets valued in accordance with Section 36; and 2. the annual effective interest rate calculated as a discount rate, which, after being applied to the cash flows of insurance or reinsurance obligations, will be equal to the value of the best estimate of insurance or reinsurance obligations, where the time value will be taken into account using basic structure of risk-free interest rates;
(b) the matching adjustment shall not include a fundamental charge reflecting the risks left for the insurance or reinsurance undertaking concerned;

(c) the fundamental spread shall be increased to such an extent that the matching adjustment applied to assets of credit quality lower than the investment grade is not higher than the matching adjustment applied to assets of investment-grade credit quality with the same duration and asset class;
(d) the use of external rating assessments in the calculation of a matching adjustment shall be in accordance with other legislation.[26]

(2) The fundamental spread shall be equal to the sum of:
(a) the credit spread corresponding to the probability of default in assets; and
(b) the credit spread corresponding to the expected loss resulting from a reduction in asset ratings.

(3) The fundamental spread for exposures to the central governments and central banks of Member States shall amount to at least 30% of the long-term average credit spread above the risk-free interest rate on assets of the same duration, credit quality, and asset class observed in the financial markets.

(4) In the case of assets other than those mentioned in paragraph 3, the fundamental spread shall amount to at least 35% of the long-term average credit spread above the risk-free interest rate with the same duration, credit quality, and asset class observed in the financial markets.

(5) The probability of default on assets as referred to in paragraph 2(a) shall be determined on the basis of long-term statistics on default, which are relevant for assets in terms of duration, credit spread, and asset class. If the credit spread cannot be derived reliably from long-term statistics, the fundamental spread shall be equal to the part of the long-term average credit spread above the risk-free interest rate determined in accordance with paragraphs 3 and (4).

Section 42

(1) In calculating the best estimate under Section 38(2), insurance and reinsurance undertakings may apply a volatility adjustment to the relevant risk-free interest rate term structure.

(2) A volatility adjustment shall be calculated for each currency on the basis of the spread between returns on assets included in the reference portfolio of the given currency and the relevant risk-free interest rate for the given currency.

(3) The reference portfolio of the given currency shall contain assets denominated in the given currency in which insurance and reinsurance undertakings invest with the aim of covering the best estimate of insurance and reinsurance obligations in the given currency.

(4) A volatility adjustment shall amount to 65% of the risk-weighted credit spread of the given currency. The risk-weighted credit spread of the currency shall be calculated as the difference

between the spread referred to in paragraph 2 and the part of that spread derived from a realistic assessment of the expected or unexpected losses arising from the credit risk or other risk inherent in these assets. The volatility adjustment shall be applied only that part of the relevant risk-free interest rate term structure that is not determined through extrapolation in accordance with Section 39. For the extrapolation of the relevant risk-free interest rate term structure, volatility-adjusted risk-free interest rates shall be used.

(5) If the difference between the risk-adjusted country spread and double of the risk-adjusted currency spread is positive and the risk-adjusted country spread is higher than 85 basis points, the volatility adjustment referred to in paragraph 4 for the given country shall be increased, before the application of the 65% factor, by the difference between the risk-adjusted country spread and double of the risk-adjusted currency spread. An increased volatility adjustment shall be used to calculate the best estimate of insurance and reinsurance obligations from products sold in the insurance market of the given country. The risk-corrected country spread shall be calculated in the same way as the risk-corrected currency spread of the given country, but on the basis of the reference portfolio that is characteristic of the assets in which insurance and reinsurance undertakings invest with a view to covering the best estimate of insurance and reinsurance obligations arising from products sold in the insurance market of the given country in its official currency.

(6) A volatility adjustment shall not be applied if the relevant risk-free interest rate term structure used in the calculation of the best estimate of insurance obligations includes a matching adjustment in accordance with Section 40.

(7) For currencies and countries for which no volatility adjustment is stipulated by other legislation,[26] the best estimate shall be calculated without a volatility adjustment.

Section 43

(1) In calculating amounts recoverable under reinsurance contracts and from special purpose vehicles, insurance and reinsurance undertakings shall observe the provisions of Sections 37 and 38, as appropriate.

(2) In calculating amounts recoverable under reinsurance contracts and from with special purpose vehicles, insurance and reinsurance undertakings shall take into account the time differences between the recoverable amounts and direct payments. The result of such calculation shall be adjusted to reflect the expected losses due to default by the counterparty. The adjustment shall be based on an assessment of probability of counterparty default and on the average loss arising from such default.

Section 44

(1) Insurance and reinsurance undertakings shall have in place processes and procedures ensuring the suitability, completeness, and accuracy of the data used the calculation of technical provisions.

(2) If, under the conditions stipulated by other legislation,[26] an insurance or reinsurance undertaking has not enough data of the required quality for the application of reliable actuarial methods to a group or subgroup of its insurance and reinsurance liabilities or amounts recoverable under reinsurance contracts and from special purpose vehicles, it may use appropriate approximation methods for the calculation of the best estimate.

(3) Insurance and reinsurance undertakings shall have in place processes and procedures to ensure that the best estimate and the assumptions used in the calculation of the best estimate are compared with reality on a regular basis.

(4) If the comparison mentioned in paragraph 3 reveals systematic differences between the best estimate and reality, the insurance or reinsurance undertaking shall make appropriate adjustments to the actuarial methods applied or to the assumptions used.

Section 45
Own funds

(1) The own funds of an insurance or reinsurance undertaking shall comprise the sum of:
(a) the basic own funds of the insurance or reinsurance undertaking; and
(b) the ancillary own funds of the insurance or reinsurance undertaking.

(2) The basic own funds of an insurance or reinsurance undertaking shall consist of the following items:
(a) the excess of assets over liabilities, valued in accordance with Sections 36 to 44 and reduced by the amount of own shares held by the insurance or reinsurance undertaking;
(b) subordinated liabilities.

(3) The ancillary own funds of an insurance or reinsurance undertaking shall consist of items other than basic own funds which can be used to absorb losses.

(4) Ancillary own funds may comprise the following items to the extent that they are not basic own-fund items:
(a) unpaid share capital;
(b) letters of credit and guarantees;
(c) any other legally binding commitments received by insurance and reinsurance undertakings.

(5) Where an ancillary own-fund item has been paid in or called up, it shall be treated as an asset and cease to form part of ancillary own-fund items.

(6) The valuation of an insurance or reinsurance undertaking's ancillary own funds and the use of an internal method for the valuation of ancillary own funds are subject to prior approval by Národná banka Slovenska in accordance with Section 77.

(7) The value of an ancillary own-fund item, which expresses the ability of that item to cover losses, shall be based on prudent and realistic assumptions. If an ancillary own-fund item has a fixed nominal value, the value of that item shall be equal to its nominal value on condition that the insurance or reinsurance undertaking concerned is able to use that value to cover losses.

(8) Accumulated funds shall be deemed to be accumulated profits that have not been made available for distribution to policyholders and beneficiaries.

Section 46

(1) Own-fund items shall be classified into three tiers. The classification of those items shall depend upon whether they are basic or ancillary own-fund items and the extent to which they possess the following characteristics:

(a) the item is available, or can be called up on demand, to fully absorb losses on a going-concern basis, as well as in the case of liquidation (permanent availability);
(b) in the case of liquidation, the total amount of the item is available to absorb losses and the repayment of the item is refused to its holder until all other obligations, including insurance and reinsurance obligations towards policyholders and beneficiaries of insurance and reinsurance contracts, have been met (subordination).

(2) When assessing the extent to which own-fund items possess the characteristics set out in paragraph 1, due consideration shall be given to the duration of the item, in particular whether the item is dated or not. Where an own-fund item is dated, the relative duration of the item as compared to the duration of the undertaking's insurance and reinsurance obligations shall be considered (sufficient duration).

(3) In addition to the features mentioned in paragraphs 1 and 2, the following shall be considered:

(a) whether the item is free from requirements or incentives to redeem its nominal value;
(b) whether the item is free from mandatory fixed charges;
(c) whether the item is clear of encumbrances.

(4) Basic own-fund items shall be classified in Tier 1 where they substantially possess the characteristics set out in paragraph 1(a) and (b), taking into consideration the features set out in paragraphs 2 and 3.

(5) Basic own-fund items shall be classified in Tier 2 where they substantially possess the characteristic set out in paragraph 1(b), taking into consideration the features set out in paragraphs 2 and 3. Ancillary own-fund items shall be classified in Tier 2 where they substantially possess the characteristics set out in paragraph 1, taking into consideration the features set out in paragraphs 2 and 3.

(6) Any basic and ancillary own-fund items that do not fall under paragraphs 1 and 2 shall be classified in Tier 3.

(7) Insurance and reinsurance undertakings shall classify their own-fund items on the basis of the criteria set out in paragraphs 4 to 6 under other legislation.[26] Where an own-fund item is not included in the list of own-fund items, it shall be assessed and classified by the relevant insurance or reinsurance undertaking with the prior approval by Národná banka Slovenska.

(8) Letters of credit and guarantees which are held in trust for the benefit of insurance or reinsurance creditors by an independent trustee and are provided by domestic or foreign banks established in a Member State shall be classified in Tier 2.

Section 47

(1) As far as compliance with the solvency capital requirement is concerned, the eligible amounts of Tier 2 and Tier 3 items shall be subject to quantitative limits. Those limits shall be such as to ensure that at least the following conditions are met:

(a) the share of Tier 1 items in the eligible own funds is higher than one-third of the total amount of eligible own funds;
(b) the eligible amount of Tier 3 items is less than one-third of the total amount of eligible own funds.

(2) As far as compliance with the minimum capital requirement is concerned, the amount of basic own-fund items eligible to cover the minimum capital requirement which are classified in Tier 2 shall be subject to quantitative limits. Those limits shall be such as to ensure, as a minimum, that the share of Tier 1 items in the eligible basic own funds is higher than one-half of the total amount of eligible basic own funds.

(3) The eligible amount of own funds to cover the solvency capital requirement set out in Section 48(1) shall be equal to the sum of the amount of Tier 1, the eligible amount of Tier 2, and the eligible amount of Tier 3.

(4) The eligible amount of basic own funds to cover the minimum capital requirement set out in Section 63(1) shall be equal to the sum of the amount of Tier 1 and the eligible amount of basic own-fund items classified in Tier 2.

Solvency capital requirement

Section 48
General provisions

(1) Insurance and reinsurance undertakings shall hold eligible own funds covering the solvency capital requirement. The solvency capital requirement shall be calculated in accordance with paragraphs 2 to 7, using either an internal model or the standard formula.

(2) The solvency capital requirement shall be calculated on the presumption that the relevant insurance or reinsurance undertaking will conduct its business as a going concern.

(3) The solvency capital requirement shall be calibrated so as to ensure that all quantifiable risks to which an insurance or reinsurance undertaking is exposed are taken into account. It shall not cover the risk of loss of basic own funds resulting from changes in volatility adjustments pursuant to Section 42. The solvency capital requirement shall be calculated on the basis of the actual risk exposures and the expected liabilities arising from insurance contracts taken over in the next 12 months. With respect to existing risk exposures, the solvency capital requirement shall cover only unexpected losses.

(4) The solvency capital requirement shall correspond to the Value-at-Risk of the basic own funds of an insurance or reinsurance undertaking subject to a confidence level of 99.5% over a one-year period.

(5) The solvency capital requirement shall cover at least the following risks:
(a) non-life underwriting risk;
(a) life underwriting risk;
(c) health underwriting risk;
(d) market risk;
(e) credit risk;
(f) operational risk.

(6) Operational risk shall include legal risks, and exclude risks arising from strategic decisions, as well as reputation risks.

(7) When calculating the solvency capital requirement, insurance and reinsurance undertakings shall take account of the effect of risk-mitigation techniques, provided that credit risk and other risks arising from the use of such techniques are properly reflected in the solvency capital requirement.

(8) Insurance and reinsurance undertakings shall calculate the solvency capital requirement at least once a year and report the result of that calculation to Národná banka Slovenska. Insurance and reinsurance undertakings shall hold eligible own funds covering the last reported solvency capital requirement. Insurance and reinsurance undertakings shall monitor the amount of eligible own funds and the solvency capital requirement on an ongoing basis.

(9) If the risk profile of an insurance or reinsurance undertaking deviates significantly from the assumptions underlying the last reported solvency capital requirement, the insurance or reinsurance undertaking concerned shall recalculate the solvency capital requirement without delay and report it to Národná banka Slovenska.

(10) Where there is evidence to suggest that the risk profile of an insurance or reinsurance undertaking has altered significantly since the date on which the solvency capital requirement was last reported, Národná banka Slovenska may require the undertaking concerned to recalculate the solvency capital requirement.

Section 49
The standard formula

(1) The solvency capital requirement calculated on the basis of the standard formula shall be the sum of the following items:
(a) the basic solvency capital requirement;
(b) the capital requirement for operational risk;
(c) the adjustment for the loss-absorbing capacity of technical provisions and deferred taxes.

(2) The basic solvency capital requirement shall consist of at least the following risk modules:
(a) non-life underwriting risk;
(b) life underwriting risk;
(c) health underwriting risk;
(d) market risk;
(e) counterparty default risk.

(3) For the purposes of points (a), (b) and (c) of paragraph 1, insurance or reinsurance operations shall be allocated to the underwriting risk module that best reflects the technical nature of the underlying risks.

(4) The overall solvency capital requirement shall be determined in accordance with the principles set out in Section 48(2) to (7).

(5) Each of the risk modules referred to in paragraph 2 shall be calibrated in accordance with Section 48(4). Where appropriate, diversification effects shall also be taken into account in the design of each risk module.

(6) The same design and specifications for the risk modules shall be used for all insurance and reinsurance undertakings, both with respect to the basic solvency capital requirement and to any simplified calculations as laid down in Section 52.

(7) With regard to risks arising from catastrophes, insurance and reinsurance undertakings may, where appropriate, use specifications differentiated by the geographic location of the risk for the calculation of risk modules referred to in paragraph 2(a) to (c).

(8) With the prior approval of Národná banka Slovenska, insurance and reinsurance undertakings may, within the design of the standard formula, replace a subset of its parameters by parameters specific to the undertaking concerned when calculating the risk modules referred to in paragraph 2(a) to (c).

(9) The parameters referred to in paragraph 8 shall be calibrated on the basis of the internal data of the undertaking concerned, or of the data that are directly relevant for the operations of that undertaking using standardised methods. The data used shall be complete, accurate, and proportionate to the undertaking's scope of business.

(10) In a measure promulgated in the Collection of Laws, Národná banka Slovenska shall stipulate:
(a) how to calculate the basic solvency capital requirement;
(b) definitions for the individual modules and sub-modules of the basic solvency capital requirement;
(c) a symmetric adjustment mechanism for the equity risk sub-module.

Section 50

(1) The capital requirement for operational risk shall reflect operational risks to the extent they are not already reflected in the risk modules referred to in Section 49, and shall be calibrated in accordance with Section 48(3) and (4).

(2) With respect to life insurance contracts where the investment risk is borne by the policyholders, the calculation of the capital requirement for operational risk shall take account of the amount of annual expenses incurred in respect of those insurance obligations.

(3) In the case of insurance and reinsurance contracts other than those referred to in paragraph 2, the calculation of the capital requirement for operational risk shall take account of the volume of operations, in terms of earned premiums and technical provisions which are held in respect of the relevant insurance and reinsurance obligations. The capital requirement for operational risk shall not exceed 30% of the basic solvency capital requirement relating to those insurance and reinsurance contracts.

Section 51

(1) The adjustment for the loss-absorbing capacity of technical provisions and deferred taxes shall reflect potential compensation of unexpected losses through a simultaneous decrease in technical provisions or deferred taxes or a combination of the two.

(2) The adjustment referred to in paragraph 1 shall take account of the risk mitigating effect provided by future discretionary benefits of insurance contracts, to the extent insurance and reinsurance undertakings can establish that a reduction in such benefits may be used to cover unexpected losses when they arise. The risk mitigating effect provided by future discretionary benefits shall be no higher than the sum of deferred taxes and technical provisions relating to those future discretionary benefits.

(3) For the purposes of paragraph 2, the value of future discretionary benefits under adverse circumstances shall be compared to the value of such benefits under the underlying assumptions of the best-estimate calculation.

Section 52

(1) Insurance and reinsurance undertakings may use a simplified calculation for a specific sub-module or risk module where the nature, scale and complexity of the risks they face justifies it and where it would be disproportionate to require all insurance and reinsurance undertakings to apply the standardised calculation.

(2) Simplified calculations shall be calibrated in accordance with Section 48(3) and (4).

Section 53

Where the risk profile of an insurance or reinsurance undertaking deviates significantly from the assumptions underlying the standard formula calculation, Národná banka Slovenska may,

by means of a decision stating the reasons, require the undertaking concerned to replace a subset of the parameters used in the standard formula calculation by parameters specific to that undertaking in accordance with Section 49(9) when calculating the risk modules set out in Section 49(2)(a) to (c). Those specific parameters shall be calculated in such a way to ensure that the undertaking complies with Section 48(3) and (4).

Section 54
Internal models

(1) Insurance and reinsurance undertakings may calculate the solvency capital requirement using a full or partial internal model. The use of an internal model is subject to prior approval by Národná banka Slovenska in accordance with Section 77, unless otherwise provided by Section 97 of this Act or other legislation.[26]

(2) The management board of an insurance or reinsurance undertaking using an internal model shall be responsible for having an appropriate system in place to ensure the proper functioning of the internal model.

(3) Insurance and reinsurance undertakings may use partial internal models for the calculation of one or more of the following:
(a) one or more risk modules, or sub-modules, of the basic solvency capital requirement;
(b) the capital requirement for operational risk;
(c) the adjustment for the loss-absorbing capacity of technical provisions and deferred taxes.

(4) In addition, partial modelling may be applied to the whole business of insurance and reinsurance undertakings, or only to one or more major business units.

(5) In any application for approval, insurance and reinsurance undertakings shall submit, as a minimum, documentary evidence that the internal model fulfils the requirements set out in Sections 57 to 61. Where the application for that approval relates to a partial internal model, the requirements set out in Sections 57 to 61 shall be adapted to take account of the limited scope of the application of that internal model.

(6) Národná banka Slovenska shall decide in respect of an application as referred to in paragraph 1 within six months from the receipt of the complete application.

(7) Národná banka Slovenska shall give approval to the application referred to in paragraph 1 only if it is satisfied that the systems of the relevant insurance or reinsurance undertaking for identifying, measuring, monitoring, managing and reporting risk are adequate and, in particular, that the internal model fulfils the requirements laid down in Sections 57 to 61.

(8) After having received approval from Národná banka Slovenska to use an internal model, insurance and reinsurance undertakings may, by means of a decision stating the reasons, be required to provide Národná banka Slovenska with an estimate of the solvency capital requirement determined in accordance with the standard formula.

(9) In the case of a partial internal model, Národná banka Slovenska shall grant approval only where the model fulfils the requirements set out in paragraph 7 and the following additional conditions:

(a) the reason for the limited scope of application of the model is properly justified by the undertaking;
(b) the resulting solvency capital requirement reflects more appropriately the risk profile of the undertaking and in particular complies with the principles set out in Section 48;
(c) the design is consistent with the principles set out in Section 48 so as to allow the partial internal model to be fully integrated into the standard formula of the solvency capital requirement.

(10) When assessing an application for the use of a partial internal model, Národná banka Slovenska may require the insurance and reinsurance undertakings concerned to submit a realistic transitional plan to extend the scope of the model.

(11) The transitional plan referred to in paragraph 10 shall set out the manner in which the relevant insurance or reinsurance undertaking plans to extend the scope of the model to other sub-modules or business units, in order to ensure that the model covers a predominant part of its insurance operations with respect to that specific risk module.

Section 55

(1) As part of the initial approval process of an internal model, Národná banka Slovenska shall approve the insurance or reinsurance undertaking's contract for changing the model. Insurance or reinsurance undertaking may change their internal model only in accordance with that contract.

(2) The written contract shall include a specification of minor and major changes made to the internal model. Major changes to the internal model, as well as changes to that contract, shall always be subject to prior approval by Národná banka Slovenska.

(3) The management board of insurance and reinsurance undertakings shall approve the undertaking's application to Národná banka Slovenska for approval of an internal model, as well as the application for approval of any subsequent major changes made to that model.

(4) After having received approval for the use of an internal model, insurance and reinsurance undertakings shall not revert to calculating the whole or any part of the solvency capital requirement in accordance with the standard formula, except in duly justified cases and subject to the approval of Národná banka Slovenska.

(5) A justified case as referred to in paragraph 4 shall be understood to mean a case where the standard formula is more suitable for the calculation of the solvency capital requirement than an approved internal model in view of the risk profile of the insurance or reinsurance undertaking concerned.

Section 56

If, after having received approval from Národná banka Slovenska to use an internal model, insurance and reinsurance undertakings cease to comply with the requirements set out in Sections 57 to 61, they shall, without delay, either present to Národná banka Slovenska a plan to restore compliance within a reasonable period of time, or prove that the effect of non-compliance with those requirements is immaterial.

Section 57

(1) Insurance and reinsurance undertakings shall prove that their internal model is widely used and plays an important role in their system of governance, in particular:

(a) their risk management system and their decision-making processes;
(b) their economic and solvency capital assessment and allocation processes, including the assessment referred to in Section 26.

(2) In addition, insurance and reinsurance undertakings shall prove that the frequency of calculation of the solvency capital requirement using an internal model is consistent with the frequency with which they use their internal model for the purposes covered by paragraph 1.

(3) The management board shall be responsible for ensuring the ongoing appropriateness of the design and operations of the internal model, and that the internal model continues to appropriately reflect the risk profile of the insurance and reinsurance undertakings concerned.

Section 58

(1) Insurance and reinsurance undertakings shall ensure that the internal model, and in particular the calculation of the probability distribution forecast underlying it, comply with the criteria set out in paragraphs 2 to 9.

(2) The methods used to calculate the probability distribution forecast shall be based on adequate, applicable and relevant actuarial and statistical techniques and shall be consistent with the methods used to calculate technical provisions. The methods used to calculate the probability distribution forecast shall be based on current and credible information and realistic assumptions. Insurance and reinsurance undertakings shall be able to justify the assumptions underlying their internal model to Národná banka Slovenska.

(3) Data used for the internal model shall be accurate, complete, and proportionate to the scope of operations. Insurance and reinsurance undertakings shall update the data sets used in the calculation of the probability distribution forecast at least annually.

(4) Insurance and reinsurance undertakings may choose a method for the calculation of the probability distribution forecast. Regardless of the calculation method chosen, the ability of the internal model to rank risks shall be sufficient to ensure that it is widely used and plays an important role in the system of governance of insurance and reinsurance undertakings, in particular their risk management system and decision-making processes, and capital allocation. The internal model shall cover all of the material risks to which insurance and reinsurance undertakings are exposed, at least the risks set out in Section 48(5).

(5) In regard to the diversification effects, insurance and reinsurance undertakings may take account in their internal model of dependencies within and across risk categories, provided that Národná banka Slovenska is satisfied that the system used for measuring those diversification effects is adequate.

(6) Insurance and reinsurance undertakings may take full account of the effect of risk-mitigation techniques in their internal model, as long as credit risk and other risks arising from the use of risk-mitigation techniques are properly reflected in the internal model.

(7) Insurance and reinsurance undertakings shall accurately assess the particular risks associated with financial guarantees and any contractual options in their internal model, where material. For that purpose, they shall take account of the impact that future changes in financial and non-financial conditions may have on the exercise of those options.

(8) In their internal model, insurance and reinsurance undertakings shall take account of all payments to policyholders and beneficiaries which they expect to make, whether or not those payments are contractually guaranteed.

(9) In their internal model, insurance and reinsurance undertakings may take account of future management actions that they would reasonably expect to carry out in specific circumstances, as well as of the time needed for their implementation.

Section 59

(1) Insurance and reinsurance undertakings may use a different time period or risk measure than that set out in Section 48(3) and (4) for internal modelling purposes as long as the outputs of the internal model can be used by those undertakings to calculate the solvency capital requirement in a manner that provides policyholders and beneficiaries with a level of protection equivalent to or higher than that provided for in Section 48.

(2) Where practicable, insurance and reinsurance undertakings shall derive the solvency capital requirement directly from the probability distribution forecast generated by the internal model of those undertakings, using the Value-at-Risk measure set out in Section 48(3) and (4).

(3) Where insurance and reinsurance undertakings cannot derive the solvency capital requirement directly from the probability distribution forecast generated by the internal model, Národná banka Slovenska may allow approximations to be used in the process to calculate the solvency capital requirement, as long as those undertakings can prove to Národná banka Slovenska that policyholders are provided with a level of protection equivalent to or higher than that provided for in Section 48.

(4) Národná banka Slovenska may require insurance and reinsurance undertakings to run their internal model on relevant benchmark portfolios, using assumptions based on external rather than internal data, in order to verify the calibration of the internal model and to check that its specification is in line with generally accepted market practice.

Section 60

Insurance and reinsurance undertakings shall review, at least annually, the causes and sources of profits and losses for each major business unit. They shall prove how the categorisation of the risk chosen in the internal model explains the causes and sources of profits and losses, and reflects the risk profile of the insurance or reinsurance undertaking concerned.

Section 61

(1) Insurance and reinsurance undertakings shall have a regular cycle of model validation which includes:

(a) monitoring the performance of the internal model, reviewing the ongoing appropriateness of its specification, and testing its results against experience;
(b) an effective statistical process for validating the internal model which enables the undertaking to prove to Národná banka Slovenska that the resulting capital requirements are appropriate;
(c) an analysis of the stability of the internal model and in particular the testing of the sensitivity of the results of that model to changes in the key underlying assumptions;

(d) an assessment of the accuracy, completeness, and appropriateness of the data used by the internal model.

(2) The statistical methods applied shall test the appropriateness of the probability distribution forecast compared not only to loss experience but also to all new material data and information relating thereto.

(3) Insurance and reinsurance undertakings shall document the structure and operational details of their internal model. The documentation shall prove compliance with the requirements laid down in paragraphs 1 and 2 and in Sections 57 to 60.

(4) The documentation shall provide a detailed outline of the theory, assumptions, and mathematical and empirical bases underlying the internal model. The documentation shall indicate any circumstances under which the internal model does not work effectively. Insurance and reinsurance undertakings shall document all major changes to their internal model, as set out in Section 55.

Section 62

The use of a model or data obtained from a third party shall not be considered to be a justification for exemption from any of the requirements for the internal model set out in Sections 57 to 61.

Minimum capital requirement
Section 63

(1) Insurance and reinsurance undertakings shall hold eligible basic own funds to cover the minimum capital requirement.

(2) The minimum capital requirement shall be calculated in accordance with the following principles:

(a) it shall be calculated in a clear and simple manner, and in such a way as to ensure that the calculation can be audited;
(b) it shall correspond to an amount of eligible basic own funds below which policyholders and beneficiaries would be exposed to an unacceptable level of risk if insurance and reinsurance undertakings were allowed to continue their operations;
(c) the linear function referred to in paragraph 4 used to calculate the minimum capital requirement shall be calibrated to the Value-at-Risk of the basic own funds of an insurance or reinsurance undertaking subject to a confidence level of 85% over a one-year period.

(3) In a measure promulgated in the Collection of Laws, Národná banka Slovenska shall stipulate the absolute floor of the minimum capital requirement for insurance and reinsurance undertakings and for branches of foreign insurance and reinsurance undertakings.

(4) The minimum capital requirement shall be calculated as a linear function of a set or subset of the following variables, measured net of reinsurance:
(a) the undertaking's technical provisions;
(b) written premiums;
(c) capital-at-risk;
(d) deferred taxes; and
(e) administrative expenses.

(5) If an insurance or reinsurance undertaking's minimum capital requirement calculated in accordance with paragraph 4 is lower than 25% of the undertaking's solvency capital requirement, the minimum capital requirement shall be set at 25% of the solvency capital requirement, including any capital add-on imposed in accordance with Section 142. If the minimum capital requirement calculated in accordance with paragraph 4 is higher than 45% of the undertaking's solvency capital requirement, the minimum capital requirement shall be set at 45% of the solvency capital requirement, including any capital add-on imposed in accordance with Section 142.

(6) Insurance and reinsurance undertakings shall calculate the minimum capital requirement at least quarterly and report the results of that calculation to Národná banka Slovenska. For the purpose of setting the limits referred to paragraph 5, insurance and reinsurance undertakings shall not be required to calculate the solvency capital requirement on a quarterly basis.

(7) Where the minimum capital requirement of an insurance or reinsurance undertaking is determined in accordance with paragraph 5, the undertaking shall provide to Národná banka Slovenska information allowing a proper understanding of the reasons therefor.

Investments
Section 64

(1) Insurance and reinsurance undertakings shall invest all their assets in accordance with the 'prudent person' principle, as specified in paragraphs 2 to 9.

(2) With respect to the whole portfolio of assets, insurance and reinsurance undertakings shall only invest in assets and instruments whose risks the undertaking concerned can properly identify, measure, monitor, manage, control and report, and appropriately take into account in the assessment of its overall solvency needs in accordance with Section 26.

(3) All assets, in particular those covering the minimum capital requirement and the solvency capital requirement, shall be invested in such a manner as to ensure the security, quality, liquidity and profitability of the portfolio as a whole. The localisation of those assets shall be such as to ensure their availability.

(4) Assets held to cover the technical provisions shall be invested in a manner appropriate to the nature and duration of the insurance and reinsurance liabilities. Such assets shall be invested in the best interest of all policyholders and beneficiaries taking into account any disclosed contract objective, in particular the profile and priorities of the insurance undertaking's investment strategy, including a specification of the securities and money market instruments that are to be acquired from the technical provisions, as well as any sectoral or territorial classification of the investments and risk-spreading principles.

(5) In the case of a conflict of interests, insurance undertakings, or the entity that manages their asset portfolio, shall ensure that the investment is made in the best interest of policyholders and beneficiaries.

(6) Where the benefits provided under a contract are directly linked to the value of units in mutual funds, or to the value of securities held by foreign collective investment undertakings, or to the value of transferable securities, or to the value of assets managed in an insurance undertaking's internal fund, usually divided into units, the technical provisions in respect of those benefits must be represented as closely as possible by those units or, in the case where units are not established, by those assets. For the purposes of this Act, 'the internal fund of an insurance undertaking' means the undertaking's asset portfolio earmarked for the coverage of life insurance obligations for a certain group of contracts. If an insurance undertaking maintains an internal fund, it shall draw up statutes for that fund, as an integral part of the insurance contract. The statutes of an undertaking's internal fund shall contain in particular the investment contract objectives in respect of the assets held in the fund, mainly the types of securities and money market instruments to be acquired, as well as the sectoral or territorial classification of investments and rules for risk mitigation and diversification.

(7) Where the benefits provided under a contract are directly linked to a share index or some other reference value other than those referred to in paragraph 6, the technical provisions in respect of those benefits must be represented as closely as possible either by the units deemed to represent the reference value or, in the case where units are not established, by assets of appropriate security and marketability which correspond as closely as possible to those on which the particular reference value is based.

(8) Where the benefits referred to in paragraphs 6 and 7 include financial guarantees or other guaranteed benefits, the assets held to cover the corresponding additional technical provisions are subject to paragraph 9.

(9) With respect to assets other than those covered by paragraphs 6 and 7, the following principles apply:

(a) the use of derivative instruments shall be possible insofar as they contribute to a reduction of risks or facilitate efficient portfolio management;
(b) investment in assets that are not admitted to trading on a regulated financial market shall be restricted to prudent levels;
(c) assets shall be properly diversified in such a way as to avoid excessive reliance on any particular asset, issuer or group of undertakings, or geographical area and excessive risk concentration in the portfolio as a whole;
(d) investment in assets issued by the same issuer, or by issuers belonging to the same group, shall not expose the insurance or reinsurance undertaking concerned to excessive risk concentration.

Section 64a

(1) Insurance undertakings conducting life insurance business and reinsurance undertakings conducting business related to life insurance liabilities shall establish and comply with an engagement policy for engagement in the exercise of shareholder rights pursuant to another law.[26a] This is without prejudice to the conflict of interest provisions under Sections 23, 31 and 64(5) of this Act.

(2) Where an asset manager as defined in another law[26b] implements the engagement policy, including voting, on behalf of an insurance or reinsurance undertaking under paragraph 1 for which it provides portfolio management services, that insurance or reinsurance undertaking shall make a reference as to where such voting information has been published by the asset manager.

(3) Insurance and reinsurance undertakings under paragraph 1 shall publicly disclose how the main elements of their equity investment strategy are consistent with the profile and duration of their liabilities, in particular long-term liabilities, and how they contribute to the medium to long-term performance of their assets.

(4) Where an asset manager[26b] invests on behalf of an insurance or reinsurance undertaking under paragraph 1, whether on a discretionary client-by-client basis or through a collective investment undertaking, that insurance or reinsurance undertaking shall disclose the following information regarding its arrangement with the asset manager:

a) how the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the profile and duration of the liabilities of the insurance or reinsurance undertaking under paragraph 1, in particular long-term liabilities;
b) how the arrangement incentivises the asset manager to make investment decisions based on assessments about medium to long-term financial and non-financial performance of the investee joint-stock company and to engage with investee joint-stock companies in order to

improve their performance in the medium to long-term;

c) how the method and time horizon of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the profile and duration of the liabilities of the insurance or reinsurance undertaking under paragraph 1, in particular long-term liabilities, and take absolute long-term performance into account;
d) how the insurance or reinsurance undertaking under paragraph 1 monitors portfolio turnover costs incurred by the asset manager and how it defines and monitors a targeted portfolio turnover or turnover range;
e) the duration of the arrangement with the asset manager.

(5) Where the arrangement with the asset manager does not contain one or more of the elements mentioned in paragraph 4, the insurance or reinsurance undertaking shall give a clear and reasoned explanation of why this is the case.

(6) The information referred to in paragraphs 2 to 5 shall be available, free of charge, on the website of the insurance or reinsurance undertaking and shall be updated annually unless there is no material change. Insurance and reinsurance undertakings under paragraph 1 may include the information referred to in paragraphs 4 and 5 in their report on solvency and financial condition.

Rules applicable to branches of foreign insurance and reinsurance undertakings
Section 65

When conducting insurance or reinsurance business in the territory of the Slovak Republic, branches of foreign insurance and reinsurance undertakings shall comply with the provisions of Sections 36 to 64, as appropriate.

Rules specific to reinsurance
Section 66
Authorisation to operate as a special purpose vehicle

(1) An authorisation to operate as a special purpose vehicle under the conditions set out in other legislation[26] shall entitle its holder to establish a special purpose vehicle and to conduct business consisting in the acceptance of insurance or reinsurance risks that are fully financed by the special purpose vehicle from proceeds earned from the issuance of debt securities or using any other financing mechanism in the range specified in the authorisation.

(2) The competence to grant authorisations to special purpose vehicles lies with Národná banka Slovenska. An application for authorisation to operate as a special purpose vehicle shall be submitted to Národná banka Slovenska by the founders of a special purpose vehicle.

(3) Národná banka Slovenska shall decide in respect of an application as referred to in paragraph 2 within the time limit set in accordance with other legislation, on the basis of an assessment of that application and the annexes thereto.

(4) Národná banka Slovenska shall reject an application as referred to in paragraph 2 where the applicant fails to meet the conditions set out in other legislation[26] or where the application and any of the annexes are incomplete or contain information that cannot be proved.

(5) Národná banka Slovenska may withdraw an authorisation granted to a special purpose vehicle under the conditions set out in other legislation.[26]

Section 67
Equivalence

If the Commission decides that the solvency regime of a country that is not a Member State is equivalent or temporarily equivalent to that laid down in this Act, reinsurance contracts concluded with foreign insurance or reinsurance undertakings shall be treated in the same manner as reinsurance contracts concluded with insurance or reinsurance undertakings or with insurance or reinsurance undertakings from other Member States.

TITLE FOUR
SPECIFIC RULES FOR THE CONDUCT OF INSURANCE BUSINESS AND REINSURANCE BUSINESS

Section 68
Premium levy

(1) Insurance undertakings, insurance undertaking from other Member States, and branches of third-country insurance undertakings shall transfer 8% of the premiums received from compulsory motor vehicle liability insurance in respect of business conducted in the territory of the Slovak Republic in the previous calendar year, up to the end of February of the given year, to a separate account of the Ministry of the Interior of the Slovak Republic (hereinafter ‘the Interior Ministry’). Such premium levies shall be reported by the undertaking or branch concerned to Národná banka Slovenska, the Ministry of Finance of the Slovak Republic (hereinafter ‘the Finance Ministry’), and to the Interior Ministry within three working days of the date of transfer. In addition, insurance undertakings, insurance undertakings from other Member States, and branches of third-country insurance undertakings shall provide Národná banka Slovenska with data supporting the items used in the calculation of the base for premium transfers.

(2) The Interior Ministry shall, after consulting the Finance Ministry, allocate funds from the separate account mentioned in paragraph 1 to fire brigades for the coverage of expenses incurred in connection with the procurement of material and technical equipment, its use and maintenance, and to the relevant units of the Interior Ministry for the coverage of expenses incurred in connection with the procurement of technical devices needed for the performance of tasks related to supervision of the safety and smoothness of road traffic, clarification of the causes of road traffic accidents, construction and equipment of coordination centres for the integrated rescue system and operating centres for the emergency call network, and to the construction and procurement of technical equipment for the operating centres of the emergency health service until the end of June of the given year.

(3) The Interior Ministry shall submit to the Finance Ministry a survey of the funds allocated from the separate account mentioned in paragraph 2 until 31 December of the given year, by 15 February of the following year. In addition, the Interior Ministry shall publish information on the allocation of funds in accordance with other legislation.[27]

Section 69
Premiums under new contracts

(1) Premiums for new life insurance contracts shall be calculated on the basis of reasonable actuarial assumptions so as to enable insurance undertakings or branches of foreign insurance undertakings to discharge all of their obligations and to create an adequate amount of technical provisions.

(2) For this purpose, insurance undertakings and branches of foreign insurance undertakings may take account of all aspects of their financial situation, without any systematic and steady inflow of other funds such as premiums and proceeds therefrom, so that the solvency of these undertakings is not threatened in the long term.

Section 70
Professional care

(1) Insurance undertakings, insurance undertakings from other Member States, and branches of foreign insurance undertakings shall:

(a) conduct their business with professional care with respect to their customers;
(b) provide potential customers with any information and know-how[28] they need to understand correctly the nature of insurance and the risks associated with the conclusion of an insurance contract;
(c) provide potential customers with any additional information they need about the conclusion of an insurance contracts to be able to decide responsibly in respect of the conclusion of an insurance contract;

(d) use no incorrect or misleading information in promoting their business, withhold no important facts, and offer no advantages the reliability of which cannot be guaranteed;
(e) provide potential non-professional customers,[30] in writing or on a durable medium, with accurate and easily understandable information about the form and amount of the remuneration they pay to an employee in return for work done in connection with the conclusion of an insurance contract;
(f) inform their actual and potential customers, prior to the conclusion of an insurance contract, about the amount of any payment other than the insurance premium, where such payment is required from the customer subsequent to the conclusion of an insurance contract;
(g) when advertising and promoting their insurance products, provide information that is fair, clear, transparent, and not misleading. Advertising and promotion aimed at actual or potential customers must, in all cases, be identifiable as advertising or promotion; where the nature of information may be unclear to actual or potential customers, the insurer shall state clearly that the information is provided for advertising or promotion purposes;
(h) for each insurance product listed in Part A of Annex 1 which they manufacture and for which they conclude new insurance contracts, draw up an insurance product information document in accordance with other legislation.[28a]

(2) Insurance, insurance undertakings from other Member States, reinsurance undertakings, and branches of foreign insurance and reinsurance undertakings, shall ensure that:
(a) their employees who, in connection with their position, come into contact with non-professional customers,[30] meet the requirements stipulated by other legislation[29] for the basic level of professional competence;
(b) the professional competence of employees referred to in point (a) is verified in accordance with other legislation;[31]
(c) a list of the employees referred to in point (a) is compiled and kept;
(d) when using the services of ancillary insurance intermediaries who are not subject to another law in the area of financial intermediation,[18] they meet the requirements set out in other legislation;[31a]
(e) when offering their own insurance products for sale, the relevant requirements set out in other legislation[31b] are met.

(3) Insurance undertakings, reinsurance undertakings, and branches of foreign insurance and reinsurance undertakings shall employ, for financial intermediation activities within the insurance or reinsurance sector,[32] only persons who are included in the register of financial agents, financial advisers, financial intermediaries from other Member States operating in the insurance or reinsurance sector, and financial intermediaries from other Member States engaged in the provision of housing loans and who at the same time are authorised to perform such activities.

(4) In good time before the conclusion of an insurance contract, the policyholder shall be notified in writing of the main terms and conditions of the insurance contract, using the form

template laid down in other legislation.[32a] If that legislation[32a] does not lay down a form template defined for the main terms and conditions of an insurance contract, of which the policyholder must be notified before the conclusion of the insurance contract, Národná banka Slovenska may lay down such a template in a measure promulgated in the Collection of Laws.

(5) The members of the management board or supervisory board of an insurance or reinsurance undertaking, the head of a foreign insurance or reinsurance undertaking's branch, the procurator, the receiver, deputy receivers, and persons holding key functions in an insurance or reinsurance undertaking, or in a branch of a foreign insurance or reinsurance undertaking, shall perform their tasks as follows:

(a) in a manner that takes into account and minimises the risks arising from their activities for the relevant insurance or reinsurance undertaking, branch of a foreign insurance or reinsurance undertaking, and for the customers thereof;
(b) in the interest of the relevant insurance or reinsurance undertaking or branch of a foreign insurance or reinsurance undertaking.

(6) The members of the management board or supervisory board of an insurance or reinsurance undertaking shall be responsible for the actual damage they cause by breaching their duties as members of the undertaking's management board or supervisory board, arising for them from legislation of general application or from the undertaking's articles of association or internal regulations.

(7) The heads of branches of foreign insurance or reinsurance undertakings shall be responsible for the actual damage they cause by breaching their duties arising from legislation of general application or from the articles of association or internal regulations of those undertakings.

(8) Insurance undertakings, reinsurance undertakings, and branches of foreign insurance and reinsurance undertakings may not carry out legal acts at their own expense in favour of a member of the undertaking's management board or supervisory board or in favour of the head of the branch in connection with the arrangement of liability insurance for damage as referred to in paragraphs 6 and 7 or in connection with insurance for the case of removal from office. If, pursuant to Section 139(10), such persons are recalled because they no longer meet good repute requirements, they shall not be entitled to receive any remuneration from the insurance or reinsurance undertaking or from the branch of a foreign insurance or reinsurance undertaking, agreed for the case of removal from office or acknowledged by the internal regulations for the case of removal from office; entitlement to such remuneration shall lapse on the day the person is recalled from office.

(9) Insurance undertakings and branches of foreign insurance undertakings may not remunerate, or assess the performance of, their employees in a way that is inconsistent with their duty to act in accordance with the best interests of their existing or potential customers. For that reason, the undertaking or branch may not apply any measures in the form of bonuses, sales targets

or other arrangements which could incentivise its employees to recommend a certain insurance product to an existing or potential customer if the undertaking or branch is able to offer another insurance product that is better suited to the customer's needs.

(10) Insurance undertakings and branches of foreign insurance undertakings shall introduce, operate and review a process for the approval of each insurance product they manufacture. Each insurance product, or significant adaptation of an existing insurance product, shall undergo the product approval process before it is marketed or distributed to existing or potential customers. The product approval process shall be proportionate and appropriate to the nature of the insurance product.

(11) The insurance product approval process shall specify a target market for each insurance product, ensure that all relevant risks to such specified target market are assessed and that the marketing of the insurance product is consistent with the specified target market, and take reasonable steps to ensure that the insurance product is marketed to the specified target market.

(12) Insurance undertakings and branches of foreign insurance undertakings shall understand and regularly review the insurance products they offer or market, taking into account any event that could materially affect the potential risk to the specified target market, to assess whether the product remains consistent with the needs of the specified target market and whether the intended distribution strategy is appropriate.

(13) Insurance undertakings and branches of foreign insurance undertakings, which manufacture insurance products, shall make available to financial agents with whom they have concluded a contract under other legislation,[18] and to financial advisers, upon request, all appropriate information on the insurance product and the product approval process, including the specified target market of the insurance product.

(14) Prior to concluding an insurance contract with a potential retail customer,[30] insurance undertakings, insurance undertakings from other Member States and branches of foreign insurance undertaking shall provide the potential retail customer in an unambiguous, accurate and clear manner, in writing or in the form of a record on another durable medium,[32b] with information on the individual components of the insurance premium related to the insurance contract being concluded, and shall do so using an information document. A template information document for individual components of insurance premiums shall be laid down in legislation of general application issued by the Ministry of Finance.

Section 70a
Rules for the calculation of surrender value

(1) In the case of investment fund-linked insurance mentioned in point 3 of Part B in Annex 1, insurance undertakings, insurance undertakings from other Member States and branches

of foreign insurance undertakings shall invest in assets, which will be used to cover fund-linked technical provisions under such insurance, funds in an amount equal to or higher than:
(a) 50% of paid insurance premiums in the first year of the insurance contract term;
(b) 60% of paid insurance premiums in the second year of the insurance contract term;
(c) 70% of paid insurance premiums in the third year of the insurance contract term.

(2) In the case of insurance under paragraph 1 where the policyholder ends the insurance contract before the expiry of the policy period, the insurance undertaking, insurance undertaking from other Member State or branch of a foreign insurance undertaking shall pay to the policyholder, during the first three years of the insurance contract term, the surrender value at least in the amount of the current value of the assets in which the insurance undertaking, insurance undertaking from other Member State or branch of a foreign insurance undertaking invested as referred to in paragraph 1, as at the day of termination of the insurance contract, reduced by the insurance premium covering the risk of survival or death during the insurance contract term and reduced by past benefits paid under this insurance. The surrender value in subsequent years of the insurance term must always be positive.

(3) In the case of insurance other than insurance under paragraph 1, where the right to surrender value arises and the policyholder ends the insurance contract before the expiry of the policy period, the insurance undertaking, insurance undertaking from other Member State or branch of a foreign insurance undertaking shall pay the policyholder during the first three years of the insurance contract term the surrender value in an amount not less than the sum of:
(a) 50% of paid insurance premiums in the first year of the insurance contract term reduced by the insurance premium covering the risk;
(b) 60% of paid insurance premiums in the second year of the insurance contract term reduced by the insurance premium covering the risk;
(c) 70% of paid insurance premiums in the third year of the insurance contract term reduced by the insurance premium covering the risk.

(4) In subsequent years of the term of the insurance under paragraph 3, the surrender value must always be positive.

Section 71
Persons in a special relationship with an insurance or reinsurance undertaking

(1) Insurance undertakings, branches of foreign insurance undertakings, reinsurance undertakings, and branches of foreign reinsurance undertakings shall not conclude insurance contracts with persons in a special relationship with them, which they would normally, given the nature, purpose or riskiness thereof, refuse to conclude with other customers. Before entering into an insurance contract, insurance and reinsurance undertakings, as well as branches of foreign insurance and reinsurance undertakings, shall verify whether the persons they intend to contract with are in a special relationship with them; such persons shall provide the undertaking or branch concerned with true and correct information for the purposes of such verification. Insurance and reinsurance undertakings, as well as branches of foreign insurance or reinsurance undertakings,

shall ensure the veracity of the data provided by arranging that any contract concluded on the basis of such data is subject to the penalty of invalidity.

(2) Insurance undertakings, branches of foreign insurance undertakings, reinsurance undertakings, and branches of foreign reinsurance undertakings may, without limitations, conclude insurance contracts with persons having a special relationship with them under the same conditions that are normally available to other customers in a comparable situation. Under conditions other than those referred to in the previous sentence, an insurance contract may be concluded with a person having a special relationship with the undertaking or branch concerned where this is unanimously decided by the statutory body of that undertaking or by the head of that branch on the basis of a written analysis of the given transaction or of the applicant's financial situation. The person concerned by that decision shall be excluded from the decision-making process.

(3) For the purposes of this Act, the following persons are deemed to have a special relationship with an insurance or reinsurance undertaking:
(a) members of the undertaking's statutory body;
(b) members of the undertaking's supervisory board;
(c) persons responsible for the performance of other key functions in the undertaking;
(d) legal entities exercising control over the undertaking and members of their statutory bodies;
(e) legal entities in which some of the persons referred to in points (a) to (d) have a qualifying holding;
(f) shareholders with a qualifying holding in the undertaking and any legal person controlled by them or controlling them;
(g) legal entities controlled by the undertaking in question;
(h) members of the Bank Board of Národná banka Slovenska;
(i) auditors or natural persons who, on behalf of an audit firm, perform auditing activities in the undertaking;
(j) receivers, deputy receivers, and expert advisers appointed for the undertaking being under receivership;
(k) persons having a legal relationship with the undertaking, which may lead to the acquisition of a qualifying holding in the undertaking in question.

(4) For the purposes of this Act, the following persons are deemed to have a special relationship with a branch of a foreign insurance or reinsurance undertaking:
(a) the head of the branch of the foreign undertaking concerned;
(b) members of the foreign undertaking's statutory body or supervisory board;
(c) persons having other key functions in the branch of the foreign undertaking concerned;
(d) persons exercising control over the foreign undertaking and members of their statutory bodies;
(e) legal entities in which some of the persons referred to in points (a) to (d) have a qualifying holding;

(f) shareholders with a qualifying holding in the foreign undertaking and any legal person controlled by them or controlling them;
(g) legal entities controlled by the foreign undertaking in question;
(h) members of the Bank Board of Národná banka Slovenska;
(i) auditors or natural persons who, for and on behalf of an audit firm, perform auditing activities in the foreign undertaking in question.

Section 72
Confidentiality

(1) Members of the management board, supervisory board members, and employees of an insurance or reinsurance undertaking, branch of an insurance or reinsurance undertaking from another Member State, or of a branch of a foreign insurance or reinsurance undertaking, its procurator, receivers, trustees, preliminary trusties in bankruptcy, restructuring, or composition proceedings, or in debt discharge proceedings, and supervising trustees performing supervising trusteeship, as well as other persons participating in its activities, shall keep confidential any facts which come to their knowledge by virtue of their position or during the performance of their employment duties and which are relevant to financial market or which affect the interests of market participants.

(2) The persons referred to in paragraph 1 shall maintain confidentiality in respect of the business of insurance undertakings, branches of foreign insurance undertakings, reinsurance undertakings, and branches of foreign reinsurance undertakings even after the termination of employment or any other legal relationship.

(3) The duty of confidentiality mentioned in paragraph 1 is not deemed to be breached if the information is provided to:
(a) Národná banka Slovenska for the purposes of supervision under other legislation;[3]
(b) a court, where the party to the proceedings is a customer of an insurance or reinsurance undertaking, an insurance or reinsurance undertaking from another Member State, or of a branch of a third-country insurance or reinsurance undertaking; if the subject matter of the proceedings is the property of a customer of an insurance or reinsurance undertaking, an insurance or reinsurance undertaking from another Member State, or of a branch of a third-country insurance or reinsurance undertaking;[33] if the party to the proceedings is a financial agent from the insurance or reinsurance sector, who mediated insurance or reinsurance for a customer of an insurance or reinsurance undertaking, an insurance or reinsurance undertaking from another Member State, or of a branch of third-country insurance or reinsurance undertaking;
(c) a criminal law enforcement authority or court for the purposes of criminal proceedings;[34]
(d) a central government authority in the field of taxes and fees in a matter of tax administration,[35] where the person involved in the tax administration matter is an insurance or reinsurance

undertaking, an insurance or reinsurance undertaking from another Member State, or a branch of a third-country insurance or reinsurance undertaking, a policyholder, or a person insured;

(e) the Anti-Monopoly Authority of the Slovak Republic for the purpose of performing tasks in the area of economic competition under other legislation;[36]

(f) the criminal police, border police, alien police, and financial police services of the Police Force for the purpose of performing tasks as specified in another law;[37]

(g) the Slovak Information Service, Military Intelligence and the National Security Authority for the purpose of performing tasks as specified in another law;[38]

(h) a judicial executor commissioned to perform execution activities under other legislation;[39]

(i) the Legal Aid Centre in accordance with other legislation;[40]

(j) a trustee or preliminary trustee in bankruptcy, restructuring or composition proceedings, or in debt discharge proceedings, or to a supervising trustee performing supervising trusteeship if the property of a customer of an insurance or reinsurance undertaking, an insurance or reinsurance undertaking from another Member State, or of a branch of a third-country insurance or reinsurance undertaking is under bankruptcy, restructuring, composition, or debt discharge proceedings, or is under supervising trusteeship in accordance with other legislation;[41]

(k) the auditors verifying the financial statements of an insurance or reinsurance undertaking, an insurance or reinsurance undertaking from another Member State, or of a branch of a third-country insurance or reinsurance undertaking, and to the authorities exercising supervision over these auditors;

(l) the competent supervisory authority of another Member State where insurance contracts are concluded with an insurance undertaking established in that Member State or where reinsurance contracts concluded with a reinsurance undertaking established in that Member State;

(m) the group supervisor supervising the relevant insurance or reinsurance undertaking at group level;

(n) the college of supervisory authorities;

(o) the European Supervisory Authority;

(p) with the consent of the person whom the information concerns;

(q) the competent authority of the Slovak Republic specified in other legislation[41a] for the purpose of complying with the reporting requirement.

(4) The duty of confidentiality mentioned in paragraph 1 shall not be deemed breached if information is exchanged between:

(a) insurance or reinsurance undertakings, insurance or reinsurance undertaking from other Member States, or branches of third-country insurance or reinsurance undertakings, where this involves any mutual exchange or disclosure of information concerning insurance contracts concluded for the purposes of customer protection and insurance fraud prevention, in any of the following cases:

1. if there is any suspicion that the data provided are false or incomplete, they are to be verified for correctness and completeness before an insurance contract is concluded;
2. an investigation is to be carried out to determine the scope in which an insurance or reinsurance undertaking, or a branch of an insurance or reinsurance undertaking from another Member State or of a foreign insurance or reinsurance undertaking, is obliged to pay insurance benefits;
3. the data provided for the settlement of insurance claims are to be verified for correctness and completeness;

(b) on the one side, an insurance undertaking, insurance undertaking from another Member State, or a branch of a third-country insurance undertaking and, on the other side, a reinsurance undertaking, reinsurance undertaking from another Member State, or a branch of a third-country reinsurance undertaking, and the information exchanged or disclosed concerns insurance contracts, or insurance claims under insurance contracts, for which reinsurance is provided by the reinsurance undertaking, the reinsurance undertaking from another Member State, or the branch of a third-country reinsurance undertaking;

(c) Národná banka Slovenska, in respect of information it has received under paragraph 3(a), and:
1. the supervisory authorities of other Member States responsible for the supervision of financial institutions;
2. persons from other Member States or from third countries participating in the bankruptcy or liquidation of an insurance or reinsurance undertaking from another Member State, and the authorities exercising supervision over such persons;
3. auditors from other Member States or from third countries auditing the financial statements of insurance or reinsurance undertakings from other Member States or of financial institutions established in other Member States, and authorities exercising supervision over these auditors;
4. persons from other Member States performing the functions of an actuary and authorities exercising supervision over them;
5. courts examining the decisions of Národná banka Slovenska under other legislation;[3]
6. the Ministry of Finance where information was obtained from another Member State or through an on-site inspection carried out in another Member State, with the consent of that Member State's supervisory authority;
7. a central government authority, where the information is provided about the results of the handling of a complaint relating to the provision of financial services or the undertaking of another transaction by an entity under supervision pursuant to other legislation,[3] which was made by a financial consumer or other customer of an entity referred to in Section 79(1) and which the central government authority forwarded to Národná banka Slovenska for handling on grounds of subject matter jurisdiction.

(5) When disclosing, providing, or exchanging information under paragraphs 1 to 4 and Section 78, insurance and reinsurance undertakings, as well as branches of insurance and

reinsurance undertakings from other Member States or of foreign insurance and reinsurance undertakings, shall not provide:

(a) information on any person's affiliation to the Slovak Information Service or on any property owned by the Slovak Information Service, without the consent of the Slovak Information Service;
(b) information on any person's affiliation to the Military Intelligence Services or on any property owned by the Military Intelligence Service, without the consent of the Military Intelligence Service.

(6) Národná banka Slovenska shall be authorised to use the information obtained under paragraph 4 solely for the purposes for which it is provided. Information obtained under paragraph 4 may be disclosed to other persons only with the consent of the provider of that information.

(7) The provisions of paragraphs 1 to 6 shall be without prejudice to the obligation under another law[42] to prevent or report the commission of a criminal offence.

(8) For the purpose of exchanging information needed for verifying the correctness and completeness of data on insurance claims, or on the occurrence of events insured against, insurance undertakings and branches of insurance undertakings from other Member States or of foreign insurance undertakings may, using automated or non-automated means, create a register of selected information on insurance claims and on the occurrence of events insured against (hereinafter 'the register of insurance claims') through which insurance undertakings and branches of insurance undertakings from other Member States or of foreign insurance undertakings may, even without the consent of the persons concerned, provide or make available, free of charge or in consideration of the real costs incurred, any data kept in the register, under the terms and conditions laid down in this Act or in another law.[54]

(9) The register of insurance claims shall contain the following data on insurance claims and the occurrence of events insured against:

(a) the name of the insurance undertaking, branch of an insurance undertaking from another Member State, or branch of a third-country insurance undertaking which recorded the insurance claim or occurrence of the event insured against;
(b) the identifier of the insurance to which the insurance claim or the occurrence of the event insured against is related;
(c) full name or commercial name and identification number of the persons involved in an insurance claim or loss event;
(d) permanent address or registered office address of the persons involved in an insurance claim or loss event;
(e) date of each insurance claim or loss event;
(f) insurance claim number or loss event number;
(g) vehicle registration number;

(h) vehicle identification number;
(i) the amount of the insurance claim paid;
(j) total loss resulting from damage to a motor vehicle;
(k) data needed for the purposes of paragraph 12.

(10) The register of insurance claims created in accordance with paragraph 8 may be operated, and the data stored therein processed, exclusively by a third person. The owners and members of bodies of that person may only be insurance undertakings, branches of insurance undertakings from other Member States or of foreign insurance undertakings. The register of insurance claims and the information stored therein shall be maintained, backed up, kept strictly confidential, and protected against unauthorised access, disclosure, misuse, modification, damage, loss or theft by the same third person.

(11) The data stored in the register of insurance claims must be reliable, up-to-date and complete. The data entered into or provided from the register of insurance claims are subject to the confidentiality requirement referred to in paragraphs 1 and 2. Information from the register of insurance claims and information about other facts related to the operation of the register of insurance claims may only be provided to insurance undertakings, branches of insurance undertakings from other Member States or of foreign insurance undertakings, and to persons mentioned in paragraph 3, provided that these persons ensure protection for the information provided at a level no lower than that ensured by the operator of the register of insurance claims under paragraph 10 and the use of the information for the purpose for which it has been provided. In relation to other persons, the employees and members of bodies of the third person mentioned in paragraph 10 shall keep such information strictly confidential.

(12) The data sent to the register of insurance claims by an insurance undertaking or by a branch of an insurance undertaking from another Member State or of a foreign insurance undertaking may be stored in the register of insurance claims for five years from the date of expiry of the insurance contract or for five years from the date of expiry of the entitlement to insurance benefits, whichever occurs later.

(13) If a customer of an insurance undertaking or of a branch of an insurance undertaking from another Member State or of a foreign insurance undertaking finds out that their personal data stored in the register of insurance claims are incorrect or are incorrectly recorded, the customer may lodge a complaint to the insurance undertaking or to the branch of the foreign insurance undertaking concerned. If the insurance undertaking or branch fails to resolve the customer's complaint within 30 days of the date of delivery and fails to have the relevant data corrected or deleted from the register of insurance claims as the customer requests, the customer may sue that undertaking or branch for its reluctance to have the data corrected or deleted from the register of insurance claims; the correction or deletion of the data shall be ensured by the insurance undertaking or branch concerned or by the operator of the register of insurance claims according

to the court's judgement. The insurance undertaking or branch of an insurance undertaking from another Member State or of a foreign insurance undertaking shall be responsible for any damage incurred by the customer as a result of the entry of incorrect data into the register of insurance claims, while the operator of the register of insurance claims shall be responsible for any damage resulting from the entry of data into the register of insurance claims in an incorrect manner.

Section 73
Separation of life and non-life insurance management

(1) Insurance undertakings conducting life and non-life insurance business simultaneously under Section 6(7) shall establish separate organisation of life and non-life insurance management in such a way that the respective interests of life and non-life policyholders remain unaffected and, in particular, that profits from life insurance benefit life policyholders as if the life insurance undertaking conducted only life insurance business.

(2) Insurance undertakings conducting life and non-life insurance business simultaneously under Section 6(7) shall calculate:

(a) a notional life minimum capital requirement with respect to their life insurance or reinsurance business, calculated as if the undertaking concerned conducted only that business, on the basis of the separate accounts referred to in paragraph 7; and
(b) a notional non-life minimum capital requirement with respect to their non-life insurance or reinsurance business, calculated as if the undertaking concerned conducted only that business, on the basis of the separate accounts referred to in paragraph 7.

(3) As a minimum, insurance undertakings conducting life and non-life insurance business simultaneously under Section 6(7) shall cover the following by an equivalent amount of eligible basic own-fund items: the notional life minimum capital requirement, in respect of the life insurance or reinsurance business, and the notional non-life minimum capital requirement, in respect of the non-life insurance or reinsurance business.

(4) The minimum financial obligations referred to in paragraph 3, in respect of the life insurance business and the non-life insurance business, shall not be borne by the other business.

(5) As long as the notional minimum capital requirements referred to in paragraph 3 are fulfilled and provided that Národná banka Slovenska is informed, the insurance undertaking concerned may use, to cover the solvency capital requirement, the explicit eligible own-fund items that are still available for the life insurance business or the non-life insurance business.

(6) Národná banka Slovenska shall analyse the results of both life and non-life insurance business so as to ensure that the requirements of paragraphs 1 to 5 are fulfilled.

(7) Insurance undertakings shall keep separate analytical accounts for life and non-life insurance, and shall compile financial statements so as to show the income and expenditure items separately for life and non-life insurance, in particular premiums, payments to reinsurers, investment income, insurance settlements, changes in insurance obligations, payments by reinsurers, and operating expenses. Items common to both insurance types shall be entered in the accounts in accordance with the method of apportionment accepted by Národná banka Slovenska.

(8) Insurance undertakings shall, on the basis of the accounts, prepare a statement in which the eligible basic own-fund items covering each notional minimum capital requirement as referred to in paragraph 2 are clearly identified, in accordance with Section 47(4).

(9) Insurance undertakings may, on the basis of prior approval granted under Section 77, transfer part of their eligible basic own-fund items from one insurance business to the other business. If the amount of eligible basic own-fund items with respect to one business is insufficient to cover the notional minimum capital requirements referred to in paragraph 3, Národná banka Slovenska shall apply appropriate measures to the deficient business, whatever the results in the other business.

(10) Insurance undertakings, branches of insurance undertakings from other Member States, and branches of third-country insurance undertakings conducting insurance business of the class specified in point 9 of Part B of Annex 1 shall:

(a) keep a separate record for that insurance class; the separate record must include a separately identified and managed portfolio of insurance obligations and related assets, and must be safeguarded in such a manner that the interests of policyholders and beneficiaries are not damaged, in particular that proceeds in this insurance class are used only to the benefit of policyholders and beneficiaries in that insurance class;
(b) keep a separate analytical account for that insurance class and compile financial statements in which the income and expenditure items are recorded separately, in particular premiums, investment income, insurance settlements, technical provisions, and operating expenses;
(c) extend the financial statements to include data on that insurance class in the form of notes.

(11) Insurance undertakings and branches of foreign insurance undertakings conducting insurance and reinsurance business simultaneously in accordance with Section 6(12) shall conduct their business in such a way that the respective interests of insurance and reinsurance policyholders remain unaffected and, in particular, that profits from insurance benefit only insurance policyholders and profits from reinsurance benefit only reinsurance policyholders.

(12) Insurance and reinsurance undertakings conducting life and non-life reinsurance business simultaneously shall keep separate analytical accounts for the life and non-life reinsurance classes.

Section 74
The duties of auditors regarding accounting documents

(1) Insurance undertakings, reinsurance undertakings, and branches of foreign insurance and reinsurance undertakings shall, upon request, submit to Národná banka Slovenska financial reports giving a true and fair picture of their financial situation and complying with the valid accounting standards and rules.

(2) Insurance and reinsurance undertakings, branches of insurance and reinsurance undertakings from other Member States, and branches of third-country insurance and reinsurance undertakings shall keep accounting records in accordance with other legislation.[43] The financial statements of insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings are to be verified by an auditor or by an audit firm.

(3) Insurance and reinsurance undertakings shall, upon request, report to Národná banka Slovenska the amount of claims that have preference over insurance claims payable in the case of liquidation or bankruptcy, as well as their coverage by assets.

(4) Insurance and reinsurance undertakings, as well as branches of foreign insurance and reinsurance undertakings, shall, without undue delay, notify Národná banka Slovenska in writing of any change in the accounting period.

(5) The auditor or audit firm commissioned to examine the financial statements or other statutory obligations of an insurance or reinsurance undertaking or of a branch of a foreign insurance or reinsurance undertaking shall, without undue delay, report to Národná banka Slovenska any fact or decision concerning that undertaking or branch of which they have become aware while carrying out that task and which is liable to bring about any of the following:

(a) a material breach of acts or other legislation of general application by the insurance or reinsurance undertaking or by the branch of a foreign insurance or reinsurance undertaking;
(b) a material impairment of the continuous functioning of the insurance or reinsurance undertaking or of the branch of a foreign insurance or reinsurance undertaking;
(c) a refusal to certify the financial statements or to express any views or reservations;
(d) non-compliance with the solvency capital requirement;
(e) non-compliance with the minimum capital requirement.

(6) The provisions of paragraph 5 shall equally apply to auditors or audit firms examining the financial statements of persons who are closely linked to the insurance or reinsurance undertaking concerned.

(7) The auditor or audit firm shall, at the written request of Národná banka Slovenska, provide documentation on facts specified in paragraph 5 and other information and supporting

documentation obtained during the performance of its activities in an insurance or reinsurance undertaking or in a branch of a foreign insurance or reinsurance undertaking.

(8) A person in a special relationship with an insurance or reinsurance undertaking under Section 71(3)(a) to (h), (j) and (k) or with a branch of a foreign insurance or reinsurance undertaking under Section 71(4)(a) to (h) or an auditor failing to perform the tasks and duties set out in paragraph 5 may not be appointed as an auditor for that undertaking or branch, for the reasons stated in other legislation.[44] The same applies to natural persons who act as auditors on behalf of an audit firm.

(9) Insurance and reinsurance undertakings, as well as branches of foreign insurance and reinsurance undertakings, shall report to Národná banka Slovenska which auditor or audit firm they have commissioned to examine their financial statements, and shall do so by 30 June of the calendar year or by the middle of the accounting period for which the audit is to be carried out. Národná banka Slovenska may refuse to accept that auditor or audit firm by 31 August of the calendar year or within eight months from the beginning of the accounting period following the date of notification. If the relevant insurance or reinsurance undertaking or branch of a foreign insurance or reinsurance undertaking was authorised to conduct insurance or reinsurance business during the calendar year, Národná banka Slovenska shall be notified within three months from the entry into force of the authorisation to conduct insurance or reinsurance business. Národná banka Slovenska may refuse to accept the auditor or audit firm selected within 30 days of the date of notification where serious shortcomings are found in the financial statements or where the notification requirement mentioned in paragraph 5 is not met. Within 45 days from the entry into force of the decision of Národná banka Slovenska to reject the auditor or audit firm selected, the insurance or reinsurance undertaking or branch of a foreign insurance or reinsurance undertaking shall select a new auditor or audit firm, and shall in writing notify this fact to Národná banka Slovenska. If Národná banka Slovenska refuses to accept the new auditor or audit firm too, it shall commission an auditor or audit firm to examine the financial statements.

(10) When the auditor or audit firm is to be replaced, the procedure stipulated in paragraph 9 shall be applied, as appropriate.

Section 75
Notification requirements

(1) Insurance and reinsurance undertakings shall notify Národná banka Slovenska in accordance with Section 79(11) of any operation carried out under the right of establishment or the freedom to provide services, the gross amounts of premiums, benefits and charges (before deducting reinsurance), broken down by Member State as follows:

(a) for non-life insurance, broken down by class of insurance under other legislation;[26]

(b) for life insurance, broken down by class of insurance under other legislation.[26]

(2) Insurance or reinsurance undertakings engaged in the insurance class specified under point 10(a) in Part A of Annex 1 shall also provide information on the number of insurance benefits paid and the average cost of such benefits.

(3) Národná banka Slovenska shall deliver the information referred to in paragraph 2 within a reasonable time and in aggregate form to the competent supervisory authority of the Member State concerned upon its request.

(4) Insurance undertakings and branches of insurance undertakings from other Member States or of foreign insurance undertakings shall, without undue delay, notify Národná banka Slovenska when they decide to stop concluding new insurance contracts in the insurance class specified under point 9 in Part B of Annex 1. They may cease to conclude new insurance contract no earlier than three months after the delivery of such notification.

Section 76

(1) A person who intends to cancel their qualifying holding in an insurance or reinsurance undertaking or to reduce their interest in the share capital of, or voting rights in, an insurance or reinsurance undertaking to below 50%, 30% or 20%, or who intends to cease being the parent company of an insurance or reinsurance undertaking, shall notify this fact in writing to Národná banka Slovenska in advance.

(2) The notification referred to in paragraph 1 shall contain the following data:
(a) full name, personal number, and permanent address (natural person), or business name, registered office, and identification number (legal person);
(b) the extent to which the person mentioned in paragraph 1 intends to reduce their interest in the share capital of an insurance or reinsurance undertaking.

(3) Insurance and reinsurance undertakings shall inform Národná banka Slovenska of any change where the interest of one or more persons acting in concert[45] in the share capital of, or voting rights in, the undertaking exceeds 20%, 30% or 50%, or where the undertaking becomes a subsidiary, no later than ten days after becoming aware of this fact.

(4) Insurance and reinsurance undertakings shall inform Národná banka Slovenska of any change where the interest of one or more persons acting in concert[45] in the share capital of, or voting rights in, the undertaking falls below 50%, 30% or 20%, or where the undertaking stops being a subsidiary, no later than ten days after becoming aware of this fact.

(5) For supervisory purposes, insurance and reinsurance undertakings shall compile a list of their shareholders with a qualifying holding as at 30 June and 31 December, and shall submit

that list to Národná banka Slovenska by the end of the following calendar month. If a shareholder is a natural person, the list must contain the personal data of that person, i.e. full name, title, and permanent residence, as well as data on their interest in the share capital of, or voting rights in, the undertaking concerned.

Section 77
Prior approval by Národná banka Slovenska

(1) The prior approval of Národná banka Slovenska is required in order to:

(a) acquire a qualifying holding in an insurance or reinsurance undertaking or to further increase such a qualifying holding in an insurance or reinsurance undertaking as a result of which the proportion of the share capital held or of the voting rights would reach or exceed 20%, 30% or 50% or so that the insurance or reinsurance undertaking would become a subsidiary, through one or more transactions, acting directly or in concert;[45] for the calculation of such holdings, account shall not be taken of the voting rights or shares which an investment firm, foreign investment firm, bank or foreign bank may hold as a result of providing the underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis under other legislation,[19] provided that those rights are not exercised or otherwise used to intervene in the management of the insurance or reinsurance undertaking and are not transferred by the investment firm, foreign investment firm, bank or foreign bank to a third party within one year of acquisition;
(b) carry out the conversion or cross-border conversion of an insurance or reinsurance undertaking;
(c) sell an insurance or reinsurance undertaking, branch of a foreign insurance or reinsurance undertaking, or any part thereof;[46]
(d) return an authorisation to operate as an insurance or reinsurance undertaking;
(e) perform financial intermediation activities for financial institutions under other legislation;
(f) withhold information under Section 34, contained in the report on solvency and financial condition referred to in Section 33;
(g) use matching adjustments under Section 40 and transitional adjustments under Section 203;
(h) determine the value of additional own-fund items as referred to in Section 45;
(i) use internal methods to determine the value of additional own-fund items referred to in Section 45 for the period specified in the prior approval;
(j) include own-fund items in the class referred to in Section 46, unless these items are included in the list compiled under other legislation;[26]
(k) replace certain parameters within the standard formula of the solvency capital requirement by parameters specific to the insurance or reinsurance undertaking concerned when calculating the life, non-life and health underwriting risk modules, as set out in Section 49;
(l) transfer eligible own-fund items in accordance with Section 73(9) or Section 186(8);
(m) approve a full or partial internal model in accordance with Section 54, including changes therein;

(n) modify the written strategy adopted for making changes in the internal model under Section 55;
(o) determine the whole or part of the solvency capital requirement according to the standard formula for an insurance or reinsurance undertaking for which an internal model has been approved in accordance with Sections 54 and 55;
(p) include the items referred to in Section 179(10) among the eligible own funds of an insurance undertaking;
(q) repay a loan before maturity in accordance with Section 179(7);
(r) change a loan in accordance with Section 179(7);
(s) repay securities that have no due date specified, in accordance with Section 179(9);
(t) create additional technical provisions in accordance with Section 171(3);
(u) reduce the amount of technical provisions on a temporary basis, in accordance with Section 204;
(v) transfer an insurance portfolio or part thereof or transfer a reinsurance portfolio or part thereof;
(w) carry out a cross-border change in the legal form of an insurance or reinsurance undertaking.

(2) The granting of prior approval by Národná banka Slovenska under:
(a) paragraph 1(a) is subject *mutatis mutandis* to the conditions laid down in Section 7(2)(c) to (g) or Section 9(2)(c) to (g) for the acquirer;
(b) paragraph 1(b) is subject *mutatis mutandis* to the conditions laid down in Section 7(2)(c) to (e) and (g), Section 9(2)(c) to (e) and (g) or Section 10(2)(c) and (i) to (k), and to the conditions laid down in paragraph 21;
(c) paragraph 1(c) is subject equally to the conditions laid down in Section 7(2)(a), (c) to (e) and (g), Section 9(2)(a), (c) to (e) and (g) or Section 10(2)(c) and (i) to (k);
(d) paragraph 1(e) is subject *mutatis mutandis* to the conditions laid down in Section 7(2)(i) and (m) or Section 9(2)(i) and (l);
(e) paragraph 1(f) is subject to the conditions laid down in Section 34(1);
(f) paragraph 1(g) is subject to the conditions laid down in Section 40(2) or Section 203;
(g) paragraph 1(h) and (i) is subject to the conditions laid down in paragraph 8;
(h) paragraph 1(j) is subject to the conditions laid down in other legislation;[26]
(i) paragraph 1(k) is subject to the conditions laid down in Section 49(9) and in other legislation;[26]
(j) paragraph 1(l) is subject *mutatis mutandis* to the conditions laid down in Section 7(2)(i);
(k) paragraph 1(n) and (o) is subject to the conditions laid down in other legislation;[26]
(l) paragraph 1(m) is subject to the conditions laid down in Section 54(7) and in other legislation;[26]
(m) paragraph 1(p) is subject to the conditions laid down in Section 179(11);
(n) paragraph 1(q) is subject to the conditions laid down in Section 179(8);
(o) paragraph 1(r) and (s) is subject to the condition that eligible basic own funds will not fall below the solvency capital requirement;
(p) paragraph 1(v) is subject to the conditions laid down in Section 7(2)(i) to (l), Section 9(2)(i) to (k) or Section 10(2)(e) to (g);

(q) paragraph 1(w) is subject *mutatis mutandis* to the conditions laid down in Section 156 and Section 189(1).

(3) Where prior approval under paragraph 1(b) and (c) includes the transfer of an insurance or reinsurance portfolio, the granting of the prior approval is subject *mutatis mutandis* to Sections 156 and 157. The granting of the prior approval under paragraph 1(v) is subject to Sections 156 and 157.

(4) The granting of prior approval in accordance with paragraph 1(d) requires evidence that the insurance or reinsurance undertaking or foreign insurance or reinsurance undertaking has settled all its claims and liabilities that arose in connection with the conduct of insurance or reinsurance business.

(5) For prior approval to be granted under paragraph 1(a) to (c), the clear and trustworthy provenance, sufficient amount and appropriate composition of the funds with which the operation is to be executed must be proved, in accordance with another law.[47] Prior approval under paragraph 1(a) may only be granted if the acquisition or increase of a stake in an insurance or reinsurance undertaking by the acquirer does not prove to affect adversely the undertaking's ability to meet the obligations imposed by this Act.

(6) The provisions of paragraph 1(a) to (c) are without prejudice to the provisions of other legislation.[48]

(7) Národná banka Slovenska shall reject an application for prior approval under paragraph 1 if the applicant fails to meet any of the conditions set out in paragraphs 2 to 5. Národná banka Slovenska shall also refuse to grant prior approval under paragraph 1 if the submitted data and documents are incomplete, incorrect, untrue or outdated.

(8) Before granting prior approval under paragraph 1(h) and (i), Národná banka Slovenska shall assess the following:

(a) the situation of the counterparties in terms of their solvency and the probability that the relevant item will be repaid;
(b) the recoverability of funds with regard to the nature of the item and to the conditions that may hinder the repayment or call-up of that item;
(c) any information about the results of applications made by insurance and reinsurance undertakings for additional own funds in the past, provided the information can be reliably used to assess the expected results of future applications.

(9) An application for prior approval under:

(a) paragraph 1(a) shall be submitted by the persons intending to acquire or further increase a qualifying holding in the insurance or reinsurance undertaking, or intending to become the parent company of that undertaking;
(b) paragraph 1(b) shall be submitted by the legal persons that are parties in the merger or the cross-border merger or by the insurance or reinsurance undertaking that is to be divided;
(c) paragraph 1(c) shall be submitted by the insurance or reinsurance undertaking that is for sale or by the foreign insurance or reinsurance undertaking that is for sale;
(d) paragraph 1(d) to (u) shall be submitted by the insurance or reinsurance undertaking or by the branch of the foreign insurance or reinsurance undertaking;
(e) paragraph 1(v) shall be submitted by the insurance undertaking, reinsurance undertaking, foreign insurance undertaking or foreign reinsurance undertaking that is transferring the insurance or reinsurance portfolio;
(f) paragraph 1(w) shall be submitted by the insurance or reinsurance undertaking that is carrying out a cross-border change of its legal form.

(10) In a measure promulgated in the Collection of Laws, Národná banka Slovenska shall stipulate how to demonstrate compliance with the conditions set out in paragraph 2 for the granting of prior approval under paragraph 1.

(11) Národná banka Slovenska shall send a written confirmation of delivery of an application for prior approval under paragraph 1(a) to the applicant within two working days of the delivery of such an application; this shall also apply to the subsequent delivery of documents that have not been attached to the application. Národná banka Slovenska may request in writing any additional information it needs to examine the application under paragraph 1(a), but no later than the 50th working day of the time limit set for application processing in accordance with paragraph 12. From the day when Národná banka Slovenska sends a request for additional information to the day when a reply is delivered, the prior approval process shall be interrupted, for a period of maximum 20 working days. If Národná banka Slovenska requests additional or more detailed information, the time limit for the issuance of a decision to grant prior approval shall not be extended. The period for which the process mentioned in the third sentence is interrupted may be extended by Národná banka Slovenska to up to 30 working days, if the applicant is established in, or is governed by the laws of, a country that is not a Member State, or if the applicant is not an insurance undertaking, reinsurance undertaking, investment firm, asset management company, bank, or a similar institution from a Member State.

(12) Národná banka Slovenska shall decide in respect of an application for prior approval under paragraph 1(a) within 60 working days after the delivery of such an application is confirmed in writing and after all elements of the application are delivered. If Národná banka Slovenska fails to decide within this time limit, the prior approval shall be deemed to have been granted. Národná banka Slovenska shall inform the applicant in its written confirmation of delivery mentioned in paragraph 11 of the date when the time limit for the issuance of a decision will lapse. If Národná

banka Slovenska decides to reject the application for prior approval under paragraph 1(a), it shall send this decision in writing to the applicant within two working days of the effective date of the decision, but no later than the day when the time limit mentioned in the first sentence lapses.

(13) If, through the acquisition of a participating interest under paragraph 1(a), an insurance or reinsurance undertaking becomes part of a financial conglomerate which also includes a mixed financial holding company, the granting of prior approval by Národná banka Slovenska shall be conditional upon the presentation of evidence of the good repute and professional competence of all natural persons who are members of the statutory body or shareholders controlling that mixed financial holding company, and of the eligibility of the shareholders controlling that company.

(14) Where the general meeting or another competent body of an insurance or reinsurance undertaking takes a decision on a matter for which Národná banka Slovenska has granted prior approval, the insurance or reinsurance undertaking shall submit a copy of the notarised minutes of the general meeting or a copy of the minutes of the competent body to Národná banka Slovenska within ten working days after they are drawn up. The insurance or reinsurance undertaking shall forthwith inform Národná banka Slovenska of the performance of any acts for which prior approval has been granted.

(15) When assessing the fulfilment of conditions under paragraph 2(a), Národná banka Slovenska shall consult the competent supervisory authorities of other Member States if the acquirer referred to in paragraph 1(a) is:

(a) a foreign bank from another Member State, an insurance or reinsurance undertaking from another Member State, a foreign investment firm from another Member State, or a foreign asset management company from another Member State;
(b) the parent company of a person as referred to in point (a), or
(c) a person controlling a person as referred to in point (a).

(16) Národná banka Slovenska shall consult the competent supervisory authorities of other Member States about compliance with the conditions stipulated for the acquisition of a participating interest in an insurance or reinsurance undertaking from another Member State under the applicable legal regulations of those Member States, if the acquirer of such interest is a bank, an insurance or reinsurance undertaking, an investment firm, or an asset management company with a registered office in the Slovak Republic.

(17) The subject matter of consultations as referred to in paragraphs 15 and 16 shall be the timely disclosure of any relevant information or requested information for the assessment of compliance with the conditions stipulated for the acquisition of an interest in an insurance or reinsurance undertaking or an interest in an insurance or reinsurance undertaking from another Member State. Národná banka Slovenska shall, upon request, provide the competent supervisory authority of the Member State concerned with all the information requested and, on its own

initiative, with any other relevant information. Národná banka Slovenska shall request the competent supervisory authority of that Member State to supply all the information it needs.

(18) Any decision to grant prior approval under paragraph 1(a) shall state the views or reservations reported to Národná banka Slovenska by the supervisory authority of the Member State which has competence to exercise supervision over the acquirer referred to in paragraph 1(a).

(19) In its decision to grant prior approval under paragraph 1, Národná banka Slovenska may set a time limit after the expiry of which the prior approval will become invalid if the act for which it has been granted is not carried out. This time limit may not be shorter than three months, nor longer than one year, from the date of prior approval, unless Národná banka Slovenska has set another time limit to protect the interests of investors.

(20) A person or persons who, acting in concert,[45] have acquired a qualifying holding or increased a qualifying holding in an insurance or reinsurance undertaking in the manner specified in paragraph 1(a) without the prior approval of Národná banka Slovenska may not exercise the voting rights associated with such a qualifying holding until prior approval is granted by Národná banka Slovenska. The persons referred to in the first sentence shall at the same time, without undue delay, request prior approval from Národná banka Slovenska in accordance with paragraph 1(a).

(21) A conversion or cross-border conversion may not be carried out by way of:
(a) a merger of an insurance or reinsurance undertaking with an entity that is not an insurance or reinsurance undertaking from another Member State;
(b) a division of an insurance or reinsurance undertaking into entities other than an insurance or reinsurance undertaking from another Member State.

Section 78
Customer identification

(1) For the purposes of identifying customers and customers' representatives and ensuring the verifiability of their identity at any subsequent time, for the purposes of concluding insurance contracts and managing insurance, and for other purposes specified in paragraph 3, customers and customers' representatives, even without the customer's consent, shall at the request of the insurance undertaking, branch of an insurance undertaking from another Member State, or branch of a third-country insurance undertaking:
(a) provide the undertaking or branch with the following:
1. if the customer is a natural person, or if the representative is a natural person representing a legal person, personal data[49] comprising the person's full name, legal person, permanent address, temporary address, if any, personal number, if assigned, date of birth, citizenship, and the type and number of their identity document; or, if the person concerned is a sole proprietor, the person's full name, citizenship, place of business and line of business, the

identifier of the official register or other official record in which the person is registered, and the number of their entry in this register or record;

2. if the customer or representative is a legal person, identification data comprising the following: the entity's name, company registration number, if assigned, registered office address, and scope of business and other activities; the address of the entity's place of business or organisational units, and the address of any other place where the entity performs activities; a list of the members of the entity's statutory body, including the personal data of each member in the scope specified in point one; and the identifier of the official register or other official record in which the legal person is registered,[50] and the number of their entry in this register or record;
3. the customer or representative's contact telephone number, fax number, and electronic mail address, if any;
4. documents and data demonstrating:
   4a. the customer's ability to fulfil obligations arising under the insurance contract;
   4b. the provision of collateral for obligations arising under the insurance contract;
   4c. where the person concerned is a representative, the authorisation for the representation;
   4d. compliance with other requirements and conditions stipulated for the conclusion of insurance contracts by this Act or other legislation,[51] or agreed with the insurance undertaking, branch of an insurance undertaking from another Member State, or branch of a third-country insurance undertaking;
   4e. that the health condition of the customer or representative meets the minimum level required to be able to assess the risks involved in concluding the insurance contract and to determine the scope of the obligation to pay insurance benefits or claims;

(b) enable the following to be obtained by photocopying, scanning, or other means of recording:

1. personal data[49] from identity documents, including a visual likeness, title, full name, former surname, personal number, date of birth, place and district of birth, permanent address, temporary address, if any, citizenship, record of any restriction of legal capacity, the type and number of the identity document, the authority that issued the identity document, and the dates of issue and expiry of the identity document; and
2. additional data from documents proving the information to which point (a) applies.

(2) For the purposes of identifying customers and customers' representatives and ensuring the verifiability of their identity at any subsequent time, for the purposes of concluding insurance contracts and managing insurance, and for other purposes specified in paragraph 3, insurance undertakings, branches of insurance undertakings from other Member States, and branches of third-country insurance undertakings may, when concluding an insurance contract, require the customer or the customer's representative to provide the information specified in paragraph 1(a) and may acquire it in the way laid down in paragraph 1(b).

(3) For the purposes of identifying customers and customers' representatives and ensuring the verifiability of their identity at any subsequent time, for the purposes of enabling insurance

undertakings, branches of insurance undertakings from other Member States, and branches of third-country insurance undertakings to conclude insurance contracts with, and manage the insurance of, their customers, for the purposes of enabling insurance undertakings, branches of insurance undertakings from other Member States, and branches of third-country insurance undertakings to settle insurance claims, for the purposes of protecting and enforcing the rights of insurance undertakings, branches of insurance undertakings from other Member States and branches of third-country insurance undertakings in relation to their customers, for the purposes of documenting the business of insurance undertakings, branches of insurance undertakings from other Member States, and branches of third-country insurance undertakings, for the purposes of enabling the supervision of insurance undertakings, branches of insurance undertakings from other Member States, and branches of third-country insurance undertakings and the supervision of their business, and for the purposes of enabling the performance of obligations and duties by insurance undertakings, branches of insurance undertakings from other Member States and branches of third-country insurance undertakings in accordance with this Act and with other legislation,[52] insurance undertakings, branches of insurance undertakings from other Member States and branches of third-country insurance undertakings may, even without obtaining the consent of, or informing, the persons concerned,[53] survey, collect, record, store, use and otherwise process[54] personal data and other information within the scope specified in paragraph 1 and in Section 72(1), as well as data related to the requirements and needs of customers, to their experience and knowledge concerning the respective insurance coverage, and to their financial situation assessed and recorded pursuant to other legislation;[18] for these purposes, insurance undertakings, branches of insurance undertakings from other Member States and branches of third-country insurance undertakings may, using automated or non-automated means, make copies of identity documents and may process personal numbers,[55] and information and documents referred to in paragraph 1.

(4) For the purposes of managing reinsurance contracts signed between, on the one side, insurance undertakings, branches of insurance undertakings from other Member States or branches of third-country insurance undertakings and, on the other side, reinsurance undertakings, branches of reinsurance undertakings from other Member States or branches of third-country reinsurance undertakings, for the purposes of settling claims arising from reinsurance contracts, and for the purposes of checking the insurance benefits or claims paid under insurance contracts reinsured with a reinsurance undertaking, a branch of a reinsurance undertaking from another Member State or a branch of a third-country reinsurance undertaking, reinsurance undertakings, branches of reinsurance undertakings from other Member States and branches of third-country reinsurance undertakings may, even without obtaining the consent of, or informing, the persons concerned,[53] survey, collect, record, store, use and otherwise process[54] personal data and other information within the scope specified in paragraph 1 and Section 72(1).

(5) Insurance undertakings, branches of insurance undertakings from other Member States, branches of third-country insurance undertakings, reinsurance undertakings, branches of reinsurance undertakings from other Member States and branches of third-country reinsurance

undertakings may make available and provide the data to which paragraphs 1 to 4 and Section 72(1) apply, even without obtaining the consent of, or informing, the person concerned,[53] only to persons and bodies to which they are required by law to provide information or to which they may provide information under this Act or under other legislation and which are subject to a duty of confidentiality under Section 72; in providing such information subject to a duty of confidentiality, they shall act in accordance with Section 72 of this Act. The data to which paragraphs 1 to 4 and Section 72(1) apply shall also be provided, upon request, to Národná banka Slovenska by insurance and reinsurance undertakings and by branches of third-country insurance and reinsurance undertakings, even without the consent of the persons concerned, in order to enable Národná banka Slovenska to perform, and document the performance of, its tasks and obligations under this Act or under other legislation.

(6) The data to which paragraphs 1 to 4 and Section 72(1) apply may be made available and provided to non-residents by insurance and reinsurance undertakings, branches of insurance and reinsurance undertakings from other Member States, and branches of third-country insurance and reinsurance undertakings only under the conditions laid down in another law[56] or where so provided by an international agreement that is binding upon the Slovak Republic and takes precedence over the laws of the Slovak Republic.

(7) If the annual insurance premium amounts to more than EUR 1,000 or the single premium amounts to more than EUR 2,500, the insurance undertaking or branch of an insurance undertaking from another Member State or the branch of a third-country insurance undertaking shall, when entering into a life insurance contract, request the policyholder to present a document of identity and the policyholder shall meet that request. If an insurance contract is concluded via an financial agent in the insurance or reinsurance sector or via a financial adviser in the insurance or reinsurance sector,[57] the identity of the policyholder may also be verified by the financial agent or financial adviser in the insurance or reinsurance sector.[57] Insurance undertakings, branches of insurance undertakings from other Member States, branches of third-country insurance undertakings, financial agents in the insurance or reinsurance sector, and financial advisers in the insurance or reinsurance sector[57] shall refuse to conclude an insurance contract on an anonymous basis.

(8) For the purposes of paragraph 7, the identity of customers may be proved with a document of identity. Where an insurance contract is concluded by means of technical devices, the customer's identity shall be verified on the basis of their identification number or a similar code assigned to the customer by the insurance undertaking or branch of an insurance undertaking from another Member State or branch of a third-country insurance undertaking, and on the basis of the authentication data agreed between the customer and the undertaking or branch concerned. In case of a juvenile customer who has no identity document, the customer's legal representative shall be identified and a document shall be presented to prove that the legal representative is authorised to act for and on behalf of the juvenile customer, together with the customer's birth certificate.

(9) Insurance undertakings, branches of insurance undertakings from other Member States, and branches of third-country insurance undertakings shall keep, and protect from damage, alteration, destruction, loss, theft, disclosure, misuse, and unauthorised access, insurance contracts, including amendments thereto and related documents, data, copies of identity documents, and documents of ownership of the funds used by the customer to conclude an insurance contract during and after the expiry of insurance until the end of the limitation period for the enforcement of rights under the insurance contract, for at least five years from the end of the contractual relationship with the customer. Reinsurance undertakings, branches of reinsurance undertaking from other Member States, and branches of third-country reinsurance undertakings shall keep, and protect from damage, alteration, destruction, loss, theft, disclosure, misuse, and unauthorised access, reinsurance contracts, including amendments thereto and related documents during and after the expiry of insurance, until the end of the limitation period for the enforcement of rights under the reinsurance contract.

DIVISION FOUR
SUPERVISION

TITLE ONE
BASIC PROVISIONS

General provisions on supervision
Section 79

(1) Supervision under this Act shall be exercised over the activities of insurance undertakings, reinsurance undertakings, branches of foreign insurance undertakings, branches of foreign reinsurance undertakings, the Slovak Bureau of Insurers, and over the activities of persons performing functions or activities assigned to them by an insurance or reinsurance undertaking, a branch of a foreign insurance or reinsurance undertaking, or by the Slovak Bureau of Insurers. Under the conditions set out in Section 21, the insurance business of insurance undertakings from other Member States and the reinsurance business of reinsurance undertakings from other Member States are also subject to supervision in the scope specified in this Act. Supervision shall also be exercised over insurance and reinsurance undertakings in a group in accordance with Sections 81 to 123.

(2) Supervision under paragraph 1 shall be exercised by Národná banka Slovenska. The main objective of insurance and reinsurance supervision is the protection of policyholders and beneficiaries through prudential supervision.

(3) The exercise of supervision shall focus on checking the conduct of insurance or reinsurance business, compliance with authorisations and other decisions granted and issued under

this Act and other legislation, and compliance with the provisions of this Act and other legislation of general application which apply to entities that are subject to supervision under paragraph 1 or to their activities, including the legally binding acts of the European Union which apply to the insurance and reinsurance business of the entities referred to in paragraph 1. Supervision shall also cover the handling of complaints submitted by the customers or potential customers of entities that are subject to supervision under paragraph 1, concerning the provision of financial services by entities supervised under other legislation.[3]

(4) Národná banka Slovenska shall exercise supervision on a regular basis, as appropriate to the nature, scope, and complexity of the risks involved in the insurance or reinsurance business and according to the prescribed minimum frequency and range. On the basis of supervision, Národná banka Slovenska shall assess whether the system of governance, strategy, processes and procedures used in connection with insurance or reinsurance business and the own funds sufficiently cover the risks involved in the prudent conduct of business by the entity under supervision.

(5) In exercising supervision, Národná banka Slovenska shall duly consider the potential impact of its decisions or actions on the stability of the financial systems concerned in the European Union, in particular in emergency situations, taking into account the information available at the relevant time. In times of exceptional movements in the financial markets, Národná banka Slovenska shall take into account of the potential procyclical effects of its decisions or actions.

(6) In exercising supervision, Národná banka Slovenska shall use an appropriate control system enabling the timely identification of the worsening financial situation of insurance undertakings, reinsurance undertakings, branches of foreign insurance undertakings, or branches of foreign reinsurance undertakings, and the subsequent verification of the solution of that situation.

(7) Národná banka Slovenska may define qualitative and quantitative requirements for testing the ability of insurance undertakings, reinsurance undertakings, branches of foreign insurance undertakings, and branches of foreign reinsurance undertakings to handle future events or changes in the economic conditions, which are likely to affect their overall financial situation adversely, and these entities shall carry out such tests.

(8) Insurance undertakings, reinsurance undertakings, branches of foreign insurance undertakings, and branches of foreign reinsurance undertakings shall allow Národná banka Slovenska to participate in their general meetings, supervisory board meetings, statutory body meetings, or in the management meetings of branches of foreign insurance or reinsurance undertakings.

(9) Supervision shall not cover the settlement of disputes arising from the contractual relationships of insurance or reinsurance undertakings, branches of insurance or reinsurance undertakings from other Member States or of foreign insurance or reinsurance undertakings, and their customers falling within the competence of courts or other authorities under other legislation.

(10) Entities that are subject to supervision under paragraph 1, supervision under Sections 81 to 123, and to supplementary supervision under Sections 124 to 138 shall provide Národná banka Slovenska with any data, documents, information, and explanations Národná banka Slovenska requires for the performance of its tasks under this Act or under other legislation,[3] within the time limit specified by Národná banka Slovenska.

(11) Insurance undertakings, reinsurance undertakings, branches of foreign insurance undertakings, and branches of foreign reinsurance undertakings shall compile and submit to Národná banka Slovenska data from their accounting and statistical records, as well as other data and information in the form of statements, reports and surveys in the prescribed manner and within the stipulated time limit; such submission of data shall not be considered a breach of the confidentiality requirements under Section 72. The data mentioned in the first sentence shall be submitted in accordance with the legally binding acts of the European Union. The scope of such data and how and when they are to be submitted shall be stipulated in other legislation[26] and by Národná banka Slovenska in a measure promulgated in the Collection of Laws.

(12) Data, documents, and information as specified in paragraphs 10 and 11 must be complete, correct, true, comprehensible, transparent, provable, and must be submitted in due time. If the data, documents, and information are not submitted in the prescribed manner or there are justified doubts about their completeness, correctness, veracity, comprehensibility, transparency or provability, the entities under supervision referred to in paragraph 1 shall submit the required data and provide an explanation at the request of Národná banka Slovenska, within the time limit it specifies.

(13) Národná banka Slovenska may allow data to be submitted on a regular basis under paragraph 11 at intervals longer than stipulated under paragraph 11, except for the data referred to in Section 63(6), where:

(a) the submission of such information represents an excessive burden in relation to the nature, scope and complexity of the risks involved in the business of the insurance or reinsurance undertaking concerned;
(b) information is submitted at least once a year;
(c) the insurance or reinsurance undertaking being part of a group under Section 81(1)(c) may justify to Národná banka Slovenska that the submission of information at regular intervals shorter than one year is unsuitable with regard to the nature, scope and complexity of the risks involved in the business of that group.

(14) Národná banka Slovenska may allow data to be submitted under paragraph 13 only by insurance and reinsurance undertakings that do not account for more than 20% of the market for life and non-life insurance, and reinsurance. For this purpose, the share of the non-life insurance and reinsurance market shall be determined on the basis of the written premium not reduced by the premium payable to reinsurers (hereinafter 'gross written premium'), and the share of the life insurance and reinsurance market shall be determined on the basis of gross technical provisions.

(15) When granting permission for the submission of data under paragraph 13, Národná banka Slovenska shall give preference to the insurance or reinsurance undertaking with the smallest share of the life and non-life insurance and reinsurance market under paragraph 14.

(16) Národná banka Slovenska may grant an exemption from the requirement to submit data under paragraph 11 where:

(a) the submission of such information would represent an excessive burden in relation to the nature, scope and complexity of the risks involved in the business of the insurance or reinsurance undertaking concerned;
(b) there is no need for such information for the exercise of effective supervision over the insurance or reinsurance undertaking;
(c) the submission of such information is unlikely to weaken the stability of the relevant financial systems in the European Union;
(d) the insurance or reinsurance undertaking is able to provide such information at the request of Národná banka Slovenska;
(e) the insurance or reinsurance undertaking being part of a group under Section 81(1)(c) may justify to Národná banka Slovenska that the submission of information on an item-by-item basis at regular intervals is unsuitable with regard to the nature, scope and complexity of the risks involved in the group's business and with regard to the maintenance of financial stability.

(17) Národná banka Slovenska may allow data to be submitted under paragraph 16 only by insurance and reinsurance undertakings that do not account for more than 20% of the life and non-life insurance and reinsurance market. For this purpose, the share of the non-life insurance and reinsurance market shall be determined on the basis of the gross written premium, and the share of the life insurance and reinsurance market shall be determined on the basis of gross technical provisions.

(18) When granting permission for the submission of data under paragraph 16, Národná banka Slovenska shall give preference to the insurance or reinsurance undertaking with the smallest share of the life and non-life insurance and reinsurance market under paragraph 17.

(19) In assessing the conditions set out in paragraphs 13(a) and 16(a), Národná banka Slovenska shall take into account in particular:

(a) the amounts of insurance premiums, technical provisions, and the insurance or reinsurance undertaking's assets;
(b) the volatility of claims and benefits paid by the insurance or reinsurance undertaking;
(c) the market risks arising from investments made by the insurance or reinsurance undertaking;
(d) the concentration of risks faced by the insurance or reinsurance undertaking;
(e) the total number of life and non-life insurance classes that are covered by the insurance undertaking's authorisation;
(f) the impact of asset management on the insurance or reinsurance undertaking's financial stability;
(g) the ability of the insurance or reinsurance undertaking to provide information for supervisory purposes, including assessment of the written contract referred to in Section 23(6);
(h) the suitability of the system of governance used by the insurance or reinsurance undertaking;
(i) the level of own funds covering the solvency capital requirement and the minimum capital requirement;
(j) the fact whether the undertaking is a captive insurance undertaking or a captive reinsurance undertaking covering only the risks of an industrial group or a commercial group to which it belongs.

(20) Národná banka Slovenska shall publish the following information on its website:
(a) legislation of general application, methodological guidelines and recommendations relating to insurance regulation, and the legally binding acts of the European Union pertaining to insurance business, reinsurance business, and consumer protection;
(b) the general evaluation criteria and methodology, including testing under paragraph 7, used by Národná banka Slovenska in exercising supervision over insurance undertakings, reinsurance undertakings, branches of foreign insurance undertakings, and branches of foreign reinsurance undertakings;
(c) comprehensive statistical data on the main indicators relating to the application of prudential rules and regulations;
(d) the scope and manner of application of the relevant provisions of the legally binding acts of the European Union which enable that the scope and manner of their application are selected by the Member State concerned;
(e) the objectives of supervision and the main areas of supervisory activities.

(21) The information referred to in paragraph 20 shall be regularly updated and disclosed in accordance with other legislation.[26]

(22) Národná banka Slovenska shall enable the competent supervisory authority of the home Member State to exercise supervision in the territory of the Slovak Republic over the business of a branch of an insurance or reinsurance undertaking from other Member States directly or via a third person empowered for this purpose. Národná banka Slovenska shall enable such supervision after the home Member State's supervisory authority reports its intention to exercise

such supervision. Národná banka Slovenska may participate in such supervision. If the supervisory authority of the home Member State does not enable Národná banka Slovenska to participate in such supervision, Národná banka Slovenska may forward the matter to the European Supervisory Authority and request assistance under other legislation.[22]

(23) Národná banka Slovenska may exercise supervision in the territory of another Member State over the branches of an insurance or reinsurance undertaking operating in that Member State, after informing the competent supervisory authority of the home Member State. If the supervisory authority of the home Member State does not enable Národná banka Slovenska to exercise supervision in the territory of that Member State, Národná banka Slovenska may forward the matter to the European Supervisory Authority and request assistance under other legislation.[22]

(24) During the course of supervision, the relationships between Národná banka Slovenska and the persons under supervision shall be governed by the provisions of other legislation.[3]

(25) When performing its tasks, Národná banka Slovenska shall take into account the common procedures and recommendations of the European Supervisory Authority for the application of this Act and other legislation of general application pertaining to insurance. For this purpose, Národná banka Slovenska shall:

(a) participate in the activities of the European Supervisory Authority;
(b) make every effort to comply with the guidelines and recommendations issued by the European Supervisory Authority under other legislation[58] and state the reasons if it fails to do so.

(26) The provision of information under this paragraph is not subject to the duty of confidentiality under other legislation.[59] Národná banka Slovenska may provide information obtained in the course of supervision to:

(a) the European Supervisory Authority, where the information is necessary for the performance of the Authority's tasks;
(b) the supervisory authorities of other states responsible for the supervision of financial institutions, solely for supervisory purposes;
(c) central banks of the European System of Central Banks (including the European Central Bank) and other entities with a similar function in their capacity as monetary authorities when the information is relevant for the exercise of their respective statutory tasks, including the conduct of monetary policy and related liquidity provision, oversight of payment and settlement systems and securities settlement systems, and the safeguarding of stability of the financial system;
(d) the European Systemic Risk Board established by other legislation,[60] where the information is necessary for the exercise of the Board's tasks;
(e) persons from another Member State or from a non-Member State participating in the bankruptcy or liquidation of an insurance or reinsurance undertaking from another Member State, and the authorities exercising supervision over such persons;

(f) courts of justice;
(g) the Ministry of Finance, where the information has been obtained from another Member State or through an on-site inspection carried out in another Member State, with the consent of that Member State's supervisory authority;
(h) central government authorities, where Národná banka Slovenska is providing information about the results of the handling of a complaint relating to the provision of financial services or the undertaking of another transaction by an entity under supervision pursuant to other legislation,[3] which was made by a financial consumer or other customer of an entity under supervision pursuant to paragraph 1 and which the central government authority forwarded to Národná banka Slovenska for handling on grounds of subject matter jurisdiction;
(i) government authorities in the field of taxes and fees in a matter of tax administration,[35] where such an authority requests Národná banka Slovenska in writing for the information.

(27) Národná banka Slovenska may disclose the information obtained in the course of supervision to persons other than those mentioned in paragraph 26 only with the consent of the entities concerned.

(28) The provisions of paragraphs 26 and 27 shall be without prejudice to the obligation imposed by another law[42] to report or prevent the commission of a criminal offence.

Section 80

(1) Insurance undertakings, reinsurance undertakings, branches of foreign insurance undertakings, and branches of foreign reinsurance undertakings which outsource a governance function or insurance or reinsurance business shall take the necessary steps to ensure that the following conditions are satisfied:
(a) the service provider must cooperate with Národná banka Slovenska in connection with the outsourced function or business;
(b) the insurance and reinsurance undertakings, branches of foreign insurance and reinsurance undertakings, their auditors or audit firms, and Národná banka Slovenska must have effective access to data related to the outsourced functions or business;
(c) Národná banka Slovenska must have effective access to the business premises of the service provider, as appropriate for the exercise of supervision over the performance of the outsourced functions and business, and must be able to exercise those rights of access.

(2) If the service provider of an insurance or reinsurance undertaking from another Member State has its registered office in the Slovak Republic, the competent supervisory authority of the insurance or reinsurance undertaking from that Member State may, after informing Národná banka Slovenska, carry out itself, or through the intermediary of a third person it appoints for that purpose, on-site inspections at the premises of the service provider.

(3) Before carrying out an on-site inspection at the premises of a service provider established in another Member State, Národná banka Slovenska shall inform the competent supervisory authority of that Member State. Národná banka Slovenska may delegate such on-site inspection to the supervisory authority of the Member State is which the service provider has its registered office.

(4) If Národná banka Slovenska cannot carry out an on-site inspection in the territory of another Member State pursuant to paragraph 3, Národná banka Slovenska may delegate the matter to the European Supervisory Authority and request assistance under other legislation.[22]

TITLE TWO
SUPERVISION OF INSURANCE AND REINSURANCE UNDERTAKINGS IN A GROUP

Group supervision: definitions, cases of application, scope and levels
Section 81

(1) For the purposes of supervision of insurance and reinsurance undertakings in a group, the following terms apply:

(a) 'participating undertaking' means an undertaking which is either a parent undertaking or other undertaking which holds a participation, or an undertaking linked with another undertaking by a relationship as set out in point 3 of Section 125(f);

(b) 'related undertaking' means either a subsidiary undertaking or other undertaking in which a participation is held, or an undertaking linked with another undertaking by a relationship as set out in point 3 of Section 125(f);

(c) 'group' means a group of undertakings that:
   1. consists of a participating undertaking, its subsidiaries and the entities in which the participating undertaking or its subsidiaries hold a participation, as well as undertakings linked to each other by a relationship as set out in point 3 of Section 125(f); or
   2. is based on the establishment of strong and sustainable financial relationships among those undertakings, provided that:
      2a. one of those undertakings effectively exercises, through centralised coordination, a dominant influence over the decisions, including financial decisions, of the other undertakings that are part of the group; where the undertaking exercising such centralised coordination shall be considered as the parent undertaking, and the other undertakings shall be considered as subsidiaries;
      2b. the establishment and dissolution of such relationships are subject to prior approval by the group supervisor;

(d) 'group supervisor' means the supervisory authority responsible for group supervision, determined in accordance with Section 109;

(e) ‘college of supervisors’ means a permanent committee for cooperation and coordination among the supervisory authorities concerned, and for facilitating decision-making in respect of group supervision in accordance with Section 110;
(f) ‘insurance holding company’ means a parent undertaking which is not a mixed financial holding company within the meaning of Section 125(1)(e) and the main business of which is to acquire and hold participations in subsidiary undertakings, where those subsidiary undertakings are exclusively or mainly insurance or reinsurance undertakings, insurance or reinsurance undertakings from other Member States, or third-country insurance or reinsurance countries, at least one of such subsidiary undertakings being an insurance or reinsurance undertaking, or an insurance or reinsurance undertaking from another Member State;
(g) ‘mixed-activity insurance holding company’ means a parent undertaking, other than an insurance or reinsurance undertaking, an insurance or reinsurance undertaking from another Member State, a third-country insurance or reinsurance undertaking, an insurance holding company, or a mixed financial holding company within the meaning of Section 125(1)(e), which includes at least one insurance or reinsurance undertaking, or one insurance or reinsurance undertaking from another Member State among its subsidiary undertakings.

(2) For the purposes of supervision of insurance and reinsurance undertakings in a group, Národná banka Slovenska shall also consider as a parent undertaking any undertaking which, in the opinion of Národná banka Slovenska, effectively exercises a dominant influence over another undertaking.

(3) Národná banka Slovenska shall also consider as a subsidiary undertaking any undertaking over which, in the opinion of Národná banka Slovenska, a parent undertaking effectively exercises a dominant influence.

(4) Národná banka Slovenska shall also consider as participation the holding, directly or indirectly, of voting rights or capital in an undertaking over which, in the opinion of Národná banka Slovenska, a significant influence is effectively exercised.

Section 82

(1) Supervision at group level shall be exercised in accordance with Sections 81 to 123. The provisions of this Act which lay down rules for the supervision of insurance and reinsurance undertakings taken individually shall continue to apply to such undertakings, unless otherwise provided by Sections 81 to 123.

(2) Group supervision shall be exercised over insurance or reinsurance undertakings, insurance or reinsurance undertakings from other Member States, or third-country insurance or reinsurance undertakings:

(a) which are a participating undertaking in at least one insurance or reinsurance undertaking, insurance or reinsurance undertaking from another Member State, or third-country insurance or reinsurance undertaking, in accordance with Sections 87 to 119;
(b) the parent undertaking of which is an insurance holding company or a mixed financial holding company which has its registered office in a Member State, in accordance with Sections 87 to 119;
(c) the parent undertaking of which is an insurance holding company or a mixed financial holding company which has its registered office in a country that is not a Member State, or a third-country insurance or reinsurance undertaking, in accordance with Sections 120 to 122;
(d) the parent undertaking of which is a mixed-activity insurance holding company, in accordance with Section 123.

(3) In the cases referred to in paragraph 2(a) or (b), where the participating insurance or reinsurance undertaking or the insurance holding company or mixed financial holding company is a related undertaking of a regulated entity or of a mixed financial holding company which is subject to supplementary supervision in accordance with Sections 124 to 138, or is a regulated entity or a mixed financial holding company itself, Národná banka Slovenska may, after consulting the other supervisory authorities concerned, decide not to carry out at the level of that participating insurance or reinsurance undertaking or that insurance holding company or mixed financial holding company the supervision of risk concentration under Section 106, the supervision of intra-group transactions under Section 107, or both.

(4) Where the same provisions apply to a mixed financial holding company under Sections 81 to 123 and under Sections 124 to 138, regarding the supervision of risk concentration in particular, Národná banka Slovenska in its capacity as group supervisor may, after consulting the other supervisory authorities concerned, apply only the relevant provisions of Sections 124 to 138 in relation to that mixed financial holding company.

(5) Where the same provisions apply to a mixed financial holding company under this Act and under other legislation,[5] regarding the supervision of risk concentration in particular, Národná banka Slovenska in its capacity as group supervisor may, in agreement with the authority exercising consolidated supervision in the banking and investment services sectors, apply only those provisions of this Act that apply to the most significant sector pursuant to Sections 124 to 138.

(6) In its capacity of group supervisor, Národná banka Slovenska shall inform the European Banking Authority and the European Supervisory Authority of the decisions taken in accordance with paragraphs 4 and 5.

Section 83

(1) When exercising group supervision in accordance with Section 82(2), Národná banka Slovenska shall not be required to supervise foreign insurance or reinsurance undertakings, insurance holding companies, mixed-activity insurance holding companies, or mixed financial holding companies taken individually, unless otherwise provided by Section 118.

(2) In its capacity as group supervisor, Národná banka Slovenska may decide not to include an undertaking in group supervision where:

(a) the undertaking has its registered office in a non-Member State where there are legal impediments to the transfer of information for the purposes of group supervision;
(b) the undertaking which should be included is of negligible interest with respect to the objectives of group supervision; or
(c) the inclusion of the undertaking would be inappropriate or misleading with respect to the objectives of group supervision.

(3) Where several undertakings of the same group, taken individually, may be excluded pursuant to paragraph 2(b), they must nevertheless be included where, collectively, they are of non-negligible interest.

(4) Where Národná banka Slovenska as a group supervisor is of the opinion that an insurance or reinsurance undertaking, insurance or reinsurance undertaking from another Member State, or third-country insurance or reinsurance undertaking should not be included in group supervision pursuant to paragraph 2(b) or (c), it shall consult the other supervisory authorities concerned before taking a decision.

(5) Where the group supervisor does not include an insurance or reinsurance undertakings in group supervision, Národná banka Slovenska may ask the undertaking which is at the head of the group for any information which may facilitate the supervision of the insurance or reinsurance undertaking concerned.

Section 84

(1) Where a participating insurance or reinsurance undertaking, a participating insurance or reinsurance undertaking from another Member State, an insurance holding company, or a mixed financial holding company is not a subsidiary undertaking of another insurance or reinsurance undertaking, insurance or reinsurance undertaking from another Member State, or of insurance holding company or mixed financial holding company which has its registered office in a Member State, it shall be considered as an ultimate parent undertaking at the European Union level.

(2) The provisions of Section 87 to 119 apply only to participating insurance undertakings, participating reinsurance undertakings, insurance holding companies, and mixed financial holding companies that are ultimate parent undertakings at the European Union level.

(3) Where an ultimate parent undertaking at the European Union level is a subsidiary undertaking of an undertaking that is subject to supplementary supervision under Sections 124 to 138, the group supervisor may, after consulting the other supervisory authorities concerned, decide not to carry out at the level of that ultimate parent undertaking the supervision of risk concentration referred to in Section 106, the supervision of intra-group transactions referred to in Section 107, or both.

Section 85

(1) An ultimate parent undertaking at national level shall be a participating insurance or reinsurance undertaking, an insurance holding company, or a mixed financial holding company with a registered office in the Slovak Republic, whose parent undertaking has its registered office in another Member State. If the ultimate parent undertaking at the European Union level referred to in Section 84 of a participating insurance or reinsurance undertaking, insurance holding company, or of a mixed financial holding company has its registered office in another Member State, Národná banka Slovenska may, after consulting the group supervisor and the ultimate parent undertaking at the European Union level, decide to apply *mutatis mutandis* Sections 87 to 119 to the ultimate parent undertaking at national level. Národná banka Slovenska shall explain its decision to both the group supervisor and the ultimate parent undertaking at the European Union level.

(2) If Národná banka Slovenska performs the functions of a group supervisor and the competent supervisory authority of another Member State notifies Národná banka Slovenska of its decision to exercise group supervision over an ultimate parent undertaking at national level, Národná banka Slovenska shall inform the college of supervisory authorities.

(3) In exercising group supervision at national level, Národná banka Slovenska may decide not to apply the provisions of Sections 87 to 104, Sections 105 to 107, or Section 108.

(4) Where Národná banka Slovenska decides to apply to an ultimate parent undertaking at national level the provisions of Sections 87 to 105, the choice of method made in accordance with Section 88 by the group supervisor in respect of the ultimate parent undertaking at the European Union level referred to in Section 84 shall be recognised as determinative and applied by Národná banka Slovenska.

(5) Where Národná banka Slovenska decides to apply to an ultimate parent undertaking at national level the provisions of Sections 87 to 105, and where the ultimate parent undertaking at the European Union level referred to in Section 84 has obtained, in accordance with Section 97 or Section 99(5), permission to calculate the group solvency capital requirement, as well as the solvency capital requirement of insurance and reinsurance undertakings in the group, on the basis

of an internal model, that decision shall be recognised as determinative and applied by Národná banka Slovenska.

(6) Where Národná banka Slovenska considers that the risk profile of an ultimate parent undertaking at national level deviates significantly from the internal model approved at the European Union level, and as long as that undertaking fails to prove the contrary, Národná banka Slovenska may decide to impose a capital add-on to the group solvency capital requirement of that undertaking at national level or, in exceptional circumstances where such capital add-on would not be appropriate, to require that undertaking to calculate its group solvency capital requirement on the basis of the standard formula. Národná banka Slovenska shall explain such decisions to both the undertaking and the group supervisor.

(7) Where Národná banka Slovenska performs the functions of a group supervisor and the competent supervisory authority of another Member State informs Národná banka Slovenska of its decision to impose a capital add-on to the group solvency capital requirement at national level or to calculate the group solvency capital requirement on the basis of the standard formula, Národná banka Slovenska shall inform the college of supervisors.

(8) Where Národná banka Slovenska decides to apply the provisions of Sections 87 to 105 to the ultimate parent undertaking at national level, that undertaking shall not be permitted to submit, in accordance with Sections 101 to 105, an application for permission to subject any of its subsidiaries to Sections 103 and 104.

(9) Národná banka Slovenska may not take or uphold a decision as referred to in paragraph 1 where the ultimate parent undertaking at national level is a subsidiary of the ultimate parent undertaking at the European Union level referred to in Section 84 and the latter has obtained in accordance with Section 102 or 105 permission for that subsidiary to be subject to Sections 103 and 104.

Section 86

(1) Národná banka Slovenska may conclude an agreement with the supervisory authorities of other Member States where another related ultimate parent undertaking at national level is present, with a view to exercising group supervision at the level of a subgroup covering several Member States. Národná banka Slovenska and the relevant supervisory authorities shall give an explanation for such agreement to both the group supervisor and the ultimate parent undertaking at the European Union level.

(2) Where Národná banka Slovenska performs the functions of a group supervisor and the relevant supervisory of other Member States inform Národná banka Slovenska of their decision to

conclude an agreement on group supervision at the level of a subgroup covering several Member States, Národná banka Slovenska shall inform the college of supervisors.

(3) Where Národná banka Slovenska has concluded an agreement as referred to in paragraph 1, group supervision shall not be carried out only at the level of any ultimate parent undertaking present in Member States other than the Member State in which the subgroup referred to in paragraph 1 is located. The provisions of Section 85(3) to (8) apply *mutatis mutandis*.

Group solvency
Section 87

(1) Supervision of group solvency shall be exercised in accordance with paragraphs 2 and 3 and Section 108 to 119.

(2) Where Národná banka Slovenska exercises supervision under Section 82(2)(a), the participating insurance or reinsurance undertakings shall ensure that eligible own funds are available in the group which are always at least equal to the group solvency capital requirement as calculated in accordance with Sections 88 to 99.

(3) Where Národná banka Slovenska exercises supervision under Section 82(2)(b), the insurance and reinsurance undertakings forming a group shall ensure that eligible own funds are available in the group which are always at least equal to the group solvency capital requirement as calculated in accordance with Section 100.

(4) When exercising group supervision, Národná banka Slovenska and the participating insurance or reinsurance undertakings shall proceed in accordance with Section 23(10) and Section 144, as appropriate.

(5) As soon as a participating insurance or reinsurance undertaking has observed that the group solvency capital requirement is no longer complied with or that there is a risk of non-compliance in the following three months and reported this fact to Národná banka Slovenska acting as a group supervisor under Section 109, Národná banka Slovenska shall inform the other supervisory authorities within the college of supervisors, which shall analyse the situation of the group.

(6) The calculations referred to in paragraphs 2 and 3 shall be carried out at least annually, by the participating insurance or reinsurance undertaking, the insurance holding company, or by the mixed financial holding company. The relevant data for and the results of those calculations shall be submitted to the group supervisor by the participating insurance or reinsurance undertaking or, where the group is not headed by an insurance or reinsurance undertaking, by the insurance holding company, the mixed financial holding company, or by an undertaking selected from the

group by the group supervisor after consulting the other supervisory authorities concerned and the group itself.

(7) The participating insurance or reinsurance undertaking, the insurance holding company, and the mixed financial holding company shall monitor the group solvency capital requirement on an ongoing basis. Where the risk profile of the group deviates significantly from the assumptions underlying the last reported group solvency capital requirement, the participating insurance or reinsurance undertaking, the insurance holding company or the mixed financial holding company shall recalculate the group solvency capital requirement and report it to the group supervisor without undue delay. Where there is evidence to suggest that the risk profile of the group has altered significantly since the date on which the group solvency capital requirement was last reported, Národná banka Slovenska as a group supervisor may require a recalculation of the group solvency capital requirement.

Section 88

(1) The solvency of insurance and reinsurance undertakings forming part of a group as referred to in Section 82(2)(a) shall be calculated at group level in accordance with the technical principles and one of the methods set out in Sections 89 to 99.

(2) The participating insurance and reinsurance undertakings shall calculate the solvency of the group according to the accounting consolidation-based method, which is laid down in Sections 96 to 98. Národná banka Slovenska as a group supervisor may, after consulting the other supervisory authorities concerned and the group of insurance and reinsurance undertakings itself, apply to that group the deduction and aggregation method referred to in Section 99, or a combination of the two methods, where the exclusive application of the accounting consolidation-based method would not be appropriate.

Section 89

(1) The calculation of solvency at group level shall take account of the proportional share held by the participating insurance or reinsurance undertaking in its related undertakings. The proportional share shall comprise either of the following:

(a) where the accounting consolidation-based method is used, the percentages used for the establishment of the consolidated accounts; or
(b) where the deduction and aggregation method is used, the proportion of the subscribed capital that is held, directly or indirectly, by the participating insurance or reinsurance undertaking.

(2) However, regardless of the method used, where the related undertaking is a subsidiary undertaking and does not have sufficient eligible own funds to cover its solvency capital requirement, the total solvency deficit of the subsidiary shall be taken into account.

(3) Where, in the opinion of the supervisory authorities, the responsibility of the parent undertaking owning a share of the capital is strictly limited to that share of the capital, Národná banka Slovenska as a group supervisor may allow for the solvency deficit of the subsidiary undertaking referred to in paragraph 2 to be taken into account on a proportional basis.

(4) In its capacity as group supervisor, Národná banka Slovenska shall determine, after consulting the other supervisory authorities concerned and the insurance or reinsurance undertakings forming part of a group, the proportional share which shall be taken into account in the following cases:

(a) where there are no capital ties between some of the undertakings in the group;
(b) where a holding of at least 20%, directly or indirectly, of voting rights or capital in an undertaking of the group qualifies as participation because a significant influence is effectively exercised over that undertaking;
(c) where an undertaking is a parent undertaking of another undertaking because it effectively exercises a dominant influence over that undertaking.

Section 90

(1) Where a participating insurance or reinsurance undertaking has more than one related insurance or reinsurance undertaking, related insurance or reinsurance undertaking from another Member State, or related third-country insurance or reinsurance undertaking, each of those related insurance or reinsurance undertakings shall be included in the group solvency calculation.

(2) Where a related undertaking as referred to in paragraph 1 has its registered office in another Member State, the group solvency calculation must take into account the method by which the solvency capital requirement and eligible own funds of such undertakings are calculated under the law of that Member State.

(3) Where a related undertaking as referred to in paragraph 1 has its registered office in a country that is not a Member State, the group solvency calculation under Section 99 must take into account the method by which the solvency capital requirement and eligible own funds of such undertakings are calculated under this Act.

(4) Where a related undertaking as referred to in paragraph 3 has its registered office in a country that is not a Member State whose solvency regime is at least equivalent to that laid down in Sections 36 to 64, the group solvency calculation under Section 99 must take into account the method by which the solvency capital requirement and eligible own funds of such undertakings are calculated under the law of that country.

(5) Národná banka Slovenska as a group supervisor shall verify, at the request of a participating insurance or reinsurance undertaking or on its own initiative, whether the solvency regime of a third-country is equivalent to that laid down in Sections 36 to 64. Národná banka Slovenska shall cooperate with the European Supervisory Authority and consult the other supervisory authorities concerned before taking a decision on equivalence. Národná banka Slovenska shall not take, in relation to a country that is not a Member State, any decision that would contradict a previous decision taken in relation to that country, except for a decision to take into account significant changes in the solvency regime laid down in Sections 36 to 64 and in the supervision regime of that country.

(6) Where the group supervisor takes a decision on equivalence of the solvency regime in a country that is not a Member State but Národná banka Slovenska disagrees to that decision, it may forward the matter to the European Supervisory Authority and request assistance under other legislation[22] within three months after that decision was reported.

(7) Where the Commission takes a decision regarding the equivalence or temporary equivalence of the solvency regime in a country that is not a Member State, paragraph 5 shall not apply.

Section 91

(1) For the purposes of group solvency calculation, the double use of own funds eligible for the solvency capital requirement of individual insurance or reinsurance undertakings in the group shall not be allowed. Where the methods described in Sections 96 to 99 allow own funds to be taken into account in such calculations, the following amounts shall be excluded:

(a) the value of any asset of the participating insurance or reinsurance undertaking which represents the financing of own funds eligible for the solvency capital requirement of one of its related insurance or reinsurance undertakings;
(b) the value of any asset of a related insurance or reinsurance undertaking of the participating insurance or reinsurance undertaking which represents the financing of own funds eligible for the solvency capital requirement of that participating insurance or reinsurance undertaking;
(c) the value of any asset of a related insurance or reinsurance undertaking of the participating insurance or reinsurance undertaking which represents the financing of own funds eligible for the solvency capital requirement of any other related insurance or reinsurance undertaking of that participating insurance or reinsurance undertaking.

(2) The following items may be included in the group solvency calculation insofar as they are eligible for covering the solvency capital requirement of the related undertaking concerned:

(a) accumulated funds falling under Section 45(8);
(b) any subscribed but not paid-up capital.

(3) The following items shall in any event be excluded from the group solvency calculation:
(a) subscribed but not paid-up capital which represents a potential obligation on the part of the participating insurance or reinsurance undertaking;
(b) subscribed but not paid-up capital of the participating insurance or reinsurance undertaking which represents a potential obligation on the part of a related insurance or reinsurance undertaking;
(c) subscribed but not paid-up capital of a related insurance or reinsurance undertaking which represents a potential obligation on the part of another related insurance or reinsurance undertaking of the same participating insurance or reinsurance undertaking.

(4) Where the supervisory authorities consider that certain own funds eligible for the solvency capital requirement of a related insurance or reinsurance undertaking other than those referred to in paragraph 2 cannot effectively be made available to cover the group solvency capital requirement, those own funds may be included in the group solvency calculation only insofar as they are eligible for covering the solvency capital requirement of the related undertaking.

(5) The sum of the own funds referred to in paragraphs 2 to 4 shall not exceed the solvency capital requirement of the related insurance or reinsurance undertaking for which the group solvency is calculated.

(6) Any eligible own funds of a related insurance or reinsurance undertaking of the participating insurance or reinsurance undertaking for which the group solvency is calculated that are subject to prior authorisation from the competent supervisory authority shall be included in the calculation only insofar as they have been duly authorised by the supervisory authority responsible for the supervision of that related undertaking. Where prior approval as referred to in the previous sentence is to be granted by Národná banka Slovenska, it shall proceed in accordance with Section 45.

Section 92

(1) In the calculation of group solvency, no account shall be taken of any own funds eligible for the solvency capital requirement arising from reciprocal financing between the participating insurance or reinsurance undertaking and any of the following:
(a) a related undertaking;
(b) a participating undertaking;
(c) another related undertaking of any of its participating undertakings.

(2) In the calculation of group solvency, no account shall be taken of any own funds eligible for the solvency capital requirement of a related insurance or reinsurance undertaking of the participating insurance or reinsurance undertaking for which the group solvency is calculated

where the own funds concerned arise from reciprocal financing with any other related undertaking of that participating insurance or reinsurance undertaking.

(3) Reciprocal financing shall be deemed to exist at least where a participating insurance or reinsurance undertaking, or any of its related undertakings, holds shares in, or makes loans to, another undertaking which, directly or indirectly, holds own funds eligible for the solvency capital requirement of the participating insurance or reinsurance undertaking.

(4) The value of assets and liabilities shall be assessed in accordance with Section 36.

Section 93

(1) In the calculation of group solvency for an insurance or reinsurance undertaking which holds a participation in a related insurance or reinsurance undertaking for which the group solvency is calculated, through an insurance holding company or a mixed financial holding company, the situation of that insurance holding company or mixed financial holding company shall also be taken into account.

(2) For the purposes of that calculation, the intermediate insurance holding company or mixed financial holding company mentioned in paragraph 1 shall be treated as if it were an insurance or reinsurance undertaking subject to the rules laid down of this Act in respect of the solvency capital requirement and in respect of own funds eligible for the solvency capital requirement.

(3) In cases where an intermediate insurance holding company or a mixed financial holding company as referred to in paragraph 1 holds eligible own funds classified in class 2 or class 3 under Section 46, the group solvency capital requirement shall be used to set limits for the individual classes of eligible own funds in accordance with Section 47.

(4) Any additional own funds of an intermediate insurance holding company or mixed financial holding company as referred to in paragraph 1 may be included in the calculation of the group solvency only insofar as they have been duly authorised by the group supervisor.

Section 94

(1) When calculating the group solvency of an insurance or reinsurance undertaking which holds a share in a financial institution, the participating insurance or reinsurance undertaking may use either the accounting consolidation-based method or the deduction and aggregation method under other legislation.[26] The accounting consolidation-based method may be used only if the group supervisor has no objections to the level of management and internal control integration in the

entities included in such consolidation. The method chosen shall be applied in a consistent manner over the given period.

(2) Where Národná banka Slovenska assumes the role of group supervisor with regard to a particular group, it may decide, at the request of a participating insurance or reinsurance undertaking or on its own initiative, to deduct any participation in a financial institution as referred to in paragraph 1 from the own funds eligible for the group solvency.

Section 95

Where Národná banka Slovenska exercises supervision over a group but has no information about a related undertaking, which is necessary for the calculation of the group solvency, the participation in that related undertaking and the retained earnings associated with that participation shall be deducted from the eligible own funds of the group.

Section 96

(1) Solvency at group level is the difference between the following:
(a) the own funds eligible to cover the solvency capital requirement, calculated on the basis of consolidated data;
(b) the solvency capital requirement at group level calculated on the basis of consolidated data.

(2) The rules laid down in Sections 45 to 62 apply to the calculation of the own funds eligible for the solvency capital requirement and of the solvency capital requirement at group level based on consolidated data.

(3) The consolidated group solvency capital requirement is defined as solvency capital requirement at group level based on consolidated data. The consolidated group solvency capital requirement shall be calculated on the basis of either the standard formula or an approved internal model, in a manner consistent with the general principles laid down in Sections 48 to 62.

(4) The consolidated group solvency capital requirement shall have as a minimum the sum of the following:
(a) the minimum capital requirement as referred to in Section 63 of the participating insurance or reinsurance undertaking;
(b) the proportional share of the minimum capital requirement of the related insurance and reinsurance undertakings.

(5) The minimum consolidated group solvency capital requirement shall be covered by eligible basic own funds as determined in Section 47(4). The basic own funds of the group for the coverage of the minimum consolidated group solvency capital requirement shall be adjusted

according to the principles laid down in Sections 89 to 95. If the basic own funds are insufficient for the coverage of the minimum consolidated group solvency capital requirement, the provisions of Section 145 apply *mutatis mutandis*.

Section 97
Internal model at group level

(1) The consolidated group solvency capital requirement shall be calculated on the basis of an internal model approved jointly by the group supervisor and the other supervisory authorities concerned. An application for permission to calculate the consolidated group solvency capital requirement, as well as the solvency capital requirement for related undertakings, on the basis of an internal model, shall be submitted by a participating insurance or reinsurance undertaking and its related undertakings. Where the ultimate EU parent undertaking is an insurance holding company, the application shall be submitted to the group supervisor jointly by the related undertakings of that insurance holding company. Where the ultimate EU parent undertaking is a mixed financial holding company, the application shall be submitted jointly by the related undertakings of that mixed financial holding company. After receiving the application, the group supervisor shall without delay inform the competent supervisory authorities and the European Supervisory Authority of this fact and forward the complete application, including documentation, to them. The group supervisor and the other supervisory authorities concerned shall cooperate to decide whether or not to grant that permission and to determine the terms and conditions, if any, to which such permission is subject.

(2) The group supervisor and the other supervisory authorities concerned shall do everything within their power to reach a joint decision on the application within six months from the date of receipt of the complete application by the group supervisor.

(3) If, during the period referred to in paragraph 2 and before a joint decision is reached, any of the supervisory authorities concerned consults the European Supervisory Authority, the group supervisor shall postpone its decision and await any decision the European Supervisory Authority may take within one month. After receiving the European Supervisory Authority's decision or after the expiry of the period mentioned in the previous sentence, the group supervisor shall take its own decision. This decision shall be in accordance with that of the European Supervisory Authority, if any, and shall be recognised as determinative and applied by the supervisory authorities concerned.

(4) As soon as the relevant supervisory authorities have reached a joint decision as referred to in paragraph 2, the group supervisor shall deliver that decision, including a full statement of the reasons, to the applicant.

(5) In the absence of a joint decision within six months from the date of receipt of the complete application, the group supervisor shall make its own decision on the application. In making its decision, the group supervisor shall duly take into account any views and reservations of the other supervisory authorities concerned expressed during that six-month period. The group supervisor shall send that decision, including a full statement of the reasons, to the applicant and the other supervisory authorities concerned. That decision shall be recognised as determinative and applied by all the supervisory authorities concerned.

(6) Where Národná banka Slovenska considers that the risk profile of an insurance or reinsurance undertaking under its supervision deviates significantly from the assumptions underlying the internal model approved at group level, and as long as that undertaking has not proved the contrary, Národná banka Slovenska may, in accordance with Section 141(1)(f), impose a capital add-on to the solvency capital requirement of that insurance or reinsurance undertaking resulting from the application of such internal model.

(7) In exceptional circumstances, where a capital add-on as referred to in paragraph 6 would not be appropriate, Národná banka Slovenska may require the undertaking concerned to calculate its solvency capital requirement on the basis of the standard formula. In accordance with Section 142(1)(a) and (c), Národná banka Slovenska may impose a capital add-on to the solvency capital requirement of that insurance or reinsurance undertaking resulting from the application of the standard formula.

(8) Národná banka Slovenska shall explain any decision referred to in paragraph 6 or 7 to both the insurance or reinsurance undertaking concerned and the other members of the college of supervisors.

Section 98

In imposing a capital add-on to the group solvency capital requirement, the group supervisor shall proceed in accordance with Section 142 and other legislation,[26] as appropriate. In determining whether the consolidated group solvency capital requirement appropriately reflects the risk profile of the group, the group supervisor shall pay particular attention to any case where the circumstances referred to in Section 142(1) may arise at group level, in particular where:

(a) there are specific risks at group level which would not be sufficiently covered;
(b) a capital add-on to the solvency capital requirement of the related undertakings is imposed by the supervisory authorities concerned.

Section 99

(1) The group solvency of a participating insurance or reinsurance undertaking shall be the difference between the following:

(a) the aggregated group eligible own funds, as provided for in paragraph 2;
(b) the value of the related undertakings for which group solvency is calculated and the aggregated group solvency capital requirement, as provided for in paragraph 3.

(2) The aggregated group eligible own funds are the sum of the following:
(a) the own funds eligible for the solvency capital requirement of the participating insurance or reinsurance undertaking;
(b) the proportional share of the participating insurance or reinsurance undertaking in the own funds eligible for the solvency capital requirement of the related undertakings for which group solvency is calculated.

(3) The aggregated group solvency capital requirement is the sum of the following:
(a) the solvency capital requirement of the participating insurance or reinsurance undertaking;
(b) the proportional share of the solvency capital requirement of the related undertakings for which group solvency is calculated.

(4) Where the participation of an insurance or reinsurance undertaking in a related undertaking for which group solvency is calculated consists, wholly or in part, of an indirect ownership, the items referred to in paragraphs 1(b), 2(b) and 3(b) shall include:
(a) the value of such indirect ownership, taking into account the relevant successive interests (paragraph 1(b));
(b) the corresponding proportional share of the own funds eligible for the solvency capital requirement of the related undertaking (paragraph 2(b));
(c) the corresponding proportional share of the solvency capital requirement of the related undertaking (paragraph 3(b)).

(5) In the case of an application for permission to calculate the solvency capital requirement for a group on the basis of an internal model, submitted by a participating insurance or reinsurance undertaking, insurance holding company or mixed financial holding company, Section 97 applies *mutatis mutandis*.

(6) In imposing a capital add-on to the group solvency capital requirement, the group supervisor shall proceed in accordance with Section 142 and other legislation,[26] as appropriate. In determining whether the aggregated group solvency capital requirement appropriately reflects the risk profile of the group, the group supervisor shall pay particular attention to any specific risks at group level which would not be sufficiently covered.

Section 100

(1) Where insurance and reinsurance undertakings are subsidiaries of an insurance holding company or of a mixed financial holding company which is an ultimate EU parent undertaking, the

group supervisor shall ensure that the calculation of the group solvency is carried out at the level of the insurance holding company or mixed financial holding company in accordance with Sections 88(2) to 99.

(2) For the purpose of that calculation, the insurance holding company or mixed financial holding company shall be treated as if it were a participating insurance or reinsurance undertaking subject to the rules laid down in this Act as regards the solvency capital requirement and the own funds eligible for the solvency capital requirement.

Groups with centralised risk management
Section 101

The rules laid down in Sections 103 and 104 apply to any insurance or reinsurance undertaking which is the subsidiary of another insurance or reinsurance undertaking or of an insurance or reinsurance undertaking from another Member State where all of the following conditions are satisfied:

(a) the subsidiary is included in the group supervision carried out by the group supervisor at the level of parent undertaking;
(b) the risk management processes and internal control mechanisms of the parent undertaking cover the subsidiary and the parent undertaking satisfies the requirements regarding the prudent management of that subsidiary;
(c) the parent undertaking has received the agreement referred to in Section 108(6);
(d) the parent undertaking has received the agreement referred to in Section 116(2);
(e) the parent undertaking's application for permission to be subject to Sections 103 and 104 has been approved in accordance with Section 102.

Section 102

(1) An insurance or reinsurance undertaking which is the subsidiary of another insurance or reinsurance undertaking or of an insurance or reinsurance undertaking from another Member State is subject to the provisions of Sections 103 and 104 only after having been granted permission by a joint decision of the college of supervisors or by the group supervisor in accordance with paragraph 5. Such permission shall be granted on the basis of an application submitted to Národná banka Slovenska by the parent undertaking. Národná banka Slovenska shall inform and forward the complete application to the other supervisory authorities within the college of supervisors without delay. The supervisory authorities concerned shall work together within the college to decide whether or not to grant the permission sought and to specify the terms and conditions to which such permission shall be subject.

(2) The supervisory authorities concerned shall do everything within their power to reach a joint decision on the application within three months from the date of receipt of the complete application by all supervisory authorities within the college of supervisors.

(3) If, during the period referred to in paragraph 2 and before a joint decision is reached, any of the supervisory authorities consults the European Supervisory Authority, the group supervisor shall postpone its decision and await any decision the European Supervisory Authority may take within one month. After receiving the European Supervisory Authority's decision or after the expiry of the period mentioned in the previous sentence, the group supervisor shall take its own decision. This decision shall be in accordance with that of the European Supervisory Authority, if any, and shall be recognised as determinative and applied by all the supervisory authorities concerned.

(4) As soon as the supervisory authorities concerned have reached a joint decision as referred to in paragraph 2, Národná banka Slovenska shall deliver that decision, including a full statement of the reasons, to the applicant. Such joint decision shall be recognised as determinative and applied by Národná banka Slovenska.

(5) In the absence of a joint decision of the supervisory authorities concerned within the period set out in paragraph 2, the group supervisor shall take its own decision with regard to the application. In taking its decision, the group supervisor shall duly consider the following:

(a) any views and reservations of the supervisory authorities concerned within the college of supervisors;
(b) any reservations of the other supervisory authorities within the college of supervisors.

(6) The decision shall state the full reasons and shall contain an explanation of any significant deviation from the reservations of the supervisory authorities concerned within the college of supervisors pursuant to paragraph 5(a). The group supervisor shall provide the applicant and the supervisory authorities concerned with a copy of the decision. The decision shall be recognised as determinative and applied by all the supervisory authorities concerned.

Section 103

(1) Where the solvency capital requirement of an insurance or reinsurance undertaking which is a subsidiary is calculated on the basis of an internal model approved at group level in accordance with Section 97 and Národná banka Slovenska considers that its risk profile deviates significantly from this internal model, and as long as that undertaking does not prove the contrary, Národná banka Slovenska may, in the cases referred to in Section 142, propose to set a capital add-on to the solvency capital requirement of that subsidiary. In exceptional circumstances where such capital add-on would not be appropriate, Národná banka Slovenska may require that insurance or reinsurance undertaking to calculate its solvency capital requirement on the basis of the standard

formula. Národná banka Slovenska shall discuss its proposal within the college of supervisors and communicate the grounds for such proposal to both the subsidiary and the college of supervisors.

(2) Where the solvency capital requirement of an insurance or reinsurance undertaking which is subsidiary is calculated on the basis of the standard formula and Národná banka Slovenska considers that its risk profile deviates significantly from the assumptions underlying the standard formula, and as long as that undertaking does not prove the contrary, Národná banka Slovenska may propose that the undertaking replace a subset of the parameters used in the standard formula calculation by parameters specific to that undertaking or may propose a capital add-on to the solvency capital requirement of that subsidiary in accordance with Section 142. Národná banka Slovenska shall discuss its proposal within the college of supervisors and communicate the grounds for such proposal to both the subsidiary and the college of supervisors.

(3) If the supervisory authorities concerned reach an agreement within the college of supervisors, that agreement shall be recognised as determinative and applied by all the supervisory authorities concerned. Národná banka Slovenska shall duly consider such agreement before taking its final decision. The decision shall be submitted to the subsidiary and to the college of supervisors.

(4) Where Národná banka Slovenska and the group supervisor disagree, the matter shall, within one month from the proposal of Národná banka Slovenska and before a joint agreement is reached in the college of supervisors, be referred for consultation to the European Supervisory Authority. Národná banka Slovenska shall postpone its decision and await any decision the European Supervisory Authority may take in the matter within one month. After receiving the European Supervisory Authority's decision or after the expiry of the period mentioned in the previous sentence, Národná banka Slovenska shall take its own decision. The decision shall state the full reasons and shall take into account the decision of the European Supervisory Authority, if any, and shall be recognised as determinative and applied by the supervisory authorities concerned. The decision shall be submitted to the subsidiary and to the college of supervisors.

(5) Where Národná banka Slovenska performs the functions of a group supervisor, it shall proceed in accordance with paragraphs 3 and 4, as appropriate.

Section 104

(1) Where an insurance or reinsurance undertaking which is a subsidiary fails to comply with the solvency capital requirement, Národná banka Slovenska shall, without undue delay, forward to the college of supervisors the recovery plan submitted by that subsidiary in accordance with Section 144.

(2) The college of supervisors shall take a position on the recovery plan proposed under paragraph 1 within four months from the date on which non-compliance with the solvency capital

requirement was first observed. Národná banka Slovenska shall decide whether the recovery plan should be approved, taking due account of the views and reservations of the other supervisory authorities within the college of supervisors.

(3) Where Národná banka Slovenska identifies deteriorating financial conditions, it shall notify the college of supervisors without delay of the proposed measures to be taken in relation to an insurance or reinsurance undertaking which is a subsidiary. Save in emergency situations, the measures to be taken shall be discussed within the college of supervisors.

(4) The college of supervisors shall take a position on the proposed measures within one month from the date of receipt of the proposal of Národná banka Slovenska. Národná banka Slovenska shall impose those measures on the insurance or reinsurance which is a subsidiary, taking due account of the views and reservations of the other supervisory authorities within the college of supervisors.

(5) Where an insurance or reinsurance undertaking which is a subsidiary fails to comply with the minimum capital requirement, Národná banka Slovenska may, without undue delay, forward to the college of supervisors the short-term finance scheme submitted by that subsidiary in accordance with Section 145. Národná banka Slovenska shall inform the college of supervisors of any measures taken by that insurance or reinsurance undertaking to enforce the minimum capital requirement.

(6) Národná banka Slovenska or the group supervisor may forward to the European Supervisory Authority the matter referred to in paragraphs 2 to 4 if they disagree with the following:

(a) the approval of the recovery plan, including any postponement of the time limit for recovery, within the period specified in paragraph 2; or
(b) the approval of the proposed measures within the period specified in paragraph 4.

(7) The matter referred to in paragraphs 2 to 4 shall not be forwarded to the European Supervisory Authority in the following cases:

(a) upon expiry of the period specified in paragraph 6;
(b) after an agreement has been reached in the college of supervisors; or
(c) in situations that allow no delay as specified in paragraph 3.

(8) Národná banka Slovenska shall postpone its decision and await any decision the European Supervisory Authority may take in the matter within one month. After receiving the European Supervisory Authority's decision or upon the expiry of the period provided for in the previous sentence, Národná banka Slovenska shall take its own decision. Such decision shall state the full reasons and shall take into account the decision of the European Supervisory Authority, if any, and shall be recognised as determinative and applied by the supervisory authorities concerned.

The decision shall be submitted to the insurance or reinsurance undertaking concerned, as well as to the college of supervisors.

(9) Where Národná banka Slovenska performs the functions of a group supervisor, it shall proceed in accordance with paragraphs 6 and 7, as appropriate.

Section 105

(1) The procedures set out in Sections 103 and 104 shall no longer be applied if:

(a) the condition set out in Section 101(a) is not satisfied;
(b) the condition set out in Section 101(b) is not met and the group fails to meet it again within a reasonable period of time; or
(c) the conditions set out in Section 101(c) and (d) are not satisfied.

(2) If Národná banka Slovenska as a group supervisor decides, after consulting the college of supervisors, to exclude a subsidiary from group supervision in accordance with Section 83(2), it shall, without undue delay, inform the parent undertaking and the supervisory authority that granted permission to that subsidiary.

(3) Parent undertakings shall be responsible for complying with the conditions set out in Sections 101(b), 108 and 116 on a continuous basis. If a parent undertaking fails to meet these conditions, it shall promptly inform the group supervisor and the supervisory authority of the subsidiary concerned. Such parent undertaking shall submit a plan to ensure compliance with the conditions set out in Section 101(b) and Sections 108 and 116 within a reasonable time frame.

(4) The group supervisor shall verify at least annually, on its own initiative, that the conditions referred to in Section 101(b) and Sections 108 and 116 continue to be complied with. The group supervisor shall also perform such verification upon request from the supervisory authority concerned. Where the verification performed identifies weaknesses, the parent undertaking shall submit to the group supervisor a plan to restore compliance with Section 101(b) and Sections 108 and 116 within an appropriate period of time.

(5) Where, after consulting the college of supervisors, the group supervisor determines that the plan referred to in paragraph 3 or 4 is insufficient or subsequently that it is not being implemented within the agreed period of time, the group supervisor shall conclude that the conditions referred to in Section 101(b) and Sections 108 and 116 are no longer complied with and it shall immediately inform the supervisory authority concerned.

(6) The provisions of Section 103 and 104 shall be applicable again where a new application is submitted in accordance with Section 102.

(7) The provisions of Section 101 to 105 apply to insurance and reinsurance undertakings which are the subsidiaries of insurance holding companies or mixed financial holding companies.

Risk concentration and intra-group transactions
Section 106

(1) Supervision of risk concentration at group level shall be exercised by the group supervisor in accordance with paragraphs 2 and 3 and Sections 109 to 119.

(2) Where Section 84(3) does not apply, ultimate EU parent undertakings shall report on a regular basis, at least annually, to the group supervisor any significant risk concentration at the level of the group. Such reports may also be submitted to the group supervisor by other undertakings from the group, which shall be selected by the group supervisor after consulting the college of supervisors and the ultimate EU parent undertaking.

(3) The group supervisor, after consulting the college of supervisors and the ultimate EU parent undertaking, shall specify the type of risks that are to be reported. When defining or giving their opinion about the type of risks, the group supervisor and the other supervisory authorities concerned within the college of supervisors shall take into account the specific group and the risk management structure of that group.

(4) In order to identify significant risk concentrations to be reported, the group supervisor, after consulting the other supervisory authorities concerned within the college of supervisors and the ultimate EU parent undertaking, shall impose appropriate thresholds based on solvency capital requirements, technical provisions, or both. When reviewing the risk concentrations, the group supervisor shall in particular monitor the possible risk of contagion in the group, the risk of a conflict of interests, and the level or volume of risks.

Section 107
Supervision of intra-group transactions

(1) Supervision of intra-group transactions shall be exercised by the group supervisor in accordance with paragraph 2 and Sections 109 to 119.

(2) Where Section 84(3) does not apply, ultimate EU parent undertakings shall report on a regular basis, at least annually, to the group supervisor all significant intra-group transactions carried out by insurance undertakings, insurance undertakings from other Member States, reinsurance undertakings, and reinsurance undertakings from other Member States within a group, including those carried out with natural persons with close links to an understanding in the group. Ultimate EU parent undertakings shall, without undue delay, report each significant intra-group transaction that may affect the financial position of an undertaking in the group. Such reports may

also be submitted to the group supervisor by other undertakings from the group, which shall be selected by the group supervisor after consultation with the college of supervisors and the ultimate EU parent undertaking.

(3) The group supervisor, after consulting the college of supervisors and the ultimate EU parent undertaking, shall specify the type of intra-group transactions insurance undertakings, insurance undertakings from other Member States, reinsurance undertakings, and reinsurance undertakings from other Member States must report to the group in all circumstances.

(4) The significance of intra-group transactions shall be determined in accordance with Section 106(4), as appropriate.

Risk management and internal control
Section 108

(1) The requirements set out in Section 23 to 30 apply *mutatis mutandis* at the level of the group. The risk management and internal control systems and reporting procedures shall be implemented consistently in all the undertakings included in the scope of group supervision so that those systems and reporting procedures can be controlled at the level of the group.

(2) The group internal control mechanisms shall include at least the following:

(a) adequate mechanisms as regards group solvency to identify and measure all material risks incurred and to appropriately relate eligible own funds to risks;
(b) sound reporting and accounting procedures to monitor and manage the intra-group transactions and the risk concentration.

(3) The systems and reporting procedures referred to in paragraphs 1 and 2 are subject to supervisory review by the group supervisor, in accordance with the rules laid down in Sections 109 to 119.

(4) Ultimate EU parent undertakings shall conduct own-risk and solvency assessments at group level in accordance with Section 26. Such assessments are subject to supervisory review by the group supervisor under Sections 109 to 119.

(5) Where the calculation of solvency at group level is carried out according to the accounting consolidation-based method, the ultimate EU parent undertaking shall provide to the group supervisor a proper understanding of the difference between the sum of the solvency capital requirements of all the related insurance or reinsurance undertakings of the group and the group consolidated solvency capital requirement.

(6) Subject to the agreement of the group supervisor, the ultimate EU parent undertaking may undertake any assessment required by Section 26 at the level of the group and at the level of any subsidiary in the group at the same time, and may produce a single document covering all the assessments made. That document shall be submitted to all supervisory authorities concerned. The exercise of that option shall not exempt the subsidiaries concerned from the obligation to ensure that the requirements of Section 26 are met.

(7) Before granting an agreement in accordance with paragraph 6, the group supervisor shall consult the members of the college of supervisors and duly take into account their views or reservations.

Measures to facilitate group supervision
Section 109

(1) A single supervisor, responsible for the coordination and exercise of group supervision (group supervisor), shall be designated from among the supervisory authorities of the Member States concerned.

(2) In the case of a group formed by insurance or reinsurance undertakings, excluding insurance and reinsurance undertakings from other Member States and third countries, the task of group supervisor shall be exercised by Národná banka Slovenska.

(3) In all other cases and subject to paragraph 2 or 4, the task of group supervisor shall be exercised:

(a) where the group is headed by an insurance or reinsurance undertaking or an insurance or reinsurance undertaking from another Member State as an ultimate parent undertaking, by the supervisory authority which has authorised that undertaking;
(b) where the parent of an insurance or reinsurance undertaking or of an insurance or reinsurance undertaking from another Member State is an insurance holding company or a mixed financial holding company, by the supervisory authority which has authorised that undertaking;
(c) where more than one insurance or reinsurance undertaking or more than one insurance or reinsurance undertaking from another Member State have as their parent the same insurance holding company or mixed financial holding company, and one of those undertakings has been authorised in the Member State in which the insurance holding company has its registered office, by the supervisory authority of the undertaking authorised in that Member State;
(d) where the group is headed by more than one insurance holding company or mixed financial holding company with a registered office in different Member States and there is an insurance or reinsurance undertaking or an insurance or reinsurance undertaking from another Member State in each of those Member States, by the supervisory authority which has authorised the insurance or reinsurance undertaking or the insurance or reinsurance undertaking from another Member State with the largest balance sheet total;

(e) where more than one insurance or reinsurance undertaking or more than insurance or reinsurance undertaking from another Member State have as their parent the same insurance holding company or mixed financial holding company and none of those undertakings has been authorised in the Member State in which the insurance holding company or mixed financial holding company has its registered office, by the supervisory authority which has authorised the insurance or reinsurance undertaking or the insurance or reinsurance undertaking from another Member State with the largest balance sheet total; or

(f) where the group is a group without a parent undertaking, or in any circumstances not referred to in points (a) to (e), by the supervisory authority which has authorised the insurance or reinsurance undertaking or the insurance or reinsurance undertaking from another Member State with the largest balance sheet total.

(4) The supervisory authorities concerned may, at the request of any of the authorities, take a joint decision to derogate from the criteria set out in paragraph 3 where their application would be inappropriate, taking into account the structure of the group and the relative importance of the business of insurance and reinsurance undertakings and of insurance and reinsurance undertakings from other Member States in different countries, and designate a different supervisory authority as group supervisor. For that purpose, any of the supervisory authorities concerned may request that a discussion be opened on whether the criteria referred to in paragraph 3 are appropriate. Such a discussion shall not take place more often than annually.

(5) The supervisory authorities concerned shall do everything within their power to reach a joint decision on the choice of the group supervisor within three months from the request mentioned in paragraph 4. Before taking their decision, the supervisory authorities concerned shall give the group an opportunity to state its opinion. The group supervisor shall deliver the joint decision, including a full statement of the reasons, to the group.

(6) If, during the period referred to in paragraph 5 and before a joint decision is reached, any of the supervisory authorities concerned refers the choice of the group supervisor to the European Supervisory Authority, the supervisory authorities concerned shall postpone the matter and await any decision the European Supervisory Authority may take within one month. The supervisory authorities concerned shall take a joint decision in accordance with the decision of the European Supervisory Authority, if such decision is available. The joint decision shall be recognised as determinative and applied by all the supervisory authorities concerned. The group supervisor shall deliver the joint decision, including a full statement of the reasons, to the group. In the absence of a joint decision, the tasks of the group supervisor shall be exercised a supervisory authority designated in accordance with paragraph 3.

(7) The tasks of the group supervisor shall comprise the following:

(a) coordination of the gathering and dissemination of relevant or essential information for supervisory authorities;

(b) supervisory review and assessment of the financial situation of the group;
(c) assessment of compliance by the group with the rules on solvency and of risk concentration and intra-group transactions;
(d) assessment of the system of governance of the group and of whether the members of the administrative, management or supervisory body of the participating undertaking fulfil the requirements for professional competence and good repute;
(e) planning and coordination, through regular meetings held at least annually or through other appropriate means, of supervisory activities in cooperation with the supervisory authorities concerned and taking into account the nature, scale and complexity of the risks inherent in the business of all undertakings that are part of the group;
(f) other tasks assigned to the group supervisor by this Act.

Section 110

(1) In order to facilitate the exercise of group supervision tasks, a college of supervisors, chaired by the group supervisor, shall be established. The college of supervisors shall ensure that cooperation, exchange of information and consultation processes among the supervisory authorities that are members of the college of supervisors, are effectively applied in accordance with the requirements concerning group supervision. If the group supervisor fails to fulfil the tasks specified in Section 109(7) or the members of the college of supervisors do not cooperate in the required range, any of the supervisory authorities concerned may refer the matter to the European Supervisory Authority.

(2) The membership of the college of supervisors shall include the group supervisor, the supervisory authorities responsible for the supervision of insurance and reinsurance undertakings, as well as of insurance and reinsurance undertaking from other Member States, and the European Supervisory Authority. The supervisory authorities of significant branches of insurance or reinsurance undertakings and insurance or reinsurance undertakings from other Member States in the group, and of related undertakings shall also be allowed to participate in the college of supervisors with the objective of an efficient exchange of information. The effective functioning of the college of supervisors may require that some activities be carried out by a limited number of supervisory authorities therein.

(3) The establishment and functioning of the college of supervisors shall be based on coordination arrangements concluded by the group supervisor and the other supervisory authorities concerned.

(4) In the event of diverging views concerning the coordination arrangements, any member of the college of supervisors may refer the matter to the European Supervisory Authority. The group supervisor shall take a final decision in accordance with the decision of the European

Supervisory Authority. The group supervisor shall send a copy of that decision to the other supervisory authorities concerned.

(5) The coordination arrangements referred to in paragraph 3 shall establish procedures for:
(a) the decision-making process among the supervisory authorities concerned;
(b) consultations held among the supervisory authorities concerned.

(6) The coordination arrangements may entrust additional tasks to the group supervisor, the other supervisory authorities, or the European Supervisory Authority where this would result in the more efficient supervision of the group and would not impair the supervisory activities of the members of the college of supervisors in respect of their individual responsibilities.

(7) The coordination arrangements may also set out procedures for cooperation with other supervisory authorities.

(8) Where Národná banka Slovenska acts as a group supervisor in accordance with Section 109, it shall inform the European Supervisory Authority about the functioning of the college of supervisors and about any difficulties encountered during the activities of the college.

(9) Národná banka Slovenska shall inform the European Supervisory Authority about the functioning of the college of supervisors and about any difficulties encountered that are relevant for the reviews carried out by the European Supervisory Authority.

Section 111

(1) Národná banka Slovenska shall cooperate closely with the other members of the college of supervisors, in particular in cases where an insurance or reinsurance undertaking encounters financial difficulties.

(2) In order to allow and facilitate the exercise of supervisory tasks, Národná banka Slovenska shall, without undue delay, communicate to the other members of the college of supervisors all relevant information as soon as it becomes available. Such information shall also include information about the actions of the group, the actions of Národná banka Slovenska being the group supervisor, and information provided by the group.

(3) Where no relevant information is reported to Národná banka Slovenska by the supervisory authorities or where a request for cooperation, in particular a request for information exchange, is rejected or is not settled within two weeks, Národná banka Slovenska may refer the matter to the European Supervisory Authority.

(4) Národná banka Slovenska, acting as a group supervisor under Section 109, shall provide the supervisory authorities concerned and the European Supervisory Authority with any information on the group regarding its close links and information as specified in Sections 33(2) and 115(2), in particular information on its legal structure, organisation and management.

(5) Národná banka Slovenska shall call immediately for a meeting of the college of supervisors in at least the following cases:

(a) where they become aware of a significant breach of the solvency capital requirement or a breach of the minimum capital requirement of an individual insurance or reinsurance undertaking;
(b) where they become aware of a significant breach of the solvency capital requirement at group level;
(c) where other exceptional circumstances are occurring or have occurred.

Section 112

(1) Národná banka Slovenska shall, where a decision is of importance for the supervisory tasks of other supervisory authorities, prior to that decision, consult each other in the college of supervisors with regard to the following:

(a) changes in the shareholder structure, organisational or management structure of insurance and reinsurance undertakings in a group;
(b) decision to extend the time limit for recovery in accordance with Section 144(3) and (4);
(c) severe penalties or exceptional measures taken by supervisory authorities, including the imposition of a capital add-on to the solvency capital requirement under Section 142 and the imposition of any limitation on the use of an internal model for the calculation of the solvency capital requirement under Sections 54 to 62.

(2) Národná banka Slovenska shall, where a decision is to be made on the basis of information received from another supervisory authority, consult the members of the college of supervisors concerned prior to that decision.

(3) Before taking a decision under paragraph 1(b) or (c), Národná banka Slovenska shall consult the group supervisor about the imposition of a penalty or measure.

(4) Národná banka Slovenska may, in cases of urgency, take a decision in accordance with paragraph 1 without consulting the other members of the college of supervisors. In such cases, Národná banka Slovenska shall inform the other supervisory authorities concerned without delay.

Section 113

(1) Where Národná banka Slovenska exercises supervision over a group with a parent undertaking established in another Member State, Národná banka Slovenska may call upon the supervisory authority of that Member State to request the parent undertaking to provide any relevant information for the exercise of its rights and duties as a group supervisor and to transmit that information to Národná banka Slovenska.

(2) If Národná banka Slovenska, when called upon by the group supervisor, requests from the parent undertaking of a group which has its registered office in the Slovak Republic any information which would be relevant for the exercise of its rights and duties as a group supervisor, the parent undertaking shall provide the requested information within the time limit set by Národná banka Slovenska.

(3) The group supervisor shall, when it needs information as referred to in Section 115(2) which has already been given to another supervisory authority, contact that authority whenever possible in order to prevent duplication of reporting to the various authorities involved in supervision.

Section 114

Where an insurance or reinsurance undertaking and either a bank established in another Member State or a collective investment undertaking established in another Member State, or both, are directly or indirectly related or have a common participating undertaking, Národná banka Slovenska and the supervisory authorities of those Member States responsible for the supervision of banks and collective investment undertakings shall cooperate closely.

Section 115

(1) The persons included within the scope of group supervision, and their related undertakings and participating undertakings, shall exchange any information which could be relevant for the purposes of group supervision.

(2) When exercising group supervision, Národná banka Slovenska may request any information it needs for the exercise of such supervision. Národná banka Slovenska may address the undertakings in the group directly to obtain the necessary information, only where such information has been requested from an insurance or reinsurance undertaking subject to group supervision and has not been supplied by it within a reasonable period of time. The undertaking concerned shall provide the requested information within the time limit specified by Národná banka Slovenska.

(3) In its capacity as group supervisor, Národná banka Slovenska may grant an exemption from the requirement to submit data on a regular basis at group level, at intervals shorter than one

year, where all insurance and reinsurance undertakings, as well as insurance and reinsurance undertaking from other Member States belonging to the group benefit from such data submission with regard to the nature, scope, and complexity of the risks inherent in the group's activities.

(4) In its capacity as group supervisor, Národná banka Slovenska may grant an exemption from the requirement to submit data on an individual basis at group level, where all insurance and reinsurance undertakings, as well as insurance or reinsurance undertaking from other Member States belonging to the group benefit from such data submission with regard to the nature, scope, and complexity of the risks inherent in the group's activities and with regard to the objective to maintain financial stability.

(5) Národná banka Slovenska may carry out on-site verification of the information referred to in paragraph 2 on the premises of any of the following:
(a) the insurance or reinsurance undertaking subject to group supervision;
(b) the related undertakings of that insurance or reinsurance undertaking;
(c) the parent undertaking of that insurance or reinsurance undertaking;
(d) the related undertakings of a parent undertaking of that insurance or reinsurance undertaking.

(6) Where Národná banka Slovenska wishes to verify information concerning an undertaking which is part of a group and is established in another Member State, it shall ask the supervisory authority of that Member State to have the verification carried out, or it shall very the information directly. Národná banka Slovenska may, where it so wishes, participate in the verification when it does not carry out the verification directly.

(7) Where Národná banka Slovenska receives a request from the supervisory authority of another Member State to verify information about an undertaking in a group which has its registered office in the Slovak Republic, Národná banka Slovenska may carry out on-site verification of the information on the premises of any of the following:
(a) the related undertakings of that insurance or reinsurance undertaking from another Member State;
(b) the parent undertaking of that insurance or reinsurance undertaking from another Member State;
(c) the related undertakings of the parent undertaking of that insurance or reinsurance undertaking from another Member State.

(8) Národná banka Slovenska may allow the supervisory authority of another Member State which has submitted a request to carry out the verification itself or it may assign that task to another person in accordance with paragraph 5. Národná banka Slovenska shall inform the group supervisor of any measure it takes.

(9) Where Národná banka Slovenska has requested the supervisory authority of another Member State to verify information about an undertaking in a group with a registered office in that Member State and that request is not settled within two weeks or Národná banka Slovenska cannot carry out an on-site inspection in the territory of that Member State, Národná banka Slovenska may refer the matter to the European Supervisory Authority and request assistance in accordance with other legislation.[22]

Section 116

(1) Ultimate EU parent undertakings shall disclose publicly, on an annual basis, a report on solvency and financial condition at group level. Sections 33 to 35 apply to the disclosure of such reports.

(2) Where an ultimate EU parent undertaking so decides, and subject to the agreement of the group supervisor, it may provide a single solvency and financial condition report which shall comprise the following:

(a) the information at the level of the group which must be disclosed in accordance with paragraph 1;
(b) the information for any of the subsidiaries within the group which must be individually identifiable and disclosed in accordance with Sections 33 to 35.

(3) Before granting its consent in accordance with paragraph 2, Národná banka Slovenska as a group supervisor shall consult and duly take into account any views and reservations of the other members of the college of supervisors.

(4) Where the report referred to in paragraph 2 fails to include information about an insurance or reinsurance undertaking within the group which Národná banka Slovenska requires comparable undertakings to provide, and where the omission is material, Národná banka Slovenska may require the insurance or reinsurance undertaking concerned to disclose the necessary additional information.

Section 117

Insurance and reinsurance undertakings, insurance holding companies, and mixed financial holding companies shall, at least annually, disclose information on the legal structure, management and organisation of their group, including a description of all subsidiaries, significant related undertakings and significant branches belonging to the group.

Section 118

All persons who effectively run an insurance holding company or a mixed financial holding company shall meet the professional competence and good repute requirements for the performance of their duties. The fulfilment of the requirements mentioned in the previous sentence are subject to the provisions of Section 24.

Section 119

(1) Where Národná banka Slovenska exercises supervision over a group and the requirements referred to in Sections 87 to 108 are not met or where the requirements are met but solvency may be jeopardised or where the intra-group transactions or the risk concentrations are a threat to the financial position of the insurance or reinsurance undertakings in the group or of the insurance or reinsurance undertakings from other Member States therein, Národná banka Slovenska may require the ultimate parent undertaking, being an insurance holding company or a mixed financial holding company established in the Slovak Republic, to adopt the necessary measures in order to rectify the situation as soon as possible.

(2) Where the ultimate parent undertaking is an insurance holding company or a mixed financial holding company established in another Member State, Národná banka Slovenska shall, when acting as a group supervisor, inform the supervisory authority of that Member State of its findings with a view to enabling that authority to take the necessary measures.

(3) Where Národná banka Slovenska exercises supervision over a group and the requirements referred to in Sections 87 to 108 are not met or where the requirements are met but solvency may be jeopardised or where the intra-group transactions or the risk concentrations are a threat to the financial position of the insurance or reinsurance undertakings in the group or of the insurance or reinsurance undertakings from other Member States therein, Národná banka Slovenska shall inform the supervisory authority of the insurance or reinsurance undertaking from that Member State of its findings with a view to enabling that supervisory authority to take the necessary measures.

(4) Where the insurance or reinsurance undertakings in a group do not comply with the requirements referred to in Sections 87 to 108 or where the requirements are met but solvency may be jeopardised or where the intra-group transactions or the risk concentrations are a threat to the financial position of the insurance or reinsurance undertakings, Národná banka Slovenska may require that the necessary measures be taken in order that the situation is rectified as soon as possible.

(5) Where the group supervisor informs Národná banka Slovenska that the requirements referred to in Sections 87 to 108 are not met by the ultimate parent undertaking, being an insurance holding company or a mixed financial holding company established in the Slovak Republic,

Národná banka Slovenska shall take the necessary measures in relation to that undertaking in order to rectify the situation as soon as possible.

(6) Národná banka Slovenska shall coordinate its measures and cooperate closely with the group supervisor and the other supervisory authorities concerned to ensure that the penalties or measures are effective.

Third countries
Section 120

(1) In the case referred to in Section 82(2)(c), Národná banka Slovenska shall verify whether the insurance and reinsurance undertakings, the parent undertaking of which has its registered office outside the European Union, are subject to supervision, by a third-country supervisory authority, which is equivalent to group supervision under this Act.

(2) The verification under paragraph 1 shall be carried out by Národná banka Slovenska being the group supervisor, where the criteria set out in Section 109(2) are applied, at the request of the parent undertaking or of any of the insurance or reinsurance undertakings, or insurance or reinsurance undertaking from other Member States established within the European Union or on its own initiative, unless the Commission had concluded previously in respect of the equivalence of a third country.

(3) In carrying out the verification referred to in paragraph 2, Národná banka Slovenska shall cooperate with the European Supervisory Authority and consult the other supervisory authorities concerned before taking a decision on equivalence. Národná banka Slovenska shall not take, in relation to a third country, any decision that would contradict a previous decision taken in relation to that country, except for a decision to take into account major changes in the regime referred to in Sections 24 to 64 and in the supervision regime of that country.

(4) If the group supervisor takes a decision regarding the equivalence of a third-country solvency regime but Národná banka Slovenska disagrees to that decision, it may refer the matter to the European Supervisory Authority and request assistance under other legislation[22] within three months from the date when the decision was reported by the group supervisor.

(5) Where the Commission adopts a decision regarding the equivalence of a third-country solvency regime, paragraphs 1 to 4 shall not apply.

(6) In cases where group supervision in a country that is not a Member State is equivalent to group supervision under this Act, supervision at group level shall be exercised by the supervisory authority of the third country concerned.

(7) In cases where group supervision in a country that is not a Member State is temporarily equivalent to group supervision under this Act and the value of assets in the balance sheet of any of the insurance or reinsurance undertakings, or insurance of reinsurance undertakings from other Member States, does not exceed:

(a) the value of assets in the balance sheet of the parent undertaking located in a country that is not a member State, supervision at group level shall be exercised by the supervisory authority of that third country;
(b) the value of assets in the balance sheet of the parent undertaking located in a country that is not a Member State, supervision at group level shall be exercised by the group supervisor designated in accordance with Section 109.

(8) Cooperation between Národná banka Slovenska and the supervisory authorities of third countries under paragraphs 6 and 7 is subject *mutatis mutandis* to the provisions of Sections 109 to 119.

Section 121

(1) In the absence of equivalent supervision as referred to in Section 120 or where group supervision is exercised under Section 120(7)(b), Národná banka Slovenska shall apply *mutatis mutandis* to the insurance and reinsurance undertakings in the group either Sections 87 to 119, with the exception of Sections 101 to 105, or one of the methods set out in paragraph 4.

(2) The general principles and methods set out in Sections 87 to 119 apply at the level of parent undertakings with a registered office in a country that is not a Member State.

(3) For the sole purpose of group solvency calculation, the parent undertaking shall be treated as if it were an insurance or reinsurance undertaking subject to the provisions of Sections 45 to 47 regarding the own funds eligible for the solvency capital requirement. The solvency capital requirement shall be determined in accordance with the following principles:

(a) the principles of Section 93, where it is an insurance holding company or a mixed financial holding company; or
(b) the principles of Section 90(3) to (7), where it is a third-country insurance undertaking or a third-country reinsurance undertaking.

(4) In order to achieve the objectives of group supervision defined in this Title, Národná banka Slovenska may also apply other methods which ensure appropriate supervision of insurance and reinsurance undertakings in a group. Those methods must be agreed by the group supervisor, after consulting the other supervisory authorities, and reported to the supervisory authorities concerned and to the Commission. Národná banka Slovenska may in particular require the establishment of an insurance holding company or a mixed financial holding company with a registered office in a Member State.

Section 122

(1) Where the parent undertaking referred to in Section 120 is itself a subsidiary of an insurance holding company having its registered office outside the European Union or of a third-country mixed financial holding company or is a subsidiary of a third-country insurance or reinsurance undertaking, the verification provided for in Section 120 shall be applied only at the level of the ultimate parent undertaking which is a third-country insurance holding company, a third-country mixed financial holding company, or a third-country insurance or reinsurance undertaking.

(2) Národná banka Slovenska may decide, in the absence of equivalent supervision as referred to in Section 120, to carry out a new verification at a lower level where a parent undertaking of insurance or reinsurance undertakings exists, whether a third-country insurance holding company, a third-country mixed financial holding company or a third-country insurance or reinsurance undertaking. In such a case, Národná banka Slovenska shall explain its decision to the group and to the supervisory authorities concerned.

(3) The provisions of Section 121 apply *mutatis mutandis*.

Section 123

Where the parent undertaking of one or more insurance or reinsurance undertakings is a mixed insurance holding company, Národná banka Slovenska shall exercise supervision over transactions between those insurance or reinsurance undertakings and the mixed insurance holding company and its related undertakings. Such supervision is subject *mutatis mutandis* to Sections 107, 111 to 115, and 119.

TITLE THREE
SUPPLEMENTARY SUPERVISION

Section 124

The purpose of supplementary supervision is to monitor and regulate the risks faced by financial conglomerates, which comprise insurance undertakings, insurance undertakings from other Member States, third-country insurance undertakings, including their branches, reinsurance undertakings, reinsurance undertakings from other Member States, third-country reinsurance undertakings, including their branches, investment firms, banks, and management companies for the purpose of limiting the risks to which insurance undertakings, insurance undertakings from other Member States, third-country insurance undertakings, including their branches, reinsurance

undertakings, reinsurance undertakings from other Member States, third-country reinsurance undertakings, including their branches, or other regulated persons are exposed as members of the financial conglomerate.

Section 125

For the purposes of this Act, the following definitions apply:

(a) 'financial conglomerate' means:
   1. a group where:
      1a. it is controlled by a regulated entity;
      1b. the regulated entity mentioned in point 1a is the parent company of a financial sector entity or a person holding a participation in that financial sector entity or a person linked to that financial sector entity by a control relationship as referred to in point (f)(3);
      1c. at least one of the persons in the group is from the insurance sector and at least one of them is from the banking sector or from the investment services sector;
      1d. the consolidated or aggregate activities of persons in a group in the insurance sector and the consolidated or aggregate activities of persons in a group in the banking sector or in the investment services sector are significant pursuant to Section 128(2) and (4);
   2. a group where:
      2a. at least one of the subsidiaries in the group is a regulated entity;
      2b. the group is not controlled by a regulated entity and its activities are concentrated in the financial sector in accordance with Section 128(1);
      2c. at least one of the persons in the group is from the insurance sector and at least one of them is from the banking sector or from the investment services sector;
      2d. the consolidated or aggregate activities of persons in a group in the insurance sector and the consolidated or aggregate activities of persons in a group in the banking sector or in the investment services sector are significant pursuant to Section 128(2) and (4);
   3. a subgroup of another financial conglomerate, which meets the conditions set out in point 1 or point 2;

(b) 'financial sector' means a sector composed of one or more of the following legal entities:
   1. banks or other financial institutions as defined in another law[61] or auxiliary banking services undertakings;[62] these entities constitute the banking sector;
   2. insurance undertakings, insurance undertakings from other Member States, third-country insurance undertakings, including their branches; reinsurance undertakings, reinsurance undertakings from other Member States, third-country reinsurance undertakings, including their branches; captive insurance undertakings, captive reinsurance undertakings, or insurance holding companies; these entities constitute the insurance sector;
   3. investment firms or other legal entities as defined in point one, these entities constitute the investment services sector;

(c) ‘group’ means a group of persons linked to each other by a control relationship as defined in point (f), including a subgroup;
(d) ‘regulated entity’ means an insurance undertaking, insurance undertaking from another Member State, third-country insurance undertaking, including its branches, or a reinsurance undertaking, reinsurance undertaking from another Member State, third-country reinsurance undertaking, including its branches, or an investment firm, management company, alternative investment fund management company, or the same entities from third countries;
(e) ‘mixed financial holding company’ means a parent undertaking other than a regulated entity, which together with its subsidiaries, at least one of which is a regulated entity having its registered office in a Member State, and together with other controlled entities, constitutes a financial conglomerate;
(f) ‘control’ means a relationship within a group where:
1. one person controls another person;
2. one person has a participating interest in another person; or
3. the persons in the group are interlinked by a relationship:
3a. established by a contract made between two or more persons under which these persons are controlled by one person on a common basis, whereas such persons are not linked by a relationship of control; or
3b. through the same persons in the statutory bodies or supervisory boards of two or more persons which are not linked by a relationship of control, whereas the same persons have majority in the statutory bodies or supervisory boards of those persons.

Section 126

(1) Národná banka Slovenska shall exercise supplementary supervision where:
(a) a financial conglomerate is controlled by an insurance or reinsurance undertaking;
(b) a financial conglomerate is controlled by a mixed financial holding company which is the parent undertaking of an insurance or reinsurance undertaking and the financial conglomerate comprises no other regulated entities;
(c) the parent company of an insurance or reinsurance undertaking is a mixed financial holding company and the financial conglomerate comprises at least two regulated entities established in another Member State, while the most significant financial sector represented in the financial conglomerate is the insurance sector;
(d) a financial conglomerate is controlled by more than one mixed financial holding company established in various Member States and, in each of these Member States, a regulated entity has its registered office, while the regulated entity with the largest amount of total assets in the financial conglomerate is an insurance undertaking, an insurance undertaking from another Member State, a third-country insurance undertaking, including its branches, or a reinsurance undertaking, a reinsurance undertaking from another Member State, a third-country reinsurance undertaking, including its branches, if the most significant financial sector represented in the financial conglomerate is the insurance sector, or where the insurance sector

also comprises an insurance or reinsurance undertaking with a registered office in another Member State, if so agreed between Národná banka Slovenska and the competent supervisory authority of that Member State;

(e) a financial conglomerate is controlled by a mixed financial holding company established in the Slovak Republic, which is the parent company of more than one regulated entity established in other Member States, and none of these regulated entities has been authorised in the Slovak Republic and the most significant financial sector represented in the financial conglomerate is the insurance sector;

(f) a financial conglomerate is not controlled by a parent undertaking or is controlled in a manner other that described in points (a) to (e), if the most significant financial sector represented in the financial conglomerate is the insurance sector and the regulated entity with the largest amount of total assets in this sector is an insurance undertaking, an insurance undertaking from another Member State, a third-country insurance undertaking, including its branches, or a reinsurance undertaking, a reinsurance undertaking from another Member State or a third-country reinsurance undertaking, including its branches.

(2) Národná banka Slovenska may, on the basis of an agreement with the competent supervisory authorities of other Member States which are responsible for the supervision of regulated entities included in a financial conglomerate and after consultation with the person controlling that financial conglomerate, undertake the exercise of supplementary supervision if appropriate in view of the goals of supplementary supervision.

(3) Národná banka Slovenska may, on the basis of an agreement with the competent supervisory authorities of other Member States which are responsible for the supervision of regulated entities included in a financial conglomerate and after consultation with the person controlling that financial conglomerate, leave the exercise of supplementary supervision referred to in paragraph 1 to the competent supervisory authority of the Member State concerned, if appropriate in view of the goals of supplementary supervision.

Section 127

(1) Národná banka Slovenska shall determine, on the basis of the criteria set out in Section 128 and in cooperation with the competent supervisory authorities of other Member States which are responsible for the supervision of regulated entities included in a financial conglomerate, which financial conglomerates will be subject to supplementary supervision.

(2) Národná banka Slovenska shall report to the competent supervisory authorities of other Member States which are responsible for the supervision of regulated entities that are part of a financial conglomerate and to the Joint Committee of the European Supervisory Authorities set up under other legislation,[63] any further proposal for the inclusion of a financial conglomerate in supplementary supervision.

(3) Národná banka Slovenska shall inform the legal person controlling a financial conglomerate under Section 126(1) or the insurance or reinsurance undertaking with the largest amount of total assets where the most significant financial sector represented in the financial conglomerate is the insurance sector, that the financial conglomerate concerned will be subject to supplementary supervision. Národná banka Slovenska shall also report this fact to the competent supervisory authorities of other Member States in which a mixed financial holding company has its registered office, as well as to the Joint Committee of the European Supervisory Authorities set up under other legislation.[63]

(4) Národná banka Slovenska shall notify the European Commission's Committee for Financial Conglomerates of the principles applied during the supplementary supervision of risk concentrations in financial conglomerates under Section 131 and of intra-group transactions under Section 132.

(5) Národná banka Slovenska shall publish on its website a link to the list of financial conglomerates that is available on the website of the Joint Committee of the European Supervisory Authorities set up under other legislation.[63]

Section 128

(1) A group's activities are deemed to occur mainly in the financial sector if the ratio of the balance sheet total of the regulated and non-regulated financial sector entities in the group to the balance sheet total of the group as a whole exceeds 40%.

(2) Activities in different financial sectors are deemed to be significant if, for the given sector, the average of the following ratios exceeds 10%:

(a) the ratio of the balance sheet total of that financial sector to the balance sheet total of the financial sector entities in the group; and
(b) the ratio of the minimum capital requirements of the same financial sector to the total capital requirements of the financial sector entities in the group.

(3) The smallest financial sector in a financial conglomerate is the sector with the smallest average under paragraph 2 and the most important financial sector in a financial conglomerate is the sector with the highest average under paragraph 2. For the purpose of calculating the average, under paragraph 2 and for the measurement of the smallest and the most important financial sectors within a financial conglomerate, the banking sector and the investment services sector are considered together.

(4) Where a group fails to reach the average value of proportions as defined in paragraph 2 but total assets in the smallest financial sector represented in the group amount to more than

EUR 6,000,000,000, or where a group reaches the average value of proportions as defined in paragraph 2 but total assets in the smallest financial sector in the group amount to less than EUR 6,000,000,000, Národná banka Slovenska may decide, upon agreement with the competent supervisory authorities of other Member States which are responsible for the supervision of regulated entities belonging to a financial conglomerate, that the group in question shall not be considered a financial conglomerate or that the provisions of Sections 130 to 133 shall not apply where the exercise of supplementary supervision is inappropriate in view of the goals of supplementary supervision.

(5) Národná banka Slovenska shall report its decisions taken in accordance with paragraph 4 to the competent supervisory authorities of other Member States which are responsible for the supervision of regulated entities that are part of a financial conglomerate, and shall publish these decisions unless their publication is hindered by extraordinary circumstances.

(6) Národná banka Slovenska may, upon agreement with the competent supervisory authorities of other Member States which are responsible for the supervision of regulated entities that are part of a financial conglomerate, exclude one or more participations in the smallest sector if these participations are decisive for the identification of a financial conglomerate and they together are of negligible significance for the purposes of supplementary supervision. Národná banka Slovenska may, upon agreement with the competent supervisory authorities of other Member States which are responsible for the supervision of regulated entities that are part of a financial conglomerate, exclude a legal person from the calculation of proportions under paragraphs 1 to 3 where:

(a) the person concerned has its registered office in a country that is not a Member State and the law of that country does not enable any exchange of information for the purposes of supplementary supervision; however, a person who has moved its registered office from a Member State to a third country to avoid supervision may not be excluded from the calculation of proportions under paragraphs 1 to 3;
(b) the person concerned is of negligible significance for the purposes of supplementary supervision;
(c) the person concerned is unsuitable for being included in a financial conglomerate in view of the goals of supplementary supervision.

(7) Národná banka Slovenska may, after consulting the competent supervisory authorities of other Member States which are responsible for the supervision of regulated entities that are part of a financial conglomerate, take into account the values of proportions as defined in paragraphs 1 and 2 for three successive years, in order to avoid a sudden change in the regime of supplementary supervision, or take no account of the values of proportions as defined in paragraphs 1 and 2 where significant changes occur in the structure of the group.

(8) Národná banka Slovenska may, in fully justified cases and after consulting the competent supervisory authorities of other Member States which are responsible for the supervision of regulated entities that are part of a financial conglomerate, replace or supplement the criterion based on total assets with one or more criteria based on the structure of revenues, total assets under management, or off-balance-sheet operations in the calculation of proportions under paragraphs 1 and 2, or add one or more criteria of special importance in view of the goals of supplementary supervision.

(9) If the value of the proportion defined in paragraph 1 decreases below 40% or if the average value of proportions defined in paragraph 2 falls below 10% for financial conglomerates that are subject to supplementary supervision, the value of the proportion calculated under paragraph 1 shall be 35% for the next three years, and the average value of proportions calculated under paragraph 2 shall be 8%.

(10) If, in the case of a group that is already under supplementary supervision, total assets in the group's smallest financial sector fall below EUR 6,000,000,000, the amount to be used in calculations under paragraph 4 shall be EUR 5,000,000,000 in the next three years.

(11) Národná banka Slovenska may, with the consent of the competent supervisory authorities of other Member States which are responsible for the supervision of regulated entities that are part of a financial conglomerate and during the period set in paragraphs 7 to 10, stipulate that the lower values of proportions or the smaller amount given in paragraphs 7 to 10 are no longer valid for financial conglomerates that are subject to supplementary supervision.

(12) Total assets shall be calculated as the sum of total assets held by persons in a group on the basis of their individual financial statements. In the case of persons in which a holding has been acquired, the amount of the acquired holding shall be taken into account for the purposes of such calculations. Where consolidated financial statements are available, such statements shall be used instead of the individual financial statements.

(13) For the purposes of supplementary supervision, the minimum amount of own funds of an insurance or reinsurance undertaking or of a branch of a foreign insurance or reinsurance undertaking must reach the level of the solvency capital requirement.

(14) Requirements for the minimum amount of own funds of regulated entities other than insurance undertakings, branches of foreign insurance undertakings, reinsurance undertakings, or branches of foreign reinsurance undertakings, which are taken into account in the calculations under paragraphs 2 to 6, are laid down in other laws,[24] which apply to the calculation of capital requirements and the amount of own funds for the regulated entity concerned.

(15) Národná banka Slovenska shall evaluate each year the process of supplementary supervision for deviations and shall assess the quantitative indicators specified in paragraphs 1 to 14 and the risks faced by financial groups.

Section 129

(1) Insurance undertakings, foreign insurance undertakings, including their branches, reinsurance undertakings, and foreign reinsurance undertakings, including their branches, which are part of a financial conglomerate, shall comply with the conditions set out in Sections 130 to 133, where:

(a) they control the financial conglomerate;
(b) their parent undertaking is a mixed financial holding company established in a Member State;
(c) they are linked with a legal person from another financial sector by a control relationship as defined in points 3 and 4 of Section 5(g); or
(d) their parent company is a regulated entity or a mixed financial holding company established in a country is not a Member State, where financial conglomerates are under supervision that is equivalent to supplementary supervision under this Act.

(2) Where a financial conglomerate is a sub-group of another financial conglomerate, which comprises an insurance undertaking, a foreign insurance undertaking, including its branches, a reinsurance undertaking, and a foreign reinsurance undertaking, including its branches, satisfying any of the conditions set out in paragraph 1, the conditions stipulated by Sections 130 to 133 apply to the insurance or reinsurance undertaking, or to the foreign insurance or reinsurance undertaking, including its branches, which is part of the financial conglomerate that comprises the subgroup.

(3) Insurance undertakings, foreign insurance undertakings, including their branches, reinsurance undertakings, and foreign reinsurance undertaking, including their branches, whose parent company is a regulated entity or a mixed financial holding company established in a non-Member State where financial conglomerates are not subject to supervision equivalent to supplementary supervision under this Act, shall comply with the conditions set out in Sections 130 to 133. Where the conditions set out in Sections 130 to 133 cannot be met, since supervision in a third country is not equivalent to supplementary supervision under this Act, Národná banka Slovenska may require an insurance undertaking, a foreign insurance undertaking, including its branches, a reinsurance undertaking, or a foreign reinsurance undertaking, including its branches, which is part of a financial conglomerate, to submit to Národná banka Slovenska statements and reports on whether the undertaking is part of a financial conglomerate and it may limit or prohibit such undertaking to conduct intra-group transactions that could affect compliance with the solvency conditions.

(4) Národná banka Slovenska shall verify whether a financial conglomerate as referred to in paragraph 3 is under supervision that is equivalent to supplementary supervision under this Act,

if it is so agreed with the supervisory authorities of the Member States in which the regulated entities that are part of the financial conglomerate are established, at the request of the parent company under paragraph 3, or at the request of a regulated entity that is part of the financial conglomerate, or on its own initiative. Národná banka Slovenska shall consult the European Commission's Committee for Financial Conglomerates about the issuance of a decision under paragraph 3. If Národná banka Slovenska disagrees with the decision taken by the competent authority of the Member State concerned in the matter referred to in the first sentence, it shall proceed in accordance with other legislation.[64]

(5) Where legal entities have a participating interest in one or several regulated entities or they exercise significant influence over regulated entities other than influence as referred to in paragraphs 1 to 3 without capital participation, Národná banka Slovenska shall determine, in cooperation with the competent supervisory authorities of other Member States which are responsible for the supervision of regulated entities that are part of a financial conglomerate, whether and to what extent these regulated entities will be subject to supplementary supervision as if they were a financial conglomerate subject to supplementary supervision. For such supplementary supervision to be applied, at least one of the legal entities referred to in the first sentence must be an insurance or reinsurance undertaking, or a foreign insurance or reinsurance undertaking or its branch, and the conditions set out in Section 125(a)(1c) and (1d) must be fulfilled; this is necessary for the goals of supplementary supervision to be achieved.

Section 130

(1) Insurance and reinsurance undertakings, insurance and reinsurance undertakings from other Member States, and third-country insurance and reinsurance undertakings, including their branches, which are part of a financial conglomerate, shall ensure that a sufficient amount of own funds is maintained at the level of financial conglomerates and that rules are adopted at the level of financial conglomerates to this end. The own funds of a financial conglomerate shall be considered sufficient if the difference between the own funds of the financial conglomerate and the sum of the minimum amounts of own funds of persons belonging to the financial conglomerate is zero or a positive figure.

(2) Insurance and reinsurance undertakings that are part of a financial conglomerate shall calculate the sufficient amount of own funds at the level of the financial conglomerate according to one of the methods stipulated by Národná banka Slovenska in a measure issued in accordance with paragraph 9.

(3) Národná banka Slovenska may, after consulting the competent supervisory authorities of other Member States which are responsible for the supervision of regulated entities that are part of a financial conglomerate, notify a regulated entity or a mixed financial holding company, on its own initiative or at the request of the regulated entity or mixed financial holding company in

accordance with paragraph 4, as to which of the methods stipulated by Národná banka Slovenska in a measure issued under paragraph 9 is to be used to calculate the adequate amount of own funds.

(4) Insurance and reinsurance undertakings controlling a financial conglomerate shall supply Národná banka Slovenska, semi-annually or when requested by Národná banka Slovenska, with data on the amount of own funds and the amount of own funds at the level of the financial conglomerate needed for meeting the requirement that a sufficient amount of own funds be maintained by financial conglomerates that are subject to supplementary supervision. If a financial conglomerate is not controlled by an insurance or reinsurance undertaking, the data referred to in the first sentence shall be supplied to Národná banka Slovenska by a mixed financial holding company or by a regulated entity selected by Národná banka Slovenska after consultation with the regulated entities or mixed financial holding companies that constitute the financial conglomerate.

(5) Requirements for own funds shall be taken into account in the calculation of the sufficient amount of own funds for a financial conglomerate only in respect of legal entities under Section 125(b) and mixed financial holding companies.

(6) Národná banka Slovenska may decide to omit, from the calculation of the sufficient amount of own funds for a financial conglomerate that is subject to supplementary supervision, the following persons:

(a) a legal person established in a country that is not a Member State, the law of which does not allow any exchange of information for the purposes of supplementary supervision;
(b) a legal person which is of negligible importance for the purposes of supplementary supervision exercised over regulated entities constituting a financial conglomerate; this shall not apply where more legal entities are to be omitted from the calculation, whose total share in the financial conglomerate is significant under Section 128(2) and (4);
(c) a legal person whose inclusion in the calculation would be inappropriate or inadequate in view of the goals of supplementary supervision.

(7) Národná banka Slovenska shall discuss the omission of a person under paragraph 6(c) with the supervisory authority that is responsible for the exercise of supplementary supervision in the Member State concerned.

(8) The provisions of paragraph 6 are without prejudice to the obligation of the persons concerned to supply information for the purposes of supplementary supervision, nor to the authorisation of supervisory authorities to provide information on these persons for the purposes of supplementary supervision or supervision exercised over financial conglomerates in other Member States.

(9) For the purposes of calculating the sufficient amount of own funds for financial conglomerates, Národná banka Slovenska shall, in a measure promulgated shed in the Collection of Laws, specify the following:

(a) the composition of own funds at the level of financial conglomerates, the method of their calculation, and the own funds of a mixed financial holding company;
(b) the minimum amount of own funds of persons that are part of a financial conglomerate and the method of its calculation;
(c) the method of calculating the sufficient amount of own funds for financial conglomerates.

Section 131

(1) Insurance and reinsurance undertakings controlling a financial conglomerate shall supply Národná banka Slovenska, by 31 March of each calendar year or at the request of Národná banka Slovenska, with data on risk concentration in the financial conglomerate. If a financial conglomerate is not controlled by an insurance or reinsurance undertaking, the data mentioned in the first sentence shall be provided to Národná banka Slovenska by a mixed financial holding company or by a regulated entity designated by Národná banka Slovenska after consultation with the regulated entities or the mixed financial holding companies that are part of the financial conglomerate.

(2) For the purposes of supplementary supervision, 'risk concentration within a financial conglomerate' means any activity performed by persons belonging to a financial conglomerate, which may cause a loss large enough to threaten the solvency and safety of regulated entities included in the financial conglomerate; such risk concentration may be caused by counterparty risk, credit risk, investment risk, insurance risk, market risk, liquidity risk, operational risk, and other risks, or a combination of these risks.

(3) Where a financial conglomerate is controlled by an insurance or reinsurance undertaking, the risk concentration within the financial conglomerate is subject to the provisions of this Act pertaining to risk concentration. Where a financial conglomerate is controlled by another regulated entity, risk concentration within the financial conglomerate is subject *mutatis mutandis* to the provisions of other legislation.[24]

(4) Where a financial conglomerate is controlled by a mixed financial holding company and the most significant financial sector represented in the financial conglomerate is the insurance sector, risk concentration in the insurance sector and in the mixed financial holding company is subject *mutatis mutandis* to the provisions of this Act pertaining to risk concentration.

(5) For the purpose of determining the degree of risk concentration in financial conglomerates, Národná banka Slovenska shall, in a measure promulgated in the Collection of Laws, provide details about:

(a) the large exposures of financial conglomerates and the method of their calculation;
(b) the large exposures of insurance undertakings and the method of their calculation;
(c) the large exposures of mixed financial holding companies and the method of their calculation;
(d) the concentration of risks in financial conglomerates and the method of its determination.

Section 132

(1) Insurance and reinsurance undertakings controlling a financial conglomerate shall supply Národná banka Slovenska, by 31 March of each calendar year or at the request of Národná banka Slovenska, with data on significant intra-group transactions carried out by the financial conglomerate. Where a financial conglomerate is not controlled by an insurance or reinsurance undertaking, the data mentioned in the previous sentence shall be supplied to Národná banka Slovenska by a mixed financial holding company or by a regulated entity designated by Národná banka Slovenska after consultation with the regulated entities or the mixed financial holding companies that are part of the financial conglomerate.

(2) For the purposes of supplementary supervision, 'intra-group transaction' means any transaction in which regulated entities belonging to a financial conglomerate rely, either directly or indirectly, upon other entities from the same group or upon any natural or legal person they control, for the discharge of an obligation, regardless of whether or not contractual, and whether or not for payment.

(3) For the purposes of supplementary supervision, 'significant intra-group transaction' means an intra-group transaction amounting to at least 5% of the amount of own funds held by a financial conglomerate, determined pursuant to Section 130(9)(a).

(4) Significant intra-group transactions with persons in a special relationship shall be undertaken in accordance with other legislation.[65]

Section 133

(1) Insurance and reinsurance undertakings which are part of a financial conglomerate shall establish and maintain an effective risk management system, along with an internal control system, including bookkeeping and control procedures for the purpose of monitoring compliance with the provisions of this Act at the level of the financial conglomerate.

(2) For the purposes of supplementary supervision, a risk management system shall comprise:
(a) an appropriate management system at the level of the financial conglomerate ensuring the approval and regular inspection of the business strategy in relation to the risks arising from the business of the financial conglomerate;

(b) procedures for ensuring a sufficient amount of own funds, which include the possible impact of the business strategy on an insurance or reinsurance undertaking's risk profile and own funds;
(c) procedures for monitoring the risks and measures designed to ensure the monitoring and checking of risks within the financial conglomerate;
(d) measures designed to facilitate the preparation and development of appropriate plans and procedures for recovery and controlled liquidation; these measures must be updated on a regular basis.

(3) For the purposes of supplementary supervision, an internal control system shall comprise:
(a) procedures for identifying and measuring the risks affecting compliance with the provisions of this Act concerning the amount of own funds to be maintained by a financial conglomerate and methods for evaluating their functionality and effectiveness;
(b) procedures for evaluating the bookkeeping system and the supply of information for the purposes of identifying, measuring, monitoring, and managing intra-group transactions and risk concentrations.

(4) Insurance and reinsurance undertakings which are part of a financial conglomerate shall, at the level of the financial conglomerate, perform the following tasks:
(a) supplying Národná banka Slovenska, on an annual basis, with information on their legal form, management and organisational structure, including a list of all entities they regulate, non-regulated subsidiaries, and significant branches;
(b) publishing, on their websites, information about their legal form, management and organisational structure.

Section 134

(1) In regard to supplementary supervision as defined in Section 126, Národná banka Slovenska shall have the following tasks:
(a) coordinating the gathering and dissemination of relevant information for the purpose of monitoring the activities of financial conglomerates and disseminating information which is of importance for the exercise of supplementary supervision in individual financial sectors to the competent supervisory authorities of other countries which are responsible for the supervision of regulated entities that are part of a financial conglomerate;
(b) gathering essential information for assessment of the financial situation of financial conglomerates for the purposes of supplementary supervision;
(c) monitoring compliance with the provisions of this Act concerning the sufficient amount of own funds, risk concentrations in financial conglomerates, and intra-group transactions;
(d) monitoring the structure of financial conglomerates, their organisation, and the functionality of their internal control system in accordance with Section 133;

(e) planning and coordinating the exercise of supplementary supervision in going-concern and emergency situations, in cooperation with the competent supervisory authorities of other countries which are responsible for the supervision of regulated entities that are part of a financial conglomerate;
(f) performing other tasks in connection with the exercise of supplementary supervision.

(2) Národná banka Slovenska shall, in cooperation with the competent supervisory authorities of other countries which are responsible for the supervision of regulated entities that are part of a financial conglomerate, coordinate the exercise of supplementary supervision, and shall stipulate the forms of cooperation in implementing the provisions of Sections 127, 128, 129(3), 129(5), 130, 135(2), and 140.

(3) Information needed for the exercise of supplementary supervision which has already been provided to the competent supervisory authority of another country, which is responsible for the supervision of regulated entities that are part of a financial conglomerate, shall be obtained from that authority at the request of Národná banka Slovenska. Where such information cannot be obtained according to the first sentence, Národná banka Slovenska may obtain it directly from the persons included in the financial conglomerate, in accordance with Section 130(2).

(4) For the purpose of coordinating the cooperation between Národná banka Slovenska and the competent supervisory authorities of other Member States which are responsible for the supervision of regulated entities that are part of a financial conglomerate, the exercise of supplementary supervision is subject *mutatis mutandis* to the provisions of Section 110.

Section 135

(1) In exercising supplementary supervision, Národná banka Slovenska shall cooperate with the competent supervisory authorities of other Member States which are responsible for the supervision of regulated entities that are part of a financial conglomerate, even where supplementary supervision is conducted by the supervisory authority of another Member State, at least in a scope specified in paragraph 3.

(2) Národná banka Slovenska shall, at the request of the competent supervisory authorities of other Member States which are responsible for the supervision of regulated entities that are part of a financial conglomerate, provide information for the supervision of regulated entities that are part of a financial conglomerate or for supplementary supervision, at least in the scope specified in paragraph 3. Národná banka Slovenska shall also provide such information on its own initiative, if the information requested is considered important for the supervision of financial conglomerates. Národná banka Slovenska may request, from the supervisory authorities of other Member States which are responsible for the supervision of regulated entities that are part of a financial conglomerate, any information for the purposes of supplementary supervision, at least in the scope

specified in paragraph 3, and may also exchange information it needs for the exercise of supplementary supervision with foreign central banks, the European System of Central Banks, the European Central Bank, and under other legislation[66] with the European Systemic Risk Board.

(3) The cooperation and exchange of information referred to paragraphs 1 and 2 concern mainly:

(a) the legal form, management and organisational structure of a financial conglomerate, including all regulated and non-regulated entities, non-regulated subsidiaries and significant branches belonging to that financial conglomerate, and persons with a qualifying holding in the entity controlling the financial conglomerate, as well as the competent supervisory authorities of other Member States which are responsible for the supervision of regulated entities that are part the financial conglomerate;
(b) the strategy and specialisation of a financial conglomerate;
(c) the financial situation of a financial conglomerate, in particular the amount of own funds, intra-group transactions, risk concentrations, and its financial results;
(d) shareholders with a qualifying holding in persons that are part of a financial conglomerate and members of the statutory body of that financial conglomerate;
(e) the organisation, risk management and internal control systems of a financial conglomerate;
(f) procedures for gathering information from persons that are part of a financial conglomerate, and for verifying such information;
(g) unfavourable developments in regulated entities or in other persons constituting a financial conglomerate, which may have a serious negative impact on an insurance or reinsurance undertaking;
(h) severe penalties and extraordinary measures adopted by Národná banka Slovenska and the competent supervisory authorities of other Member States which are responsible for the supervision of regulated entities that are part of a financial conglomerate.

(4) Národná banka Slovenska shall discuss, with the competent supervisory authorities of other Member States which are responsible for the supervision of regulated entities belonging to a financial conglomerate, the following matters:

(a) the issuance of a decision on prior approval under Section 77(1)(a), (c) and (d), where changes in the structure of shareholders or changes in the bodies of an insurance or reinsurance undertaking would affect the exercise of supplementary supervision;
(b) the imposition of penalties or the adoption of measures against regulated entities belonging to a financial conglomerate, which may also have an impact on regulated entities that are subject to supplementary supervision by Národná banka Slovenska or by another Member State's competent supervisory authority which is responsible for the supervision of regulated entities that are part of a financial conglomerate.

(5) Národná banka Slovenska shall not be required to conduct negotiations on facts referred to in paragraph 4 where such negotiations may threaten the taking of decisions within the

prescribed time limit or where the imposition of penalties and measures may not be postponed. In such cases, Národná banka Slovenska shall, without undue delay, inform the competent supervisory authorities of other Member States which are responsible for the supervision of regulated entities that are part of a financial conglomerate.

(6) In exercising supplementary supervision, Národná banka Slovenska may call upon another Member State's competent supervisory authority which is responsible for the supervision of regulated entities that are part of a financial conglomerate, in the Member State in which the parent undertaking has its registered office, to instruct the parent undertaking to provide Národná banka Slovenska with all the information it needs for the performance of its tasks in accordance with Section 134.

(7) The provisions of paragraphs 1 to 6 shall also apply to cooperation between Národná banka Slovenska and the supervisory authorities of countries with which the European Union has signed a cooperation agreement for the exercise of supplementary supervision.

(8) The provisions of paragraph 7 shall be without prejudice to the right to conclude an agreement on the terms and conditions of) supervision over financial conglomerates and on the mutual exchange of information with the competent supervisory authority of a third country, unless such agreement contradicts the rules of supplementary supervision.

Section 136

(1) Národná banka Slovenska shall, at the request of another Member State's competent supervisory authority which is responsible for the supervision of regulated entities that are part of a financial conglomerate, verify any information needed for supplementary supervision about a person that belongs to that financial conglomerate and whose registered office is located in the Slovak Republic, or shall have this information verified by other authorised persons. The persons authorised by another Member State's competent supervisory authority may participate in the verification of such information by Národná banka Slovenska or they may, with the consent of Národná banka Slovenska, verify it directly.

(2) Národná banka Slovenska may request the competent supervisory authority of another Member State which is responsible for the supervision of regulated entities that are part of a financial conglomerate, to verify the information needed for the supervision of a financial conglomerate about a person belonging to that financial conglomerate and having its registered office in that Member State, or to have that information verified by other authorised persons. The persons authorised by Národná banka Slovenska may participate in the verification conducted by the competent supervisory authority of the Member State concerned, or may verify the relevant information directly with the consent of the competent supervisory authority.

Section 137

Persons belonging to a financial conglomerate shall provide, for the purposes of supplementary supervision, any information needed for the discharge of obligations in accordance with Sections 130 to 133.

Section 138

(1) Mixed financial holding companies as referred to in Section 126 shall, in the stipulated manner and at the stipulated times, produce and submit to Národná banka Slovenska reports and statements containing data and information for the purposes of supplementary supervision pursuant to Sections 130(2), 131(1) and 132(1); in a measure promulgated in the Collection of Laws, Národná banka Slovenska shall stipulate the structure, scope, content, form and layout of these reports, when, how, in what manner and where they are to be submitted, and instructions for their preparation.

(2) The data and information contained in the statements and reports must be comprehensible, transparent and conclusive; they must give a true picture of the reported facts, and must be submitted in due time. If the submitted statements and reports do not comply with the stipulated methodology or if there are reasons to doubt their accuracy or completeness, the mixed financial holding company shall, upon request, submit to Národná banka Slovenska any document and give an explanation within the time limit set by Národná banka Slovenska.

TITLE FOUR
PENALTIES AND RECOVERY MEASURES

Section 139
Penalties

(1) Where Národná banka Slovenska reveals any shortcomings in the business of an insurance or reinsurance undertaking, or of a branch of a foreign insurance or reinsurance undertaking, consisting in non-compliance with the conditions set out in Section 7 or Sections 9 to 11 or in a decision on prior approval, or with the conditions or obligations arising from other decisions of Národná banka Slovenska or of another group supervisor imposed on the insurance or reinsurance undertaking or on the branch of a foreign insurance or reinsurance undertaking, in any violation or avoidance of other provisions of this Act, other legislation,[67] or other legislation of general application pertaining to the exercise of supervision or the conduct of insurance or reinsurance business, or where Národná banka Slovenska finds that business conducted by the insurance or reinsurance undertaking or by the branch of a foreign insurance or reinsurance undertaking may jeopardise the interests of its customers, Národná banka Slovenska may,

according to the gravity, extent, duration, nature and consequences of the shortcomings identified, take any of the following actions:

(a) require the insurance or reinsurance undertaking, or the branch of a foreign insurance or reinsurance undertaking, to adopt measures to eliminate or remedy the shortcomings identified;
(b) require the insurance or reinsurance undertaking, or the branch of a foreign insurance or reinsurance undertaking, to submit certain reports and statements;
(c) require the insurance or reinsurance undertaking, or the branch of a foreign insurance or reinsurance undertaking, to release a correction for any incomplete, inaccurate, or untrue information it has published in compliance with the disclosure requirement stipulated by law;
(d) require the insurance or reinsurance undertaking, or the branch of a foreign insurance or reinsurance undertaking, to stop conducting any unauthorised business;
(e) impose a fine of EUR 1,000 to EUR 1,000,000 on the insurance or reinsurance undertaking, or on the branch of a foreign insurance or reinsurance undertaking;
(f) restrict or suspend the authorisation of the insurance or reinsurance undertaking, or of the branch of a foreign insurance or reinsurance undertaking, to conclude an insurance or reinsurance contract or to extend its commitments;
(g) restrict or suspend the authorisation of the insurance or reinsurance undertaking, or of the branch of a foreign insurance or reinsurance undertaking, to deal freely in assets;
(h) withdraw the authorisation of the insurance undertaking or of the branch of a foreign insurance undertaking to conduct certain insurance business, reduce the range of insurance business in certain insurance classes, or withdraw its authorisation to conduct life or non-life insurance business where the undertaking or branch is involved in both life and non-life insurance;
(i) require the insurance or reinsurance undertaking, or the branch of a foreign insurance or reinsurance undertaking, to correct its accounting books or other records;
(j) require the insurance or reinsurance undertaking to settle any losses from share capital management, subsequent to the use of retained earnings from previous years and funds created from profits;
(k) require the insurance or reinsurance undertaking, or the branch of a foreign insurance or reinsurance undertaking, to adopt measures to increase its technical provisions up to the level specified in Sections 37 to 44;
(l) place the insurance or reinsurance undertaking or the branch of a foreign insurance or reinsurance undertaking under receivership (hereinafter ‘receivership’);
(m) withdraw the authorisation of the insurance or reinsurance undertaking, or of the branch of a foreign insurance or reinsurance undertaking, to conduct insurance or reinsurance business in the territory of the Slovak Republic, for reasons specified in Section 159;
(n) require the insurance or reinsurance undertaking, or the branch of a foreign insurance or reinsurance undertaking, to adopt recovery measures in accordance with Section 141.

(2) Where Národná banka Slovenska reveals any shortcomings in the business of an insurance or reinsurance undertaking from another Member State, consisting in non-compliance

with or circumvention of the provisions of this Act, other laws, or other legislation of general application pertaining to such business or where Národná banka Slovenska finds that such business in the territory of the Slovak Republic may jeopardise the interests of its customers, Národná banka Slovenska may, according to the gravity, extent, duration, nature and consequences of the shortcomings identified, take any of the following actions:

(a) require the insurance or reinsurance undertaking from another Member State to adopt measures to eliminate or remedy the shortcomings identified;
(b) require the insurance or reinsurance undertaking from another Member State to release a correction for any incomplete, inaccurate, or untrue information it has published in accordance with the disclosure requirement stipulated by law;
(c) require the insurance or reinsurance undertaking from another Member State to submit certain statements and reports;
(d) impose a fine of EUR 1,000 to EUR 1,000,000 on the insurance or reinsurance undertaking from another Member State;
(e) require the insurance or reinsurance undertaking from another Member State to stop conducting any unauthorised business;
(f) restrict or suspend the authorisation of the insurance or reinsurance undertaking from another Member State to conclude an insurance or reinsurance contract or to extend its commitments.

(3) Where Národná banka Slovenska reveals any shortcomings in the activities of the Slovak Insurers' Bureau consisting in non-compliance with the conditions set out in other legislation,[68] Národná banka Slovenska may, according to the gravity, extent, duration, nature and consequences of the shortcomings identified, impose a penalty on the Slovak Insurers' Bureau in accordance with paragraph 1(a), (b), (e), and (i).

(4) Where Národná banka Slovenska finds that an unauthorised person performs activities that are subject to authorisation under this Act, Národná banka Slovenska may, according to the gravity, extent, duration, nature and consequences of the shortcomings identified, impose a fine of EUR 1,000 to EUR 1,000,000 on that person and report the case to the competent law enforcement authority.[34]

(5) Národná banka Slovenska may impose upon a legal person subject to group supervision, according to the gravity, extent, duration, nature and consequences of the shortcomings identified, a fine of EUR 1,000 to EUR 1,000,000 or a non-financial penalty in accordance with paragraph 1 where:

(a) the legal person does not enable on-site inspections to be carried out;
(b) the legal person does not provide the required statements and reports for the purposes of group supervision;
(c) the legal person provides incorrect, untrue or incomplete statements and reports, or fails to meet the deadlines set for their submission;

(d) the legal person fails to meet the obligations arising from the provisions pertaining to group supervision over insurance and reinsurance undertakings.

(6) Národná banka Slovenska may impose a fine for any breach of obligations arising from this Act or other legislation of general application governing supervision or the conduct of insurance or reinsurance business on an individual basis, within a group or within a financial conglomerate, or from the statutes of an insurance or reinsurance undertaking, or for any breach of the conditions or obligations imposed by a decision issued by Národná banka Slovenska, depending on the gravity, extent, duration, nature and consequences of the shortcomings identified, upon the following persons:

(a) members of the management board or supervisory board of an insurance or reinsurance undertaking, the head or deputy head of a branch of a foreign insurance or reinsurance undertaking, receivers and deputy receivers, members of a mixed financial company's management board or senior managers under Section 126(1)(b) to (e), and the procurator may receive a fine of up to twelve times the monthly average of their total income received from an insurance or reinsurance undertaking, from a branch of a foreign insurance or reinsurance undertaking, or from persons in to the same group or persons constituting a financial conglomerate to which the insurance or reinsurance undertaking or the branch of a foreign insurance or reinsurance undertaking belongs;
(b) natural persons other than those mentioned in point (a) controlling an insurance or reinsurance undertaking or natural persons having key functions may receive a fine of up to 50% of twelve times the monthly average of their total income received from an insurance or reinsurance undertaking, from a branch of a foreign insurance or reinsurance undertaking, or from the group to which the insurance or reinsurance undertaking or the branch of a foreign insurance or reinsurance undertaking belongs.

(7) If Národná banka Slovenska finds that a person has carried out an act for which prior approval from Národná banka Slovenska is required, without such approval, Národná banka Slovenska may, according to the gravity, extent, duration, nature and consequences of the shortcoming revealed, impose a fine of EUR 1,000 to EUR 35,000 on that person.

(8) Národná banka Slovenska may impose a penalty in accordance with paragraph 1(g) where an insurance or reinsurance undertaking or a branch of a foreign insurance or reinsurance undertaking fails to meet its obligations referred to in Sections 37 to 44 or where a situation occurs as described in Sections 144(9) and 145(3). In the case of an insurance or reinsurance undertaking operating in the territory of another Member State, Národná banka Slovenska shall report its intention in advance and, after imposing a penalty, inform the competent supervisory authority of the host Member State without undue delay. Národná banka Slovenska shall determine the assets to which the measures imposed will apply. If an insurance or reinsurance undertaking has assets located in another Member State, Národná banka Slovenska may request the competent supervisory authority to impose measures to restrict or prohibit free dealing in those assets.

(9) Národná banka Slovenska shall, if requested by the competent supervisory authority of another Member State, impose a measure to restrict or prohibit free dealing in the assets of an insurance or reinsurance undertaking from that Member State for the type of assets which were determined for this purpose by the supervisory authority of the Member State concerned.

(10) Insurance and reinsurance undertakings, branches of foreign insurance and reinsurance undertakings, and mixed financial holding companies as referred to in Section 126(1)(b) to (e) shall promptly recall or have recalled a natural person who, due to the imposition of a fine on that person, has ceased to be of good repute.

(11) Penalties and measures referred to in paragraphs 1 to 9 may be imposed separately or concurrently, and repeatedly. Penalties and measures under paragraphs 1 to 9 may be imposed within two years from the identification of shortcomings, but no later than ten years after their occurrence. A fine as referred to in paragraph 7 may be imposed within one year from the identification of shortcomings, but no later than three years after their occurrence. The time limits mentioned in the second and third sentences shall be interrupted when an event giving rise to such interruption under other legislation[69] occurs, and a new limitation period will begin to lapse from the time of interruption. Shortcomings recorded in an on-site inspection protocol shall be deemed to be identified from the completion of the on-site inspection under other legislation.[70]

(12) Národná banka Slovenska may, even outside penalty proceedings, discuss any shortcomings identified in the business of an insurance or reinsurance undertaking with the members of the management board of that undertaking, or shortcomings in the business of a branch of a foreign insurance or reinsurance undertaking with the head of that branch, with the members of the supervisory board of the foreign insurance or reinsurance undertaking, with its managers, or with persons in key function who are obliged to cooperate with Národná banka Slovenska upon request.

(13) Národná banka Slovenska shall, without undue delay, report each penalty or measure imposed on a branch of a foreign insurance or reinsurance undertaking under paragraph 1 to the competent supervisory authority of the country in which the foreign insurance or reinsurance undertaking whose branch has been imposed upon a penalty or measure under paragraph 1 has its registered office.

(14) The provisions of paragraphs 1 to 12 apply *mutatis mutandis* to insurance holding companies established in the Slovak Republic, as well as to mixed insurance holding companies established in the Slovak Republic.

(15) A fine as referred to in paragraphs 1 to 7 shall be payable within 30 days from the effective date of the decision imposing the fine. Such fines shall constitute a state budget revenue.

Section 140
Penalties against financial conglomerates

(1) Národná banka Slovenska may, according to the gravity, extent, duration, nature and consequences of the shortcomings identified, impose a fine of EUR 1,000 to EUR 1,000,000 on a mixed-activity holding company that is part of a financial conglomerate over which Národná banka Slovenska exercises supplementary supervision, where:

(a) the company does not enable on-site inspections to be carried out;
(b) the company fails to supply the requested statements and reports for the purposes of supplementary supervision;
(c) the company provides incorrect, untrue or incomplete statements and reports, or fails to meet the deadlines set for their submission;
(d) the company fails to discharge its obligations stipulated in Sections 130 to 133.

(2) Where the solvency of a financial conglomerate is at risk or where the maintenance of a sufficient amount of own funds is at risk in a financial conglomerate that is subject to supplementary supervision, Národná banka Slovenska may take any of the following measures:

(a) impose measures to ensure the recovery of the financial conglomerate;
(b) restrict or suspend the conduct of certain intra-group transactions.

(3) Where a person supervised by Národná banka Slovenska under Section 79(1) belongs to a financial conglomerate, Národná banka Slovenska may impose a penalty under Section 139 on the basis of a notification received from the competent supervisory authority of another Member State which is responsible for supervising the financial conglomerate to which the persons referred to in Section 79(1) belongs.

(4) If Národná banka Slovenska has imposed a penalty on a person as referred to in Section 79(1) which belongs to a financial conglomerate that is subject to supervision by the supervisory authority of another Member State, and if the imposition of such penalty is of significance for the exercise of supplementary supervision, Národná banka Slovenska shall report this fact to the supervisory authority of the Member State concerned.

Section 141
Recovery measures

(1) A recovery measure taken by an insurance or reinsurance undertaking, or by a branch of a foreign insurance or reinsurance undertaking, means any of the following measures:

(a) the introduction of a recovery programme as referred to in Section 144 or of a financial plan as referred to in Section 145;

(b) the restriction or suspension of the payment of dividends, royalties and other shares in profit, remuneration, or non-monetary benefits to shareholders, members of the management board, members of the supervisory board, the procurator, and other employees of the insurance or reinsurance undertaking or of the branch of a foreign insurance or reinsurance undertaking;
(c) the restriction or suspension of salary increases for members of the management board, members of the supervisory board, the procurator, and other employees of the insurance or reinsurance undertaking or of the branch of a foreign insurance or reinsurance undertaking;
(d) the introduction of monitoring of the financial position of the insurance or reinsurance undertaking, or of the branch of a foreign insurance or reinsurance undertaking at intervals set by Národná banka Slovenska;
(e) the adoption of measures designed to improve risk management;
(f) the imposition of a capital add-on on the insurance or reinsurance undertaking, or on the branch of a foreign insurance or reinsurance undertaking in accordance with Section 142;
(g) the requirement to transfer the insurance or reinsurance portfolio or part thereof to another insurance or reinsurance undertaking or to a branch of a foreign insurance or reinsurance undertaking in accordance with Section 156 or 157;
(h) the requirement to use parameters that are characteristic of the insurance or reinsurance undertaking or of the branch of a foreign insurance or reinsurance undertaking in accordance with Section 53;
(i) the announcement of the solvency capital requirement estimated according to the standard formula where the use of an internal model has been approved by Národná banka Slovenska;
(j) the introduction of a realistic plan to extend the range of the partial internal model in accordance with Section 54;
(k) the requirement to calculate the solvency capital requirement for the insurance or reinsurance undertaking, or for the branch of a foreign insurance or reinsurance undertaking, according to the standard formula, where the plan proposed under Section 56 to restore the internal model's compliance with the requirements laid down in Sections 57 to 61, is not observed;
(l) the requirement to calculate the solvency capital requirement for the insurance or reinsurance undertaking, or for the branch of a foreign insurance or reinsurance undertaking, on the basis of a full and partial internal model, where the standard formula is not suitable for the calculation of the solvency capital requirement owing to the existence of significant deviations in the risk profile of that undertaking or branch from the assumptions of the standard formula;
(m) the requirement to transfer eligible basic own-fund items in accordance with Section 73(9).

(2) Národná banka Slovenska may require an insurance or reinsurance undertaking or a branch of a foreign insurance or reinsurance undertaking to transfer its insurance or reinsurance portfolio or part thereof as referred to in paragraph 1(g), if that undertaking or branch has not implemented the measures imposed by Národná banka Slovenska in connection with the threat to the ability of the undertaking or branch to discharge its obligations arising from insurance contracts or reinsurance contracts, or in connection with the imposition of receivership, or in connection with the suspension of conclusion of insurance contracts or reinsurance contracts and the extension of

obligations, or in connection with the withdrawal of authorisations to conduct insurance or reinsurance business. The insurance or reinsurance undertaking or the branch of a foreign insurance or reinsurance undertaking shall submit to Národná banka Slovenska for approval a draft proposal for the transfer of its insurance or reinsurance portfolio or part thereof within three months from the effective date of the transfer decision. If the insurance or reinsurance undertaking or the branch of a foreign insurance or reinsurance undertaking fails to find a transferee insurance or reinsurance undertaking or a transferee branch of a foreign insurance or reinsurance undertaking, it shall justify this fact to Národná banka Slovenska. The proposal must include a statement from the transferee insurance or reinsurance undertaking or from the transferee branch of a foreign insurance or reinsurance undertaking confirming that it agrees to the transfer of the insurance or reinsurance portfolio or part thereof.

(3) The transfer of an insurance portfolio or of a reinsurance portfolio by Národná banka Slovenska under paragraph 2 is subject *mutatis mutandis* to the provisions of Section 157.

Section 142
Capital add-on

(1) Národná banka Slovenska may, in exceptional circumstances, set a capital add-on for an insurance or reinsurance undertaking or for a branch of a foreign insurance or reinsurance undertaking. Národná banka Slovenska may impose a capital add-on where:

(a) the risk profile of the insurance or reinsurance undertaking, or of the branch of a foreign insurance or reinsurance undertaking, deviates significantly from the assumptions underlying the solvency capital requirement, as calculated using the standard formula and:
   1. the requirement to use an internal model under Section 141(1)(l) is inappropriate or has been ineffective; or
   2. a partial or full internal model has not yet been approved;
(b) the risk profile of the insurance or reinsurance undertaking, or of the branch of a foreign insurance or reinsurance undertaking, deviates significantly from the assumptions underlying the solvency capital requirement, as calculated using an internal model or a partial internal model, because certain quantifiable risks are captured insufficiently and the adaptation of the internal model to better reflect the given risk profile has failed within an appropriate timeframe;
(c) the system of governance of the insurance or reinsurance undertaking, or of the branch of a foreign insurance or reinsurance undertaking, deviates significantly from the standards laid down in Sections 23 to 30, and those deviations prevent the undertaking or branch from being able to properly identify, measure, monitor, manage and report the risks it is or could be exposed to and the application of penalties or other measures is in itself unlikely to improve the deficiencies within an appropriate timeframe; or
(d) the insurance or reinsurance undertaking applies matching adjustments as referred to in Section 40, volatility adjustments as referred to in Section 42, or transitional measures as referred to

in Sections 203 and 204, and the risk profile of the undertaking deviates significantly from the assumptions underlying those adjustments and transitional measures.

(2) The capital add-on referred to in paragraph 1(a) and (b) shall be calculated in such a way as to ensure that the insurance or reinsurance undertaking or the branch of a foreign insurance or reinsurance undertaking complies with the provisions of Section 48(3) and (4). The capital add-on referred to in paragraph 1(c) shall be proportionate to the material risks arising from the deficiencies which gave rise to the decision of Národná banka Slovenska to set the add-on. The capital add-on referred to in paragraph 1(d) shall be proportionate to the material risks arising from the adjustment applied or from the transitional measures.

(3) Where Národná banka Slovenska has imposed a capital add-on under paragraph 1(b) and (c), the insurance or reinsurance undertaking or the branch of a foreign insurance or reinsurance undertaking shall remedy the deficiencies that led to the imposition of the capital add-on.

(4) Národná banka Slovenska shall review the capital add-on referred to in paragraph 1 at least once a year. Národná banka Slovenska shall remove the capital add-on as soon as the insurance or reinsurance undertaking or the branch of a foreign insurance or reinsurance undertaking has remedied the deficiencies which led to its imposition.

(5) For the purpose of calculating the risk margin referred to in Section 38(5), the solvency capital requirement shall not include the capital add-on imposed in accordance with paragraph 1(c).

Section 143
Information for the European Supervisory Authority

(1) Národná banka Slovenska shall supply annually the European Supervisory Authority with the following information:

(a) the number of capital adds-on imposed by Národná banka Slovenska;
(b) the average capital add-on per insurance or reinsurance undertaking;
(c) the total amount of capital adds-on imposed by Národná banka Slovenska during the previous year as a percentage of the total solvency capital requirement;
(d) the number of insurance and reinsurance undertakings supplying Národná banka Slovenska with information on a regular basis under Section 79(13), and the amount of their capital requirements, insurance premiums, technical provisions, and assets expressed individually as a percentage of the total volume of capital requirements, premiums, technical provisions, and assets of insurance and reinsurance undertakings;
(e) the number of insurance and reinsurance undertakings supplying information broken down by item under Section 79(16), and the amount of their capital requirements, insurance premiums, technical provisions, and assets expressed individually as a percentage of the total volume of

capital requirements, premiums, technical provisions, and assets of insurance and reinsurance undertakings;

(f) the number of groups supplying Národná banka Slovenska with information on a regular basis under Section 115(3), and the amount of their capital requirements, insurance premiums, technical provisions, and assets expressed individually as a percentage of the total volume of capital requirements, premiums, technical provisions, and assets of all groups;

(g) the number of insurance and reinsurance undertakings supplying information broken down by item under Section 115(4), and the amount of their capital requirements, insurance premiums, technical provisions, and assets expressed individually as a percentage of the total volume of capital requirements, premiums, technical provisions, and assets of all groups.

(2) The data referred to in paragraph 1(a) to (c) shall be reported separately for:

(a) all insurance and reinsurance undertakings;
(b) insurance undertakings engaged in the life insurance business;
(c) insurance undertakings engaged in the non-life insurance business;
(d) insurance undertakings engaged in the life and non-life insurance business;
(e) reinsurance undertakings.

(3) The data referred to in paragraphs 1 and 2 shall also be reported in a breakdown according to Section 142(1).

(4) Národná banka Slovenska shall inform the European Supervisory Authority of each case when an authorisation is granted to, or withdrawn from, an insurance or reinsurance undertaking.

(5) Národná banka Slovenska shall, in accordance with other legislation,[70a] inform the European Supervisory Authority about all applications to use or change an internal model. Národná banka Slovenska may request the European Supervisory Authority for technical assistance.

Section 144
Non-compliance with the solvency capital requirement

(1) Insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings shall, without undue delay, inform Národná banka Slovenska as soon as they have ceased to meet the solvency capital requirement or when they are likely to fail to meet it in the next three consecutive months; insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings shall suspend the payment of dividends, bonuses and other shares in profit, remuneration, and non-monetary compensation to shareholders, members of the statutory body, and members of the supervisory board.

(2) Insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings shall submit to Národná banka Slovenska a recovery plan for approval

within two months of the date when they cease to meet the solvency capital requirement. The recovery plan submitted must be based on realistic assumptions.

(3) Národná banka Slovenska shall require an insurance or reinsurance undertaking or a branch of a foreign insurance or reinsurance undertaking to adopt appropriate measures to replenish its eligible own funds to a level covering the solvency capital requirement or to reduce its risk profile with the aim of meeting the solvency capital requirement; the undertaking or branch shall do so within six months from when it ceased to meet the solvency capital requirement. Národná banka Slovenska may extend the time limit for the adoption of such measures by three months.

(4) Where an emergency situation occurs and affects adversely an insurance or reinsurance undertaking with a significant market share or with a significant share in the lines of business concerned, and the European Supervisory Authority releases information about the situation at the request of the supervisory authority concerned, Národná banka Slovenska may extend the time limit for the adoption of measures under paragraph 3 by up to seven years. When the time limit is extended, all relevant factors shall be taken into account, including the average duration of technical provisions.

(5) An emergency situation occurs when the financial position of an insurance or reinsurance undertaking with a significant share in the market or in the lines of business concerned is severely and adversely affected by one or more of the following conditions:
(a) an unpredictable, massive and sharp downturn in the financial market;
(b) persisting low interest rates;
(c) a catastrophic event with profound consequences.

(6) Národná banka Slovenska may request the European Supervisory Authority to announce an emergency situation where an insurance or reinsurance undertaking with a significant share in the market or in the lines of business concerned is unlikely to replenish its eligible own funds to a level covering the solvency capital requirement or to reduce its risk profile with the aim of meeting the solvency capital requirement. Národná banka Slovenska shall cooperate with the European Supervisory Authority in assessing at regular intervals whether the conditions for such emergency situation persist and in bringing that situation to an end.

(7) Insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings shall submit to Národná banka Slovenska quarterly reports on their business, including the measures adopted and the improvement made to comply with the solvency capital requirement.

(8) Národná banka Slovenska shall cancel the time limit extension referred to in paragraph 3 where the report mentioned in paragraph 7 indicates that the relevant insurance or reinsurance undertaking or branch of a foreign insurance or reinsurance undertaking has failed to achieve a

major improvement in covering the solvency capital requirement with eligible own funds or that the risk profile has not been reduced to a significant extent with the aim of meeting the solvency capital requirement, between the date when solvency capital requirement was ceased to be met and the date when the report mentioned in paragraph 7 was submitted.

(9) If, in extraordinary circumstances, Národná banka Slovenska finds that the financial position of an insurance or reinsurance undertaking or of a branch of a foreign insurance or reinsurance undertaking is likely to deteriorate still further, it may impose a measure in accordance with Section 139(1)(g). Národná banka Slovenska shall determine the assets to which this measure will apply.

(10) A recovery plan shall contain:

(a) the estimated management costs, mainly current expenses and provisions;
(b) the estimated income and expenses related to insurance business and to assumed or assigned reinsurance;
(c) the estimated balance sheet;
(d) the estimated sources of finance earmarked for the coverage of technical provisions, the solvency capital requirement, and the minimum capital requirement;
(e) the strategy of reinsurance;
(f) other data and information on the manner of meeting the solvency capital requirement.

(11) If an insurance or reinsurance undertaking or a branch of a foreign insurance or reinsurance undertaking is obliged to draw up a recovery plan, Národná banka Slovenska shall issue a rejecting decision under Section 141(1)(g) or Section 158(3) where the rights of insurers or the contractual obligations of reinsurers are at risk.

(12) Národná banka Slovenska shall inform the competent supervisory authorities of the host Member States of any measures it has imposed in connection with the non-fulfilment of the solvency capital requirement.

Section 145
Non-compliance with the minimum capital requirement

(1) Insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings shall, without undue delay, inform Národná banka Slovenska as soon as they have ceased to meet the minimum capital requirement or when they are likely to fail to meet it in the next three consecutive months; insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings shall suspend the payment of dividends, bonuses and other shares in profit, remuneration, and non-monetary compensation to shareholders, members of the statutory body, and members of the supervisory board.

(2) Insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings shall submit a short-term financial plan to Národná banka Slovenska for approval, within one months of the date when they cease to meet the minimum capital requirement. The financial plan submitted must be based on realistic assumptions. Within three months of the date when non-compliance with the minimum capital requirement is observed, insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings shall increase their eligible basic own funds or reduce their risk profiles in order to comply with the minimum capital requirement again.

(3) Where an insurance or reinsurance undertaking or a branch of a foreign insurance or reinsurance undertaking fails to comply with the minimum capital requirement, Národná banka Slovenska may impose a measure in accordance with Section 139(1)(g). Národná banka Slovenska shall determine the assets to which that measure will apply.

(4) A financial plan shall contain:

(a) the expected management costs, mainly current expenses and provisions;
(b) the estimated income and expenses related to insurance business and to assumed and assigned reinsurance;
(c) the expected balance sheet;
(d) the estimated sources of finance earmarked for the coverage of technical provisions, the solvency capital requirement, and the minimum capital requirement;
(e) the strategy of reinsurance;
(f) other data and information on the manner of meeting the minimum capital requirement.

(5) If an insurance or reinsurance undertaking or a branch of a foreign insurance or reinsurance undertaking is obliged to draw up a financial plan, Národná banka Slovenska shall issue a rejecting decision under Section 141(1)(g) or Section 158(3) where the rights of insurers or the contractual obligations of reinsurers are at risk.

(6) Národná banka Slovenska shall inform the competent supervisory authorities of the host Member States of any measures it has imposed in connection with the non-fulfilment of the minimum capital requirement.

Section 146
Suspension of the conclusion of insurance or reinsurance contracts and of the extension of obligations

(1) Národná banka Slovenska may suspend the conclusion of insurance or reinsurance contracts and the extension of obligations for an insurance or reinsurance undertaking or a branch of a foreign insurance or reinsurance undertaking if the ability of that insurance or reinsurance undertaking or that branch a foreign insurance or reinsurance undertaking to discharge obligations

arising from such contracts is at risk or if the penalties imposed by Národná banka Slovenska under Section 139 has not led to an improvement in its economic situation. Národná banka Slovenska may also suspend the conclusion of insurance or reinsurance contracts and the extension of obligations for an insurance or reinsurance undertaking or a branch of a foreign insurance or reinsurance undertaking in connection with the imposition of receivership.

(2) Suspension as referred to in paragraph 1 may apply to the conclusion of insurance contracts relating to any or all of the insurance types within the individual classes for which the insurance undertaking concerned has been authorised. Národná banka Slovenska shall announce such suspension in at least one daily publication with nationwide circulation, without undue delay. The entities requested by Národná banka Slovenska to publish this announcement shall have the duty to do so. In the case of a branch of a foreign insurance or reinsurance undertaking, Národná banka Slovenska shall report the suspension referred to in paragraph 1 to the competent supervisory authority of the Member State in which the foreign insurance or reinsurance undertaking that has established the branch has its registered office.

Section 147
Receivership

(1) Receivership is a restructuring and reorganisation measure through which the existing rights of third persons may be affected. It includes the possibility of suspending or reducing the payment of insurance claims or benefits.

(2) The purpose of receivership imposed on an insurance or reinsurance undertaking is in particular:

(a) to suspend the performance of functions by the management bodies responsible for the undertaking's worsening economic situation;
(b) to eliminate the most serious shortcomings in the undertaking's business and management with the aim of stopping the deterioration in its economic situation;
(c) to determine the true condition of the undertaking in all areas of its business and economic performance;
(d) to protect the rights of the undertaking's customers against the occurrence of or increase in any loss;
(e) to require that a recovery regime is adopted where it is reasonable to assume that the adoption of such regime will create conditions for the economic recovery of the undertaking concerned, including organisational measures for the restoration of its solvency and for its gradual stabilisation, mainly in cooperation with the shareholders exercising control over the undertaking;
(f) to ensure conditions, where necessary, for the enforcement of the claims of customers;
(g) to perform the necessary acts leading to the making of a bankruptcy order or to entry into liquidation, if required by the economic situation of the undertaking concerned.

(3) Národná banka Slovenska may impose receivership where an insurance or reinsurance undertaking has not implemented the measures of a recovery plan under Section 144 or where Národná banka Slovenska has rejected the recovery plan proposed or where shortcomings in the undertaking's business pose a threat to its safe functioning or constitute a serious and permanent threat to the rights or legally protected interests of its customers or where any other major shortcoming is revealed in the business of the insurance or reinsurance undertaking concerned.

(4) Receivership shall become effective from the moment of delivery of a decision imposing receivership; it shall have immediate effect on the insurance or reinsurance undertaking concerned, as well as on other related persons. The commencement of receivership shall not be announced.

(5) A decision imposing receivership shall be effective and enforceable in all Member States of the European Union.

(6) A foreign restructuring measure with a similar purpose and impact upon the existing rights of third persons as the purpose and impact of receivership imposed in another Member State on an insurance or reinsurance undertaking from another Member State shall, from the moment of its introduction, also apply to its branches established in the territory of the Slovak Republic and shall also be effective in relation to third persons in the territory of the Slovak Republic. A foreign restructuring measure imposed in another Member State on a branch of a foreign insurance or reinsurance undertaking shall, from the moment of its imposition, also be effective in relation to third persons in the territory of the Slovak Republic. A foreign restructuring measure introduced in another Member State shall be implemented in the territory of the Slovak Republic and its effects managed in accordance with legislation of that Member State, unless otherwise provided by paragraphs 1 to 5, 7, and 8 and by Sections 148 to 155 of this Act.

(7) Národná banka Slovenska shall, without undue delay, ensure the announcement of a decision introducing a foreign restructuring measure under paragraph 6, which was reported by the competent supervisory authority of another Member State.

(8) Národná banka Slovenska shall promptly ensure the announcement of a decision imposing receivership, including instructions on how to file an appeal and the purpose of receivership, in the Journal of Národná banka Slovenska, in at least two daily publications with nationwide circulation, and on the publicly accessible premises of the registered office of the insurance or reinsurance undertaking in receivership and in all of its branches; the persons requested by Národná banka Slovenska to publish this announcement shall have the duty to do so. Where an insurance or reinsurance undertaking having a branch in another Member State is placed in receivership, Národná banka Slovenska shall forthwith ensure the announcement of the decision imposing receivership, including instructions on how to file an appeal and the purpose of

receivership, in the Official Journal of the European Union. The disclosure of such information shall have no impact on the effects of that receivership.

(9) Národná banka Slovenska shall, without undue delay, inform the relevant supervisory authorities of other Member States of the imposition of receivership on an insurance or reinsurance undertaking. The information shall include the effects of receivership.

(10) If, during the supervision of a branch of an insurance or reinsurance undertaking from another Member State under Section 79(1), Národná banka Slovenska finds reasons for the imposition of a foreign restructuring measure on the insurance or reinsurance undertaking from another Member State to which that branch belongs, it shall inform the competent supervisory authority of the Member State concerned.

(11) Receivership imposed upon a branch of a foreign insurance or reinsurance undertaking is subject *mutatis mutandis* to paragraphs 1 to 8 and Sections 148 to 155.

Section 148

(1) Receivership in an insurance or reinsurance undertaking shall be conducted by a receiver and the receiver's deputies. A receiver and at most three deputy receivers shall be appointed and recalled by Národná banka Slovenska. Receivers and deputy receivers may also be appointed for a definite period.

(2) The appointment of a receiver or a deputy receiver to conduct receivership and of persons to implement a foreign restructuring measure in an insurance or reinsurance undertaking from another Member State shall be certified with an original document of appointment or a certificate issued by Národná banka Slovenska or by the competent supervisory authority of the Member State concerned. The translation of such documents into the official language of another Member State shall not be required to be officially certified, nor shall a similar procedure be required.

(3) A receiver may be a natural or legal person as defined in paragraph 5, whereas a deputy receiver may only be a natural person. Where the receiver or deputy receiver is a natural person, they must have the required professional competence. The professional competence of receivers and deputy receivers is subject *mutatis mutandis* to the provisions of Section 24.

(4) A receiver or a deputy receiver may not be a natural person who:

(a) is or was an employee of Národná banka Slovenska at any time during the period of two years preceding the imposition of receivership;
(b) has been convicted by a final judgement of a crime committed in the performance of managerial duties or of an intentional crime, and who is therefore not of good repute;

(c) held the position of a member of the supervisory board or management board, or held any other managerial position or performed another key function, at the insurance or reinsurance undertaking under receivership at any time during the three years preceding the imposition of receivership;
(d) provided audit services to the insurance or reinsurance undertaking under receivership, without expressing any reservations on the business of that undertaking, at any time during the one-year period preceding the imposition of receivership;
(e) has a special relationship as defined in Section 161(5) with the insurance or reinsurance undertaking under receivership;
(f) is a debtor or creditor of the insurance or reinsurance undertaking under receivership;
(g) is an employee or a member of the management board or of the supervisory body of a legal person which is a debtor or creditor of the insurance or reinsurance undertaking under receivership;
(h) is a member the management board or of the supervisory body of another insurance or reinsurance undertaking, the head or deputy head of a branch of a foreign insurance or reinsurance undertaking.

(5) A receiver, if a legal person, may only be a legal person established for the joint conduct of counselling-at-law or as an audit company under other legislation,[71] provided that this legal person has insurance against liability for damage caused in connection with its business[71] when conducting receivership and acting in the capacity of a receiver, and provided that the partners of this legal person, the statutory body, members of the statutory body, and members of the supervisory body of this legal person, or employees of this legal person include no natural person who may not be a receiver under paragraph 4. Where the receiver is a legal person, no deputy receiver shall be appointed and such legal person may conduct receivership only through persons who satisfy the conditions of paragraph 3 and are not excluded under paragraph 4.

(6) A receiver shall be authorised to manage an insurance or reinsurance undertaking and its employees. The powers of a receiver shall be delimited by this Act or by a contract concluded under Section 151(1) of this Act. The receiver shall be bound by limitations imposed by Národná banka Slovenska in a decision on receivership or in a contract concluded under Section 151(1).

(7) The deputy receiver shall be liable to the receiver for that part of the insurance or reinsurance undertaking's business that has been assigned to them and shall be accountable to the receiver throughout the receivership. The deputy receiver's powers shall be specified in a contract concluded in accordance with Section 151(1). With the prior approval of Národná banka Slovenska, the receiver may empower one of their deputies to perform acts on their behalf, on the basis of a written power of attorney signed and verified in accordance with other legislation;[72] such prior approval may be expressed directly in a contract concluded under Section 151(1).

(8) When conducting receivership in the territory of another Member State, a receiver and their deputy shall proceed in accordance with laws of that Member State, especially when realising assets and providing information to employees.

(9) A person implementing a foreign restructuring measure imposed in another Member State and their deputy shall have, during the implementation of that foreign restructuring measure, the same legal status and shall be authorised to exercise all powers in the territory of the Slovak Republic as in conducting receivership in the territory of the Member State in which the restructuring measure was imposed. In exercising their powers, however, they shall proceed in compliance with the laws and other legislation of general application of the Slovak Republic, in particular in realising assets and providing information to employees.

(10) With the prior approval of Národná banka Slovenska, a receiver conducting receivership may, in order to accelerate the solution of serious problems in the insurance or reinsurance undertaking in receivership, hire professional advisers; such prior approval may be expressed directly in a contract concluded under Section 151(1). A professional adviser may only be a professionally qualified natural person. The qualifications of a professional adviser are subject *mutatis mutandis* to the provisions of Section 24. A natural person as described in paragraph 4 may not become a professional adviser.

(11) The office of a receiver and their deputies shall terminate on the day when the receivership ends or the period for which they were appointed expires, or when they are recalled from office. A receiver or a deputy receiver may be recalled on the basis of a violation of this Act or of other legislation of general application in connection with the conduct of receivership, or on the basis of a breach of a contract concluded under Section 151(1).

Section 149

(1) The imposition of receivership upon an insurance or reinsurance undertaking shall suspend the performance of the functions of all bodies and managers and the powers of the management board and the supervisory board shall pass to the receiver. While the undertaking is in receivership, the term of office of the members of its management board and supervisory board shall not lapse. This shall not preclude the right of the management board to appeal against the decision to impose receivership. In performing the duties of the management board and the supervisory board, the receiver is not be subject to other legislation.[73]

(2) The receiver may convene and chair a general meeting of the insurance or reinsurance undertaking in receivership, and to submit proposals. A general meeting may take decisions only with the prior approval of Národná banka Slovenska.

(3) The receiver may take any measure to facilitate the gradual stabilisation of the insurance or reinsurance undertaking in receivership and the restoration of the solvency of that undertaking, in particular to manage receivables and other property items, to transfer an insurance or reinsurance portfolio or part thereof under Section 157 or 158, to sell a branch or any other organisational unit of the undertaking in receivership or part thereof at a reasonable price, to close a branch or any other organisational unit of the undertaking or to terminate its business; this shall be without prejudice to the provisions of Section 77(1). These measures shall not be subject to approval by the general meeting of the undertaking in receivership.

(4) The receiver shall, no later than 30 days after the imposition of receivership, submit to Národná banka Slovenska a recovery programme for the insurance or reinsurance undertaking placed in receivership, or propose another solution for the situation in the undertaking.

(5) If the financial position of an insurance or reinsurance undertaking deteriorates, the receiver may, with the prior approval of Národná banka Slovenska, partially or completely suspend handling in the assets of that undertaking, for a period no longer than 30 days.

(6) A receiver may, with the prior approval of Národná banka Slovenska, lodge a motion for bankruptcy proceedings[74] where an insurance or reinsurance undertaking becomes insolvent.

(7) A receiver may submit a proposal to Národná banka Slovenska for the withdrawal of an undertaking's authorisation to conduct insurance or reinsurance business if they find any of the facts stated in Section 158.

Section 150

(1) Receivers, deputy receivers, and professional advisers shall perform their activities with professional care and shall be liable for any loss they cause during their activities. Receivers and their deputies shall keep Národná banka Slovenska informed of the acts they perform in the course of receivership.

(2) Receivers, deputy receivers, and professional advisers may not misuse any information which comes into their possession in the course of receivership, nor may they handle the assets of the insurance or reinsurance undertaking in receivership, in their favour or in favour of persons close to them.[75]

(3) Receivers, deputy receivers, and professional advisers shall keep confidential any facts which come into their possession in the course of receivership in relation to all persons, except for Národná banka Slovenska, in connection with the performance of their tasks under this Act or under other legislation; the confidentiality requirement shall also apply after the completion of receivership, without prejudice to the provisions of Section 72(3).

Section 151

(1) The receiver and Národná banka Slovenska shall conclude a contract in which the receiver's rights and obligations shall be specified in detail, as well as their liability for any damage caused in conjunction with the performance of their tasks. The receiver's deputy shall conclude a mandate contract with Národná banka Slovenska, specifying in detail the deputy receiver's rights and obligations, including liability for any damage caused in conjunction with the performance of their tasks.

(2) The receiver shall invite professional advisers under Section 148(10) on a contractual basis, in accordance with the terms and conditions approved by Národná banka Slovenska.

(3) The remuneration due to the receiver and to the receiver's deputy for their office shall be determined by Národná banka Slovenska.

(4) Expenses related to the conduct of receivership, including the remuneration of the receiver, deputy receiver, and professional advisers shall be covered by the insurance or reinsurance undertaking placed in receivership.

Section 152

(1) Members of the management board, members of the supervisory board, managers, and persons in key functions shall, if requested, cooperate with the receiver, in particular provide any document and data requested by the receiver in connection with the conduct of receivership.

(2) The receiver may transfer a manager to another position, to terminate an employment contract with immediate effect, or to give notice of termination of employment.[76]

(3) In an insurance or reinsurance undertaking placed in receivership, no remuneration may be paid to members of the management board and members of the supervisory board on the basis of their contract with the undertaking or under the undertaking's internal regulations, after their membership has ended.

Section 153

(1) The effects of receivership imposed upon an insurance or reinsurance undertaking having a branch in another Member State, as reflected in:

(a) labour contracts and labour-law relations, shall be governed by the legislation of that Member State pertaining to labour contracts;

(b) purchase and lease agreements relating to real property, shall be governed by the legislation of the Member State in the territory of which the real property is located;
(c) rights relating to real property, sea-going vessels and airplanes, which are to be recorded in the real property register or in another public register, shall be governed by the legislation of the Member State in the territory of which the relevant public register is kept; this shall equally apply to legal acts carried out after the imposition of receivership in relation to real property, sea-going vessels and airplanes, and the associated rights that are required to be entered into a public register kept in the Member State concerned;
(d) ownership rights or other rights relating to investment instruments,[77] which are to be recorded in the register of securities or in another public register and which are held or located in a Member State, shall be governed by the legislation of the Member State in the territory of which the relevant public register is kept; this shall equally apply to legal acts carried out after the imposition of receivership in relation to the investment instruments and the associated rights that are required to be entered into a public register kept in the Member State concerned;
(e) contracts on settlement or other similar agreements, the purpose of which is to cover or change the overall difference between the mutual claims and liabilities of the contracting parties into an aggregate mutual claim or liability for these parties, purchase and repurchase agreements, and contracts for stock exchange transactions, shall be governed by the legislation applying to such contracts and agreements.

(2) For a period of six months from the imposition of receivership, no assignment of claims against the insurance or reinsurance undertaking in receivership or claim set-offs between that insurance of reinsurance undertaking and other persons shall be permitted, except for cases where the law of another Member State in which the creditor's residence or registered office is located allows for the assignment of claims and for claim set-offs even during the implementation of a restructuring measure.

(3) The receiver may challenge a legal act[78] carried out in the past three years prior to the imposition of receivership with the intention of harming the insurance or reinsurance undertaking or its creditors, if that intention was known to the undertaking; this shall not apply where the counterparty can document that, despite due care, it could not be aware of the intention of that insurance or reinsurance undertaking to harm its creditor.

(4) The imposition of receivership or of a foreign restructuring measure in another Member State shall be without prejudice to the rights of creditors or third persons in relation to the assets of an insurance or reinsurance undertaking or of an insurance or reinsurance undertaking from another Member State, which are located in the territory of another Member State at the time when receivership or a foreign restructuring measure is introduced.

(5) The imposition of receivership upon an insurance or reinsurance undertaking purchasing an asset or the imposition of a foreign restructuring measure upon an insurance or reinsurance

undertaking from another Member State purchasing an asset shall be without prejudice to the right of the seller to retain the ownership of that asset if, at the time when receivership or a foreign restructuring measure is introduced, the asset is located in the territory of another Member State.

(6) The imposition of receivership upon an insurance or reinsurance undertaking selling an asset or the imposition of a foreign restructuring measure upon an insurance or reinsurance undertaking from another Member State selling an asset shall not constitute grounds for the cancellation or termination of the sale of an asset that has already been delivered, nor shall it prevent the buyer from acquiring that asset if, at the time when receivership or a foreign restructuring measure is introduced, the asset under sale is located in the territory of another Member State.

(7) The imposition of receivership or of a foreign restructuring measure in another Member State and the provisions of paragraphs 2, 4 to 6 shall not be an obstacle to filing a motion with the competent court to nullify certain laws or invalidate disputable legal acts that are detrimental to creditors, a motion to establish the right to withdraw from legal acts, or a motion to impose the obligation to immediately refrain from the performance of legal acts that are detrimental to the creditors of an insurance or reinsurance undertaking placed in receivership or the creditors of an insurance or reinsurance undertaking from another Member State in which a foreign restructuring measure has been implemented. If, before the imposition of receivership, court proceedings have been instituted in another Member State concerning an asset or a right withdrawn from an insurance or reinsurance undertaking, such proceedings shall be governed, even after the imposition of receivership, by the law of the Member State in which the proceedings were instituted and commenced.

(8) The imposition of receivership shall be without prejudice to the validity, effectiveness, and exercise of rights under a contract on the final settlement of gains and losses or a contract on financial collateral, provided that such contract satisfies the requirements of other legislation.[79]

Section 154

(1) The imposition of receivership, the receiver's and deputy receiver's full name, personal number and permanent address, the end of receivership, and changes in these data shall be recorded in the Commercial Register.[73] A proposal to record the imposition of receivership shall be submitted by Národná banka Slovenska; the recording of receivership shall not be subject to other legislation.[80]

(2) The receiver may propose that the imposition of receivership be recorded in the Commercial Register or in a similar public register kept in the Member State in the territory of which a branch of the insurance or reinsurance undertaking placed in receivership is located, provided that such registration is permitted by the law of that Member State.

(3) The introduction of a foreign restructuring measure in an insurance or reinsurance undertaking from another Member State, which has a branch in the territory of the Slovak Republic, the completion of its implementation and related changes shall be entered in the Commercial Register on the basis of a proposal submitted by the competent supervisory authority of that Member State or by the person implementing the foreign restructuring measure. The full name, and permanent address of the person in charge of the foreign restructuring measure shall also be entered in the Commercial Register.

Section 155

(1) Receivership shall end:

(a) upon delivery of a decision by Národná banka Slovenska to end receivership, when reasons for its continuation cease;
(b) when a bankruptcy order is made against the insurance or reinsurance undertaking in receivership;
(c) upon expiry of twelve months from the imposition of receivership;
(d) by withdrawal or expiry of the authorisation to conduct insurance or reinsurance business.

(2) The end of receivership under shall be promptly announced by Národná banka Slovenska in at least two daily publications with nationwide circulation and on the publicly accessible premises of the registered office of the insurance or reinsurance undertaking in receivership and in all of its branches. The persons requested by Národná banka Slovenska to publish this announcement shall have the duty to do so.

(3) After the end of receivership, the insurance or reinsurance undertaking shall, within thirty days, convene an extraordinary general meeting. The insurance or reinsurance undertaking shall include in the agenda of that extraordinary general meeting the dismissal of the present and the election of new members for the undertaking's management board and supervisory board.

Transfer of an insurance or reinsurance portfolio
Section 156

(1) An insurance portfolio or its part may be transferred to another insurance undertaking or to a branch of a foreign insurance undertaking on the basis of an application for prior approval as referred to in Section 77(1)(b), (c) or (v). An insurance portfolio or its part may also be transferred on the basis of a proposal for procedure as referred to in Section 141(2) in respect of which Národná banka Slovenska shall decide within 30 days from the date of its submission.

(2) A proposal for procedure as referred to in Section 141(2) or an application as referred to in paragraph 1 shall state or contain:

(a) the reasons for transfer where an insurance portfolio or its part is to be transferred at the request of an insurance undertaking or a branch of a foreign insurance undertaking;
(b) a description of the insurance portfolio or its part that is to be transferred;
(c) the changes expected in the management of the transferring insurance undertaking or the transferring branch of a foreign insurance undertaking and of the receiving insurance undertaking or the receiving branch of a foreign insurance undertaking as a result of the transfer of the insurance portfolio or its part;
(d) the fact that, after the transfer of the insurance portfolio or part thereof, the receiving insurance undertaking or the receiving branch of a foreign insurance undertaking shall have enough eligible own funds to cover the solvency capital requirement in accordance with Section 48;
(e) the manner and content of the notification sent to the persons with whom an insurance contract under which an insurance portfolio or its part is to be transferred has been concluded, including the date by which that transfer is to be completed.

(3) Attached to the proposal for procedure referred to in Section 141(2) or to the application referred to in paragraph 1 shall be a contract on the transfer of an insurance portfolio or part thereof between the transferring insurance undertaking or the transferring branch of a foreign insurance undertaking and the receiving insurance undertaking or the receiving branch of a foreign insurance undertaking; the receiving insurance undertaking or the receiving branch of a foreign insurance undertaking may only be an insurance undertaking or a branch of a foreign insurance undertaking authorised to conduct insurance business in those classes of insurance that are related to the insurance portfolio or its part being transferred.

(4) Národná banka Slovenska shall not approve the transfer of an insurance portfolio or part thereof where such transfer may affect the capacity to discharge obligations arising from insurance contracts under which an insurance portfolio or its part is to be transferred, or the stability of the receiving insurance undertaking or of the receiving branch of a foreign insurance undertaking, or the stability of the transferring insurance undertaking or of the transferring branch of a foreign insurance undertaking, or where, after such transfer, the receiving insurance undertaking or the receiving branch of a foreign insurance undertaking would not have enough eligible own funds to cover the solvency capital requirement in accordance with Section 48.

(5) The receiving insurance undertaking or the receiving branch of a foreign insurance undertaking shall, within 30 days after the entry into force of the decision of Národná banka Slovenska approving the application referred to in paragraph 1 or the proposal for procedure referred to in Section 141(2), notify the persons whose insurance contracts are affected by the portfolio transfer of the commercial name and registered office of the receiving insurance undertaking or the receiving branch of a foreign insurance undertaking, as well as of the date by which that portfolio transfer is to be completed.

(6) When an insurance portfolio or its part is transferred, financial resources shall also be transferred simultaneously from the transferring insurance undertaking or the transferring branch of a foreign insurance undertaking to the receiving insurance undertaking or the receiving branch of a foreign insurance undertaking for technical provisions in an amount corresponding to the insurance portfolio or its part being transferred.

(7) The receiving insurance undertaking or the receiving branch of a foreign insurance undertaking shall acquire all the rights and obligations of the transferring insurance undertaking or of the transferring branch of a foreign insurance undertaking, arising from the transfer of the insurance portfolio or part thereof, on the date agreed in the contract for the transfer of the insurance portfolio of part thereof. The transfer of the insurance portfolio of part thereof shall be completed within six months after the entry into force of the decision of Národná banka Slovenska issued under paragraph 1 or Section 141(2).

(8) The provisions of paragraphs 1 to 7 apply equally to the transfer of a reinsurance portfolio.

Section 157
Transfer of an insurance or reinsurance portfolio between Member States

(1) An insurance undertaking or a branch of a foreign insurance undertaking shall be authorised to transfer its insurance portfolio, or part thereof, to an insurance undertaking from another Member State or to a branch established in another Member State (hereinafter 'receiving entity') with the prior approval of Národná banka Slovenska in accordance with Section 77(1)(b), (c) or (v). Národná banka Slovenska shall discuss such transfer with the competent supervisory authority of the Member State in which the receiving entity has its registered office and with the competent supervisory authority of the Member State of the commitment or of the Member State in which the risk is located, and shall request them to give their opinion on the transfer.

(2) If the competent supervisory authority of the home Member State of the receiving entity or the competent supervisory authority of the Member State of the commitment or of the Member State in which risk is located disagrees with the transfer referred to in paragraph 1, Národná banka Slovenska shall not approve that transfer. If any of the supervisory authorities consulted in accordance with the previous sentence fails to respond within three months of the delivery of a request for consultation, this shall be considered as tacit consent to the transfer.

(3) If the competent supervisory authority of another Member State requests Národná banka Slovenska to give its opinion on the transfer of an insurance portfolio, or part thereof, by an insurance undertaking from another Member State or by a branch of a foreign insurance undertaking operating in the territory of that Member State to an insurance undertaking, an insurance undertaking from another Member State, or to a branch of a foreign insurance

undertaking, Národná banka Slovenska shall give its opinion within three months from the date of receipt of a request; if Národná banka Slovenska fails to give its opinion within this time limit, this shall be considered as tacit consent to the transfer.

(4) Národná banka Slovenska shall grant permission for the transfer of an insurance portfolio, or part thereof, as referred to in paragraph 3 only if, with the transfer taken into account, the transferring insurance undertaking or branch of a foreign insurance undertaking has sufficient eligible own funds to cover the solvency capital requirement. If the insurance undertaking or branch of a foreign insurance undertaking is unable to meet the solvency capital requirement or the minimum capital requirement, Národná banka Slovenska shall refuse to grant permission for the transfer.

(5) A decision approving a transfer as referred to in paragraph 1 shall be binding for all persons having the rights or obligations arising from insurance contracts that are included in the portfolio transferred under paragraph 1.

(6) Národná banka Slovenska shall ensure that a decision approving a transfer as referred to in paragraph 1 is published in the Member State of the commitment or in the Member State in which the risk is located.

(7) The provisions of Section 156 apply equally to the transfer of an insurance portfolio under paragraph 1.

(8) The provisions of paragraphs 1 to 7 apply equally to the transfer of a reinsurance portfolio.

Withdrawal of an authorisation to conduct insurance or reinsurance business

Section 158
Withdrawal of an authorisation

(1) Národná banka Slovenska shall withdraw an authorisation to conduct insurance or reinsurance business where:

(a) an insurance or reinsurance undertaking or a branch of foreign insurance or reinsurance undertaking has obtained such authorisation on the basis of false data stated in the authorisation application; if this had been known at the time of authorisation, no authorisation would have been granted by Národná banka Slovenska;
(b) a branch of a foreign insurance undertaking or reinsurance undertaking is concerned and that foreign insurance or reinsurance undertaking has lost its authorisation to conduct insurance or reinsurance business in the country of its establishment; or

(c) an insurance or reinsurance undertaking or a branch of a foreign insurance or reinsurance undertaking does not comply with the minimum capital requirement and Národná banka Slovenska has not approved the finance scheme submitted or the undertaking or branch concerned fails to comply with the approved scheme within three months from the observation of non-compliance with the minimum capital requirement.

(2) Národná banka Slovenska may withdraw an authorisation to conduct insurance or reinsurance business where:

(a) serious deficiencies occur in the business of an insurance or reinsurance undertaking or of a branch of a foreign insurance or reinsurance undertaking, and where the rules governing the business of insurance or reinsurance are violated by the undertaking or branch concerned;
(b) an insurance or reinsurance undertaking or a branch of a foreign insurance or reinsurance undertaking does not take up the business of insurance or reinsurance within twelve months from the effective date of such authorisation, returns its authorisation to conduct insurance or reinsurance business, or does not conduct insurance or reinsurance business for six months;
(c) an insurance undertaking under Section 7(2), a reinsurance undertaking under Section 9(2), a branch of a foreign insurance undertaking under Section 10(2), or a branch of a foreign reinsurance undertaking under Section 11(2) does not satisfy the conditions for authorisation;
(d) an insurance or reinsurance undertaking or a branch of a foreign insurance or reinsurance undertaking failed to meet the conditions for the taking-up of the business of insurance or reinsurance business within the time limit set in the authorisation;
(e) the imposition of receivership upon an insurance or reinsurance undertaking did not ensure its economic recovery;
(f) an insurance or reinsurance undertaking or a branch of a foreign insurance or reinsurance undertaking repeatedly or after the imposition of a disciplinary penalty obstructs the exercise of supervision;
(g) penalties imposed under this Act or under other legislation[67] have not led to the correction of the shortcomings identified.

(3) If Národná banka Slovenska withdraws an authorisation to conduct insurance or reinsurance business or if such authorisation expires, it shall notify this fact to the competent supervisory authorities of the other Member States without undue delay.

(4) Národná banka Slovenska, working closely with the competent supervisory authorities of other Member States, shall take all measures necessary to safeguard the interests of policyholders and shall, in particular, restrict the free disposal of the insurance undertaking's assets.

Section 159

(1) From the moment of delivery of a decision to withdraw an authorisation to conduct insurance or reinsurance business or from the date of expiry of such authorisation, the legal person

whose authorisation has been withdrawn or has expired may not conduct insurance or reinsurance business, except activities necessary to enforce claims and meet liabilities.

(2) A decision to withdraw an authorisation to conduct insurance business or reinsurance business shall be sent by Národná banka Slovenska to the Commercial Journal for publication within 30 days of the effective date of that decision.

(3) Národná banka Slovenska shall report its enforceable decision to withdraw the authorisation of a branch of a foreign insurance or reinsurance undertaking to purse insurance or reinsurance business to the competent supervisory authority of the country in which the foreign insurance or reinsurance undertaking which has established that branch has its registered office. As soon as a decision to withdraw the authorisation of an insurance or reinsurance undertaking which has established a branch abroad has been issued, Národná banka Slovenska shall notify thereof the competent supervisory authority of the country in which the insurance or reinsurance undertaking whose authorisation has been withdrawn has a branch.

(4) The withdrawal of an authorisation to conduct insurance or reinsurance business shall be recorded in the Commercial Register. Národná banka Slovenska shall send its decision to withdraw an authorisation to conduct insurance or reinsurance business, including a motion to enter a record thereof, to the court which keeps the Commercial Register within 15 days of the effective date of that decision; the provisions of other legislation[80] shall not apply to the entry of a record of this fact.

(5) Národná banka Slovenska shall, without undue delay after the effective date of its decision to withdraw an authorisation to conduct insurance or reinsurance business, file a motion with the competent court for the dissolution and liquidation of such legal person and for the appointment of a liquidator. Before deciding in the matter of dissolution, the court may not apply a procedure under another law.[81]

(6) The proceedings to withdraw an authorisation to conduct insurance or reinsurance business shall be discontinued on the basis of a bankruptcy order made under another legislation.[41]

Section 160
Expiration of an authorisation to conduct insurance business or reinsurance business

(1) An authorisation to conduct insurance or reinsurance business lapses:

(a) for an insurance or reinsurance undertaking, on the day it is dissolved for reasons other than withdrawal of the authorisation to conduct insurance or reinsurance business;
(b) for an insurance or reinsurance undertaking, on the day on which a bankruptcy order is made against the undertaking pursuant to other legislation;[41]

(c) for a foreign insurance or reinsurance undertaking, on the day on which a bankruptcy order is made against the undertaking or on the day the undertaking is dissolved;
(d) for an insurance or reinsurance undertaking or a foreign insurance or reinsurance undertaking which has failed to file an application for registration in the Commercial Register pursuant to Section 12(5), on the day following the expiry of the deadline for filing the application;
(e) for an insurance or reinsurance undertaking or the branch of a foreign insurance undertaking[46] or the branch of a foreign reinsurance undertaking, on the day of the sale of the undertaking;
(f) for a foreign insurance or foreign reinsurance undertaking, on the day on which its branch in the territory of the Slovak Republic, ceases its operations;
(g) for an insurance or reinsurance undertaking, on the effective date of the cross-border change in its legal form.[81a]

(2) Insurance and reinsurance undertakings, as well as foreign insurance and insurance undertakings shall, without undue delay, inform Národná banka Slovenska in writing of the facts referred to in paragraph 1.

Section 161
Liquidation of an insurance or reinsurance undertaking

(1) The liquidation of an insurance or reinsurance undertaking shall be governed by the relevant provisions of the Commercial Code, unless otherwise provided in paragraphs 3 to 10 and in Section 162.

(2) For the purposes of the liquidation of an insurance or reinsurance undertaking, the following terms are defined as follows:
(a) 'liquidation proceedings' means proceedings involving the realisation of the assets of an insurance or reinsurance undertaking and the distribution of the proceeds among the creditors, shareholders or members as appropriate, which necessarily involve any intervention by the competent authorities, including bankruptcy proceedings, under other legislation;[82]
(b) 'liquidator' means a person appointed by the competent court for the purpose of administering liquidation proceedings;
(c) 'insurance claim payable in the case of liquidation' means an amount which is owed by an insurance undertaking to policyholders, insured persons, beneficiaries, or to any other injured parties having a direct right of action against the insurance undertaking and which arises from an insurance contract, including technical provisions created for the individual insurance contracts of those persons where no insurance claim is made before the commencement of liquidation proceedings; the premium owed by an insurance undertaking as a result of the non-conclusion or cancellation of an insurance contract or operation before a bankruptcy is made shall also be considered an insurance claim payable.

(3) Where an insurance or reinsurance undertaking is to be dissolved with liquidation, only Národná banka Slovenska shall be authorised to submit a proposal for the appointment or removal of a liquidator. Neither the recording of the entry into liquidation of an insurance or reinsurance undertaking nor the recording of the liquidator is subject to other legislation.[80]

(4) The liquidator may not be a person who has or had, at any time in the past, a special relationship with the insurance or reinsurance undertaking in liquidation.

(5) For the purposes of liquidation proceedings, the following persons are deemed to have a special relationship with an insurance or reinsurance undertaking:

(a) the members of the statutory body of the insurance or reinsurance undertaking in liquidation, the procurator of that insurance or reinsurance undertaking, the managers of the undertaking, and other employees designated in the undertaking's articles of association;
(b) the members of the supervisory board of the insurance or reinsurance undertaking in liquidation;
(c) the natural persons controlling the insurance or reinsurance undertaking in liquidation and the members of the management board of the legal entities controlling that undertaking and the managers of those legal entities;
(d) persons close[75] to the members of the management board or of the supervisory board of the insurance or reinsurance undertaking in liquidation, to the managers of that undertaking, or to natural persons having control over the undertaking;
(e) shareholders, if they are natural persons, with significant influence on the insurance or reinsurance undertaking in liquidation;
(f) a natural person who, at any time during a period of five years before a motion for liquidation was lodged, was an auditor of the insurance or reinsurance undertaking in liquidation or participated in the audit of that undertaking without expressing reservations on its activities;
(g) a member of the management board of another insurance or reinsurance undertaking or the head of a branch of a foreign insurance or reinsurance undertaking or their deputy.

(6) Taking into account the scope of a liquidator's activities, Národná banka Slovenska shall determine the amount and due date of their remuneration.

(7) The persons involved in the liquidation of an insurance or reinsurance undertaking shall keep confidential any facts that are associated with liquidation proceedings brought in relation to all persons, except for Národná banka Slovenska in connection with the performance of its tasks under this Act or under other legislation;[3] this shall be without prejudice to the provisions of Section 77.

(8) The liquidator shall forthwith submit to Národná banka Slovenska the accounting statements and documents prepared in the course of liquidation under other legislation[83] and other

supporting materials requested by Národná banka Slovenska for the purpose of assessing the liquidator's activities and the liquidation process.

(9) In the case of an insurance or reinsurance undertaking in liquidation, all obligations arising from insurance or reinsurance contracts concluded through the branches of that undertaking in other Member States or based on the right of free provision of services are to be fulfilled in the same way as the obligations arising from other insurance or reinsurance contracts, irrespective of the citizenship of the person insured and the beneficiary of the insurance claim or benefit paid.

(10) Insurance and reinsurance undertakings shall ensure that third-party claims which have preference over insurance claims payable and which are recorded in their books of accounts are covered by assets permanently and independently from their possible liquidation.

(11) The provisions of Section 153 shall equally apply to liquidation proceedings.

(12) In the course of liquidation, unsecured insurance claim payable shall be settled before other unsecured claims.

Section 162
Liquidation of an insurance or reinsurance undertaking, or of an insurance or reinsurance undertaking from another Member State

(1) Národná banka Slovenska shall, without undue delay, inform the competent supervisory authorities of other Member States of having lodged a motion for the dissolution and liquidation of an insurance or reinsurance undertaking, including its branches in other Member States, and of the commencement of their liquidation.

(2) A decision to dissolve and liquidate an insurance or reinsurance undertaking, including its branches in other Member States, applies to all Member States.

(3) Národná banka Slovenska shall forthwith publish an announcement in the Journal of Národná banka Slovenska about the commencement of liquidation proceedings in relation to an insurance or reinsurance undertaking from another Member State.

(4) The liquidator shall, without undue delay, publish the operative part of the decision referred to in paragraph 2 in Slovak in the Official Journal of the European Union, including the designation of the competent supervisory authority, the relevant legal regulations, and the name of the liquidator.

(5) The liquidator shall, without undue delay after the commencement of liquidation, notify in writing the known creditors with a registered office or permanent residence in another Member

State of the deadline by which they should register their claims, the consequences of not registering their claims, and other information related to the liquidation of the entities referred to in paragraph 1, in particular information of whether the creditors having preferential claims are obliged to register their claims, and of the date of expiry of insurance and reinsurance contracts.

(6) The notification referred to in paragraph 5 shall contain information in the official language or in one of the official languages of the Member State in which the creditors have their registered office or permanent residence. The notification mentioned in paragraph 5 shall be published under the heading 'Appeal for the settlement of claims; deadlines that are to be met'.

(7) Creditors whose permanent residence or registered office is located in another Member State may submit their claims to the competent authority of the Slovak Republic in the official language or in one of the official languages of that Member State, or in the Slovak language if spoken by the creditors. The title of the document in which the creditors are to submit their claims shall be 'Settlement of claims'.

(8) Liquidators shall, in an appropriate manner, keep creditors regularly informed on the liquidation of the entities referred to in paragraph 1. Upon request, Národná banka Slovenska shall provide the competent supervisory authorities of other Member States with information on developments in the liquidation procedure.

(9) If a liquidator from another Member State which is responsible for the liquidation of an insurance or reinsurance undertaking from another Member State intends to operate in the territory of the Slovak Republic, their appointment shall be proved to Národná banka Slovenska by the presentation of an officially verified copy of the decision on appointment or another similar document issued by the competent supervisory authority of the home Member State; Národná banka Slovenska may require that such document be translated into the Slovak language.

Section 163
Suspension of the exercise of shareholder rights

(1) Where a natural or legal person has performed an act constituting a breach of Section 77(1)(a), or has obtained prior approval under Section 77(1)(a) on the basis of false information, or is reasonably suspected by Národná banka Slovenska of having breached Section 77(1)(a), Národná banka Slovenska may suspend that person's right to attend and vote at a general meeting of the insurance or reinsurance undertaking concerned and that person's right to request the convening of an extraordinary general meeting for that insurance or reinsurance undertaking. Národná banka Slovenska may also suspended from exercising such rights any person whose actions in regard to the insurance or reinsurance undertaking are detrimental to the proper conduct of the business of the undertaking.

(2) Proceedings to suspend the exercise of the rights referred to in paragraph 1 shall be commenced by Národná banka Slovenska on its own initiative, if there are reasonable grounds for the suspension of such rights.

(3) A decision imposing a preliminary measure[3] in the matter of suspension of the exercise of the rights referred to in paragraph 1 shall be delivered by Národná banka Slovenska to the person whose rights are to be suspended under paragraph 1 and to the insurance or reinsurance undertaking concerned. Such decision imposing a preliminary measure shall be binding for the insurance or reinsurance undertaking concerned. A decision imposing a preliminary measure shall be deemed to be delivered to the person whose rights are to be suspended under paragraph 1 also when delivered to that person's representative authorised to act on their behalf at the general meeting of shareholders.

(4) Insurance and reinsurance undertakings may not allow their general meeting to be attended by persons whose shareholder rights have been suspended under paragraph 3, nor by other persons authorised by such persons to act on behalf of them.

(5) The shares affected by a suspension of the exercise of the rights referred to in paragraph 1 shall not be considered shares with voting rights during the suspension of these rights. Such shares shall not be taken into account when a general meeting is assessed whether it has a quorum to take decisions or when the general meeting makes decisions. The resulting increase in the share of voting rights of other persons that are included on the list submitted by the insurance or reinsurance undertaking under paragraph 3 shall not require the prior approval of Národná banka Slovenska under Section 77(1)(a).

(6) When the reasons for suspending the exercise of the rights referred to in paragraph 1 cease, Národná banka Slovenska shall lift the suspension without delay.

(7) Národná banka Slovenska may file a motion with the competent court to declare a decision taken by the general meeting of an insurance or reinsurance undertaking invalid on the grounds of violation of this Act or the undertaking's articles of association. This entitlement shall lapse if Národná banka Slovenska fails to use it within three months from the date when the decision was taken by the general meeting or, in the absence of a general meeting, from the date when it learnt of the decision.

(8) From its issuer's register and list of shareholders, an insurance or reinsurance undertaking shall submit to Národná banka Slovenska an extract produced on a relevant date[84] that is no later than five working days before the date of the general meeting. The insurance or reinsurance undertaking shall submit this extract to Národná banka Slovenska on the day it was produced. Národná banka Slovenska shall without delay name in writing on the extract the person

whose rights mentioned in paragraph 1 are suspended and shall deliver the extract to the insurance or reinsurance undertaking no later than the day preceding the date of the general meeting.

(9) For the person named in writing on the extract under paragraph 1, proceedings to suspend the exercise of rights mentioned in paragraph 1 are deemed to have commenced also where Národná banka Slovenska has newly established a reason to suspend this person's rights mentioned in paragraph 1.

DIVISION FIVE
SPECIAL PROVISIONS

Section 164
Co-insurance

(1) Insurance business may also be conducted in the form of co-insurance. In co-insurance, an insurance contract can be concluded between the policyholder and several insurance undertakings, insurance undertakings from other Member States or third-country insurance undertakings (hereinafter 'co-insurers') in the name and on the account of all co-insurers. An insurance contract must contain the name of the principal co-insurer and the share of the individual co-insurers in the rights and obligations arising from co-insurance.

(2) Co-insurance shall be managed by a principal co-insurer, who shall in particular determine the general insurance terms and conditions and the amount of premiums, accept premium payments, accept notifications of insurance events from the insured, conduct investigations to determine the obligation of co-insurers to settle claims and pay benefits, and shall act on behalf of the other co-insurers in this respect.

(3) The authorised person may receive an insurance claim or benefit in full amount from the principal insurer only where it has been agreed in the insurance contract. The co-insurers shall make a mutual settlement in proportion to their share under paragraph 1, unless agreed otherwise.

(4) Where a co-insurer is in liquidation, the liabilities arising from co-insurance shall be settled in the same way as other liabilities arising from insurance contracts concluded by that co-insurer, irrespective of the policyholder's citizenship.

(5) In the case of co-insurance, an insurance contract may be concluded between a policyholder and several insurers who have made a mutual agreement on a common contract as part of insurance for certain insurance risks, in the name and on the account of all insurers. By such agreement on a common contract, a joint body may be set up and authorised to fulfil the duties of a principal insurer stipulated by this Act.

(6) In insurance contracts, no deviation from the provisions of paragraphs 1 to 5 shall be allowed, even if any of the insurers takes part in co-insurance by means of a business network established in the location of the insurer's registered office or its branch, which is located in a Member State other than the home Member State of the principal insurer's registered office, or if the insurance risk is located in a Member State outside the Slovak Republic.

Section 165
Co-insurance within the territory of Member States

(1) Paragraphs 2 to 7 apply to co-insurance operations within the territory of Member States, provided that the following conditions are satisfied:

(a) the co-insurance operations involve one or more insurance risks from the insurance classes listed in Part A of Annex 1, under points 3 to 16;
(b) the insured risk is a substantial risk;
(c) the insured risk is covered by a single insurance contract (with the total premium) and for the same period by two or more insurance undertakings or insurance undertakings from other Member States or branches of third-country insurance undertakings, each according to its share as a co-insurer; one of them is the principal co-insurer;
(d) the insured risk is located in the territory of a Member State;
(e) with regard to risk coverage, the principal co-insurer has the same position as if it were an insurance undertaking covering the entire risk;
(f) at least one of the co-insurers is involved in the contract through its registered office or branch located in a Member State other than the home Member State of the principal co-insurer; and
(g) the co-insurance operation is managed by the principal co-insurer, who in particular determines the insurance terms and conditions and the premium rates.

(2) For the purposes of this Act, 'large risks' means a) risks classified under non-life insurance classes 4, 5, 6, 7, 11 and 12 in Part A of Annex 1; b) risks classified under classes 14 and 15 in Part A of Annex 1, where the policyholder is engaged in industrial or commercial activity or in activities specified in other legislation[85] and the risks relate to such activity; c) risks classified under classes 3, 8, 9, 10, 13 and 16 in Part A of Annex 1, insofar as the policyholder satisfies at least two of the following criteria: 1. the total value of the insured property or the consolidated balance-sheet total exceed EUR 6,200,000; 2. the net premium turnover exceeds EUR 12,800,000; 3. the average number of employees during the financial year exceeds 250.

(3) Insurance undertakings shall proceed in accordance with the provisions of Sections 15 to 17 only if they act in the capacity of a principal co-insurer.

(4) Insurance undertakings shall set the amount of technical provisions in accordance with this Act, at a level corresponding to at least the figure set by the principal co-insurer under the rules of its home Member State.

(5) Insurance undertakings shall identify the Member States in the territory of which they conduct co-insurance business and record statistical data on the volume of co-insurance operations carried out in these Member States.

(6) When an insurance undertaking is liquidated, the liabilities arising from contracts concluded for co-insurance in the territory of other Member States shall be settled in the same way as liabilities from other insurance contracts, irrespective of the citizenship of the persons insured and the beneficiaries of insurance benefits or claims paid.

(7) Národná banka Slovenska shall provide the competent supervisory authorities of other Member States with the necessary information on co-insurance operations carried out in the territory of those Member States. Národná banka Slovenska shall cooperate closely with the Commission in examining any difficulties which might arise during the pursuit of the business of co-insurance in the territories of Member States, in particular in examining any practices which may indicate that the principal co-insurer does not assume the role of leader in co-insurance practice or that the risks clearly do not require the participation of two or more insurers for their coverage.

Section 166
Settlement of claims payable under legal expenses insurance

(1) Legal expenses insurance as referred to in class 17 in Part A of Annex 1 represents the commitment of an insurance undertaking or a branch of a foreign insurance undertaking to bear, against the payment of a premium, the costs of legal proceedings and to provide other services directly linked to insurance cover, in particular with a view to the following:

(a) securing compensation for the loss, damage or injury suffered by the insured person, by settlement out of court or through civil or criminal proceedings;
(b) defending or representing the insured person in civil, criminal, administrative or other proceedings or in respect of any claim made against that person.

(2) In settling claims under legal expenses insurance, including legal counselling within this insurance class, an insurance undertaking or a branch of a foreign insurance undertaking shall ensure at least one of the following measures:

(a) none of the employees entrusted with the task of settling claims under legal expenses insurance, including legal counselling within this insurance class, performs similar activities simultaneously in other insurance classes of the insurance undertaking or branch of a foreign insurance undertaking which has concluded a contract for legal expenses insurance; this shall also apply if such activity is performed by another insurance undertaking, insurance

undertaking from another Member State or third-country insurance undertaking engaged in another class of non-life insurance, which is a controlling or controlled person in relation to the insurance undertaking, insurance undertaking from another Member State or third-country insurance undertaking which has concluded a contract for legal expenses insurance;

(b) the settlement of claims under legal expenses insurance is ensured by another legal person independent from the insurance undertaking or the branch of a foreign insurance undertaking named in the insurance contract or in a separate part thereof; if that legal person is a controlling or controlled person in relation to another insurance undertaking, insurance undertaking from another Member State or third-country insurance undertaking, its employees responsible for the settlement of claims payable under legal expenses insurance, including legal counselling related to such settlement may not perform simultaneously the same or similar activities in that other insurance undertaking, insurance undertaking from another Member State or third-country insurance undertaking; or

(c) the insurance contract contains the insured person's right to choose freely a legal representative to protect their rights from the moment the insured person is entitled to make a claim under that insurance contract.

(3) The provisions of paragraph 2 shall not apply to any of the following:

(a) legal expenses insurance where such insurance concerns disputes or risks arising out of, or in connection with, the use of sea-going vessels;

(b) the business conducted by an insurance undertaking or a branch of a foreign insurance undertaking providing civil liability coverage for the purpose of defending or representing the insured person where that business is at the same time conducted in the own interest of that undertaking or branch under such coverage;

(c) the business of legal expenses insurance undertaken by an insurance undertaking or a branch of a foreign insurance undertaking as ancillary insurance forming part of a contract covering solely the assistance provided for persons who fall into difficulties while travelling, while away from their home or their habitual residence.

(4) Legal expenses insurance shall be governed by the relevant provisions of the Civil Code, unless otherwise provided by paragraphs 1 to 3.

DIVISION SIX
SPECIAL REGIME

Section 167
Application of a special regime to insurance undertakings

(1) The provisions of Sections 7, 9, 12, 13, 23 to 30, 33 to 65, 73 and 75 shall not apply to an insurance undertaking which fulfils the following conditions:

(a) the undertaking's gross written premium income per accounting period does not exceed EUR 5,000,000;
(b) the total of the undertaking's technical provisions does not exceed EUR 25,000,000;
(c) where the undertaking belongs to a group, the total of the technical provisions of the group does not exceed EUR 25,000,000;
(d) the business of the undertaking does not include insurance or reinsurance business classified under non-life insurance classes 10 to 15 in Part A of Annex 1, unless they constitute ancillary risks within the meaning of Section 6(9);
(e) where the undertaking is engaged in reinsurance business, its gross written premium income from reinsurance business per accounting period does not exceed EUR 500,000, its technical provisions for reinsurance business do not exceed EUR 2,500,000, its gross written premium income from reinsurance business per accounting period does not exceed 10% of its total gross written premium income, or its technical provisions for reinsurance business do not exceed 10% of its total technical provisions; and
(f) the insurance undertaking does not conduct insurance or reinsurance business in the territory of another Member State under Section 16 or 17.

(2) If an insurance undertaking fails to satisfy the conditions set out in paragraph 1 for three successive accounting periods, the provisions of Article VI of this Act shall cease to apply to that insurance undertaking from the fourth accounting period.

(3) Starting from the following accounting period, the provisions of Article VI of this Act apply to an insurance undertaking in which Národná banka Slovenska has ascertained the following facts:
(a) the insurance undertaking has met the conditions set out in paragraph 1 in the last three successive accounting periods; and
(b) the insurance undertaking is expected to meet the conditions set out in paragraph 1 in the following five successive accounting periods.

(4) Insurance undertakings which fulfil the conditions set out in paragraph 1 may decide not to apply the provisions of Article VI of this Act. This fact shall be reported to Národná banka Slovenska without undue delay.

(5) Insurance undertakings which fulfil the conditions set out in paragraph 1 and in respect of which Národná banka Slovenska has decided under paragraph 3 in proceedings defined in another law[3] are subject to the provisions of Article VI of this Act.

Section 168
Application of a special regime to applicants for an authorisation to conduct insurance business or reinsurance business

(1) Where an application for an authorisation to conduct insurance business includes evidence that the future insurance undertaking will satisfy the conditions set out in Section 167(1) over the five accounting periods following the date of authorisation, and the applicant does not apply for authorisation under Section 7, the application is subject to the provisions of paragraphs 2 to 11.

(2) The competence to grant authorisations to conduct insurance business lies with Národná banka Slovenska. Application for such authorisation shall be submitted to Národná banka Slovenska by the founder of an insurance undertaking.

(3) An authorisation as referred to in paragraph 1 shall not be granted unless the following conditions are demonstrated to have been met:

(a) the share capital of the insurance undertaking is paid up in full;
(b) the share capital and other financial resources of the insurance undertaking have a clear and trustworthy provenance;
(c) the persons with a qualifying holding in the insurance undertaking, including the shareholders controlling a mixed financial holding company where the insurance undertaking is part of a financial conglomerate to which the mixed financial holding company belongs, are eligible;
(d) the group with close links that includes a shareholder with a qualifying holding in the insurance undertaking is transparent; for the calculation of holdings in the share capital and voting rights, the voting rights or holdings that an investment firm, a foreign investment firm, a bank or a foreign bank may hold as a result of providing the underwriting or financial instruments and/or placing of financial instruments on a firm commitment basis[19] shall not be taken into account, provided that those rights are, on the one hand, not exercised or otherwise used to intervene in the management of the insurance undertaking and, on the other hand, are transferred by the investment firm, foreign investment firm, bank or foreign bank to a third party within one year of their acquisition;
(e) the exercise of supervision is not impeded by the close links of the group mentioned in point (d);
(f) the persons nominated as members of the management board and as managers directly reporting to the management board are professionally competent and of good repute;
(g) the exercise of supervision is not impeded by the legal system or the application of laws in a country in which the group mentioned in point (d) has close links;
(h) the registered office of the insurance undertaking is located in the Slovak Republic;
(i) the insurance undertaking is required to submit a business and financial plan based on its business strategy supported by real economic calculations;
(j) the insurance undertaking holds sufficient eligible basic own funds to cover the absolute floor of the minimum capital requirement provided for in Section 179(12);
(k) the insurance undertaking has the evidence to prove that it will be in a position to hold sufficient eligible basic own funds to cover the solvency capital requirement as provided for in Section 179(3);

(l) the insurance undertaking has the evidence to prove that it will be in a position to comply with the requirements laid down in Section 186, where it plans to provide both life and non-life insurance services under Section 6(7)(a) or (b);
(m) the insurance undertaking has the evidence to prove that it will be in a position to observe the system of governance referred to in Sections 180 to 185.

(4) An authorisation application under paragraph 1 shall contain the following information about the prospective insurance undertaking:
(a) its business name and registered office;

(b) the amount of its share capital;
(c) a list of the shareholders with a qualifying holding in the undertaking; the list shall include the amount of the qualifying holding and the personal data of the shareholders in the range needed for the verification of compliance with the conditions set out in paragraph 3(c) and (d);
(d) the scope of insurance business for which authorisation is sought;
(e) the full name, personal number, and permanent address of the natural persons nominated as members of the management board, members of the supervisory board, or as managers directly reporting to the management board;
(f) a declaration of honour by the applicants that the submitted information is complete and true.

(5) Národná banka Slovenska shall decide in respect of an application as referred to in paragraph 2 in accordance with other legislation,[20] on the basis of an assessment of the complete application and its annexes, and on the basis of an assessment of the factual, personal and organisational assumptions made in regard to the proposed scope of insurance business.

(6) Národná banka Slovenska shall reject an application as referred to in paragraph 2 where the applicant fails to satisfy any of the conditions set out in paragraph 3. Národná banka Slovenska shall also reject an application submitted under paragraph 2 if it contains incomplete, incorrect, false or outdated data or documents. The reason for rejecting an application must not be the economic needs of the market. Národná banka Slovenska may accept an application under paragraph 2 in part if the applicant satisfies the conditions set out in paragraph 3 for only part of the business it intends to conduct.

(7) The conditions stated in paragraph 3 shall be fulfilled without interruption for the duration of the validity of the authorisation to conduct insurance business.

(8) The provisions of paragraphs 1 to 7 apply *mutatis mutandis* to the granting of an authorisation to conduct reinsurance business.

(9) In a measure promulgated in the Collection of Laws, Národná banka Slovenska shall stipulate how to demonstrate compliance with the conditions set out in paragraph 3 for the granting

of an authorisation to conduct reinsurance business and which documents are to constitute the annex to the application for such an authorisation.

(10) For the verification of compliance with the conditions set out in paragraph 3(c), 'eligible person' means a person that demonstrably meets the conditions of paragraph 3(b) and is able, as the circumstances appear to suggest, to ensure the proper and safe conduct of insurance business with a view to maintaining stability in the financial sector.

Section 169
Authorisations to conduct insurance business or reinsurance business

(1) Authorisations to conduct insurance business or reinsurance business shall be granted for an indefinite period and may not be transferred to another person, nor assigned to the legal successor of the undertaking concerned. An authorisation granted to an insurance undertaking to conduct insurance or reinsurance business shall be valid within the territory of the Slovak Republic.

(2) In addition to the general elements of a decision as defined in other legislation,[21] the operative part of a decision to grant an authorisation to conduct insurance or reinsurance business shall state the following:

(a) the business name and registered office of the insurance undertaking whose establishment and operation is the subject of the authorisation;
(b) the insurance type and insurance classes for which the insurance undertaking is seeking authorisation to conduct insurance or reinsurance business, or the insurance type for which the reinsurance undertaking is seeking authorisation to conduct reinsurance business.

(3) An authorisation to conduct insurance or reinsurance business may also state the conditions which the insurance undertaking must meet prior to commencing its authorised insurance or reinsurance business or the conditions which the insurance undertaking must observe during the conduct of its authorised insurance or reinsurance business. In an authorisation granted to an insurance undertaking, the scope of authorisation may be restricted within a class of insurance.

(4) An authorisation to conduct insurance or reinsurance business may not be granted where such authorisation would contradict an international agreement ratified and promulgated as prescribed by law.

(5) An insurance undertaking shall, on the basis of its authorisation to conduct insurance or reinsurance business or an amendment thereto, file a motion with the competent registration court for its entry in the Commercial Register within 60 days from when the decision on the authorisation or the amendment thereto came into effect.

(6) Insurance undertakings shall, without undue delay, notify Národná banka Slovenska in writing of any change in the facts listed in Section 168(3) and (4).

Section 170
Amendment to an authorisation

(1) An authorisation to conduct insurance or reinsurance business may be amended by a decision of Národná banka Slovenska, if requested by the insurance undertaking concerned. In assessing a request for such amendment to an authorisation to conduct insurance or reinsurance business, Národná banka Slovenska shall proceed in accordance with Section 168, as appropriate.

(2) Where an authorisation to conduct insurance business is requested to be extended, the insurance undertaking concerned shall submit to Národná banka Slovenska a business and financial plan under Section 168(3)(i), reflecting the requested extension of the scope of insurance business, and shall provide evidence that it complies with the conditions set out in Section 179. Where an authorisation to conduct reinsurance business is requested to be extended, the insurance undertaking concerned shall submit to Národná banka Slovenska a business and financial plan under Section 168(3)(i), reflecting the requested extension of the scope of reinsurance business, and shall provide evidence that it complies with the conditions set out in Section 179.

(3) Where an authorisation to conduct insurance business is requested to be restricted, the insurance undertaking or foreign insurance undertaking concerned shall prove that it has settled all of its claims and liabilities that arose in connection with one or more insurance classes or with one or more risks occurring within the insurance class by which the authorisation is to be restricted. If an authorisation to conduct reinsurance business is requested to be restricted, the insurance undertaking concerned shall prove that it has settled all of its claims and liabilities that arose in connection with the insurance class by which the authorisation is to be restricted.

(4) An insurance undertaking which conducts life insurance business and which has applied for an amendment to its authorisation to conduct insurance business to cover the insurance classes listed under points 1 and 2 in Part A of Annex 1, as well as an insurance undertaking or a branch of a foreign insurance undertaking which conducts only non-life insurance business in the classes listed under points 1 and 2 in Part A of Annex 1 and which has applied for an amendment to its authorisation to cover life insurance, shall prove, in addition to the facts mentioned in paragraph 2, that it holds sufficient eligible basic own funds to cover the absolute floor of the minimum capital requirement for life insurance and the absolute floor of the minimum capital requirement for non-life insurance in accordance with Section 179(12).

Section 171
Technical provisions

(1) Insurance undertakings shall, in accordance with the scope of their business, establish the following technical provisions for the conduct of insurance business:

(a) technical provisions for insurance premiums of future periods;
(b) technical provisions for insurance benefits or claims;
(c) technical provisions for insurance premiums and premium discounts;
(d) technical provisions for life insurance;
(e) technical provisions for the coverage of risks from investment in financial instruments on behalf of the insured;
(f) other technical provisions.

(2) Technical provisions as referred to in paragraph 1 shall be created in a sufficient amount to ensure that the insurance undertaking concerned is able at any moment to discharge fully its liabilities towards contract holders, insured persons and beneficiaries, and shall be used to cover the undertaking's liabilities.

(3) Other technical provisions as referred to in paragraph 1(f) may be established by an insurance undertaking if its liabilities to insured persons cannot be settled from technical provisions created under paragraph 1(a) to (e). The establishment of other technical provisions is subject to the prior approval of Národná banka Slovenska, granted at the request of the insurance undertaking.

(4) Insurance undertakings shall establish technical provisions under paragraph 1 where this is laid down in the reinsurance contracts they have concluded, in a sufficient amount to ensure that they are able at any moment to discharge fully their liabilities arising from the reinsurance contracts.

(5) Technical provisions under paragraph 1 shall be created separately for life insurance and separately for non-life insurance. Technical provisions shall be recorded in the books of accounts separately from the other liabilities of the insurance undertaking.

(6) Insurance undertakings shall establish technical provisions for the entire scope of their business; the technical provisions shall be kept in the form of assets in accordance with Section 178.

(7) Where a reinsurance undertaking, a reinsurance undertaking from another Member State, a third-country reinsurance undertaking, or a branch of a third-country reinsurance undertaking also contributes to the creation of technical provisions for an insurance undertaking, the insurance undertaking shall conclude a reinsurance contract to ensure that its capacity to discharge its liabilities arising from the insurance contracts it has concluded remains unaffected.

(8) Insurance undertakings shall prove to Národná banka Slovenska that they have established adequate technical provisions under paragraphs 2 and 4 by carrying out a test of liability

adequacy[86] and provide Národná banka Slovenska on request with all the data, information and documents it needs to calculate the adequacy of the technical provisions.

Section 172
Calculation of technical provisions for life insurance: applicable principles

(1) The following principles shall be observed during the calculation of technical provisions for life insurance:

(a) the amount of technical provisions for life insurance is to be calculated using a sufficiently prudent prospective method, and the calculation must be based on future premium payments and future liabilities which are specified in every insurance contract as part of the terms and conditions, including:
   1. the guaranteed insurance benefits, including the guaranteed surrender value;
   2. the bonuses to which a claim has arisen, regardless of the character of these bonuses;
   3. the options which the policyholder is entitled to under the insurance contract;
   4. the administrative costs and commissions;

(b) a retrospective method may be used to calculate the amount of technical provisions for life assurance only if the amount calculated using this method turns out to be lower than the amount calculated using a sufficiently prudent prospective method, or if a prospective method is not allowed to be used under the insurance contract;

(c) a sufficiently prudent prospective method for the valuation of technical provisions does not mean the use of a best estimate, but it should include an adequate margin for the negative deviations from the evaluation preconditions;

(d) the method used to calculate the amount of technical provisions for life insurance must be sufficiently prudent also in relation to the method applied for the valuation of assets which are used to cover these technical provisions;

(e) the amount of technical provisions for life assurance is to be calculated using an actuarial method for each insurance contract separately; such technical provisions may also be calculated for each insurance contract or for more insurance contracts by way of estimation or generalisation of the data used for their calculation, if the results of these calculation methods are similar to those obtained from the calculation of technical provisions using an actuarial method for each insurance contract separately; the calculation of technical provisions for life assurance on an individual basis must not obstruct the creation of other technical provisions for insurance risks which are not individualised;

(f) the value of technical provisions calculated for each life insurance contract must correspond to at least the guaranteed surrender value throughout the lifetime of the contract, if the surrender value is guaranteed.

(2) Insurance undertakings shall specify the preconditions to be used in the valuation procedure and the part of the technical provisions for life assurance earmarked for the coverage of

their future expenses, taking into account the contents of the insurance contract and the expected administrative costs, including commissions.

(3) In calculating the amount of technical provisions to be created for the discharge of liabilities arising from life insurance contracts that include a right to a share in profits, insurance undertakings may apply a method which takes into account the bonuses that will be paid in the future, their estimated amount, and the current manner of bonus allocation.

(4) The method of calculating the amount of technical provisions for life insurance must not be changed on the grounds of changes in the data used for their calculation and the method applied must make it possible to specify unambiguously and provably the manner of allocating the profits throughout the lifetime of each insurance contract.

(5) Insurance undertakings shall enable any person to get acquainted with the principles and methods employed in the calculation of technical provisions for life assurance.

Section 173
Technical provisions for unearned premiums

(1) Technical provisions for unearned insurance premiums shall be established in both life and non-life insurance, except for single-premium life insurance, from that part of the written premiums which relates to future accounting periods. Their amount shall be determined as the sum of technical provisions calculated on the basis of individual insurance contracts.

(2) If technical provisions for unearned premiums cannot be determined as the sum of technical provisions calculated on the basis of individual insurance contracts, their amount shall be determined using an actuarial method.

(3) Technical provisions for unearned premiums shall include provisions for existing risks. Provisions for existing risks shall be established where the written premiums which relate to future accounting periods are insufficient to cover fully the insurance benefits or claims paid for insurance events and the expenses that will incur in future periods under valid insurance contracts.

Section 174
Technical provisions for insurance benefits or claims paid

(1) Technical provisions for insurance benefits or claims paid shall be established in life insurance and non-life insurance; their amount shall be determined as an estimate of the total amount of benefits or claims payable for insurance events occurring by the end of the current accounting period, reduced by the amount of benefits or claims already paid for these insurance

events. Such provisions shall be created for the coverage of benefits or claims paid for insurance events:
(a) reported but not yet settled;
(b) occurred but not reported in the current accounting period.

(2) The amount of technical provisions for insurance benefits or claims paid shall be determined as the sum of technical provisions created for benefits paid for individual life insurance events or for claims paid for individual non-life insurance events. Where the amount of technical provisions for insurance benefits or claims paid cannot be determined in this manner, actuarial methods shall be applied.

(3) Technical provisions for life insurance benefits paid or for non-life insurance claims paid shall include all the expenses that are expected to incur in connection with the settlement for insurance events.

(4) The amount of technical provisions for insurance benefits or claims paid for life or non-life insurance events that occur within the current accounting period, but are not reported to the insurance undertaking, shall be determined using an actuarial method.

(5) If, in the individual classes of life insurance or non-life insurance, benefits or claims are paid in the form of annuity, actuarial methods shall be used to establish technical provisions for such insurance benefits or claims paid.

Section 175
Technical provisions for insurance premiums and premium discounts

Technical provisions for insurance premiums and premium discounts in life and non-life insurance shall be established in accordance with the individual insurance contracts, for the provision of insurance premiums and premium discounts. The amount of technical provisions for premiums and premium discounts shall be determined as the sum of technical provisions calculated on the basis of individual insurance contracts.

Section 176
Technical provisions for life insurance

(1) Technical provisions for life insurance shall be the sum of technical provisions established on the basis of individual life and non-life insurance contracts, using the provision calculation technique devised for life insurance, and shall represent the value of future insurance liabilities calculated using actuarial methods, including shares in profits or shares in the surplus of premiums and expenses related to insurance administration, but excluding the value of future premiums.

(2) In the calculation of technical provisions, Zillmerisation shall be allowed up to the level of the acquisition costs that are included in the life insurance premium. 'Zillmerisation' means the gradual amortisation of the acquisition costs related to life insurance during the payment of premiums. In the calculation of technical provisions, the same assumptions and technical interest rates shall be used as in the calculation of the premium rates.

(3) Where the value of technical provisions is negative, it shall be replaced with a zero.

(4) In a measure promulgated in the Collection of Laws, Národná banka Slovenska shall stipulate the maximum value of the technical interest rate.

(5) The maximum value of the technical interest rate shall not apply to single-premium life insurance products, where the policy period is no longer than five years.

(6) The total guaranteed yield agreed in an insurance contract must not exceed the actual yield achieved in the previous calendar year from the investment of technical provisions, reduced by the average deduction and calculated in a manner approved by the actuary.

Section 177
Technical provisions for the coverage of risks arising from investments made on behalf of the insured

(1) Technical provisions for the coverage of risks arising from the investment of financial resources on behalf of the insured shall be established in life insurance, if the economic risk of fluctuation in the yields or growth in the invested resources is carried exclusively by the person who has signed an insurance contract with the insurance undertaking. Such technical provisions shall be determined as the current value of the financial resources invested on behalf of the persons insured under life insurance contracts, in accordance with those insurance contracts.

(2) Additional technical provisions created for the coverage of administrative costs, death risk or other risks shall constitute part of the technical provisions for life insurance in accordance with Section 176.

Section 178
Forms of investment of technical provisions

(1) Insurance undertakings and the Slovak Insurers' Bureau may invest the financial resources they hold as technical provisions in the following categories of assets:

(a) bonds issued by the Slovak Republic or by Národná banka Slovenska, bonds guaranteed by the Slovak Republic, bonds issued by other Member States or by the central banks of these

States or bonds guaranteed by other Member States, and bonds issued by the European Investment Bank, the European Bank for Reconstruction and Development, or by the International Bank for Reconstruction and Development;

(b) bonds issued by banks or by foreign banks with a registered office in a Member State;
(c) Treasury bills issued by the Slovak Republic or Treasury bills issued by other Member States;
(d) bonds admitted to trading on a regulated financial market;
(e) shares admitted to trading in the regulated market of a stock exchange or subscriptions for such shares;
(f) shares/units of close-end mutual funds admitted to trading a regulated market;
(g) shares/units of open-end mutual funds or securities of foreign open-end collective investment undertakings;[9]
(h) fixed-term or current accounts with banks or foreign banks with a registered office in a Member State;
(i) mortgage bonds or foreign mortgage bonds;
(j) certificates of deposit or foreign certificates of deposit;
(k) real properties in the territory of the Slovak Republic or in the territory of other Member States;
(l) loans to insured persons who have concluded a life insurance contract with an insurance undertaking;
(m) 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;
(n) bills of exchange secured with a bank guarantee and bills of exchange issued by a bank or a foreign bank with a registered office in a Member State;
(o) other securities than those referred to in points (a) to (g), i), (j) and (n), traded on a foreign stock exchange or on a foreign regulated public market for securities in a Member State of the European Union or of the Organisation for Economic Cooperation and Development;
(p) debt securities issued by a special purpose vehicle;
(q) claims and other similar assets related to an insurance or reinsurance undertaking from another Member State and to a third-country reinsurance undertaking;
(r) other financial resources than those referred to in points (a) to (g), (i), (j), (n) to (p).

(2) Insurance undertakings shall invest the funds they hold as technical provisions under paragraph 1 only within the limits set for the individual forms of investment. In a measure promulgated in the Collection of Laws, Národná banka Slovenska shall stipulate the investment limits for technical provisions.

(3) In a measure promulgated in the Collection of Laws, Národná banka Slovenska shall stipulate how to determine the values of securities and real properties in which technical provisions are to be invested under paragraph 1.

(4) Insurance undertakings shall, without interruption, maintain technical provisions in the form of investments as specified in paragraph 1 in an amount not less than that of the technical

provisions established under this Act, not reduced by the reinsurer's share in these technical provisions.

(5) Insurance undertakings shall only invest in assets and instruments whose risks the undertaking can be properly identify, measure, monitor, manage, control and report.

(6) All assets, in particular those covering the technical provisions, the minimum capital requirement and the solvency capital requirement, shall be invested in such a manner as to ensure the security, quality, liquidity and profitability of the insurance portfolio as a whole. The localisation of those assets shall be such as to ensure their availability.

(7) Assets held to cover the technical provisions shall also be invested in a manner appropriate to the nature and duration of the insurance and reinsurance liabilities. Those assets shall be invested in the best interest of all policyholders and beneficiaries taking into account any disclosed contract objective.

(8) In the case of a conflict of interests, insurance undertakings or the persons who manage their asset portfolio shall ensure that the investment is made in the best interest of policyholders and beneficiaries.

(9) Where the benefits provided under a life insurance contract are directly linked to the value of mutual fund shares/units, the value of securities of foreign collective investment undertakings, the value of transferrable securities, or to the value of assets managed in the insurance undertaking's internal fund, usually divided into units, the technical provisions in respect of those benefits must be represented as closely as possible either by those units or, in the case where units are not established, by those assets. For the purposes of this Act, 'internal fund of an insurance undertaking' means the undertaking's asset portfolio earmarked for the coverage of life insurance obligations for a certain group of contracts.

(10) Where the benefits provided under a life insurance contract are directly linked to a share index or some other reference value other than those referred to in paragraph 9, the technical provisions in respect of those benefits must be represented as closely as possible either by the units deemed to represent the reference value or, in the case where units are not established, by assets of appropriate security and marketability which correspond as closely as possible with those on which the particular reference value is based.

(11) Where the benefits referred to in paragraphs 9 and 10 include financial guarantees or other guaranteed benefits, the assets held to cover the corresponding additional technical provisions are subject to paragraph 12.

(12) With respect to assets other than those covered by paragraphs 9 and 10, the following principles apply:

(a) the use of derivative instruments shall be possible insofar as they contribute to a reduction of risks or facilitate efficient portfolio management;
(b) assets shall be properly diversified in such a way as to avoid excessive reliance on any particular asset, issuer or group of undertakings, or geographical area and excessive risk concentration in the portfolio as a whole;
(c) investments in assets issued by the same issuer, or by issuers belonging to the same group, shall not expose the insurance or reinsurance undertaking to excessive risk concentration.

(13) Insurance undertakings shall invest the funds they hold as technical provisions in matching assets in an amount accounting for at least 80% of their liabilities in the given currency. This shall not apply where:

(a) the assets in this currency do not exceed 7% of the value of assets in other currencies; or
(b) liabilities are payable in a currency other than the currency of another Member State and, under the law of the State in the currency of which the technical provisions are to be invested, investment in this currency or dealing in this currency is limited, or if, for other reasons, this currency is not suitable for the investment of funds held as technical reserves.

(14) Where a liability is to be covered by assets which are expressed in the currency of any of the Member States, this obligation shall be deemed to have been met if the assets used are expressed in EUR.

(15) The provisions of paragraphs 1 to 3, 13 and 14 shall not apply to assets that are earmarked for the coverage of liabilities arising from insurance contracts pursuant to paragraphs 9 and 10. This shall not apply to the cases referred to in paragraphs 9 and 10 where the insurance benefit includes a guaranteed yield or any other guaranteed benefit.

Solvency of an insurance undertaking
Section 179

(1) In regard to insurance undertakings, solvency shall be understood to mean the capacity of an undertaking to make due and timely payments to discharge liabilities arising from insurance or reinsurance business.

(2) In order to be able to discharge liabilities arising from insurance or reinsurance business fully and in due time, insurance undertakings shall maintain a sufficient amount of eligible basic own funds to meet the solvency capital requirement.

(3) Solvency capital requirement shall be understood to mean the value of eligible basic own funds that an insurance undertaking is required to maintain; it is determined according to the

scope of insurance or reinsurance business conducted by the undertaking. Insurance undertakings shall determine their solvency capital requirement separately for life insurance, non-life insurance, and reinsurance.

(4) The value of eligible basic own funds shall be understood to mean the surplus of assets over liabilities reduced by the following items:

(a) the insurance undertaking's intangible property;
(b) the insurance undertaking's own shares in its possession;
(c) the insurance undertaking's participating interest in another insurance or reinsurance undertaking, an insurance or reinsurance undertaking from another Member State, a third-country insurance or reinsurance undertaking, a financial holding company, or in another financial institution;
(d) the financial instruments mentioned in paragraphs 7 and 9, owned by the insurance undertaking in relation to entities referred to in point (c).

(5) The surplus of assets over liabilities shall be formed by:

(a) the paid-up share capital;
(b) the legal reserve fund and other funds to which none of the insurance or reinsurance liabilities relates;
(c) the unpaid loss or undistributed profit from previous years and the loss or profit from the current period, excluding the dividends to be paid.

(6) Eligible basic own funds may also comprise loans, provided they fulfil the conditions set out in paragraph 7, and securities, provided they fulfil the conditions set out in paragraph 9, up to 50% of the lesser of the available solvency margin and the required solvency margin, no more than 25% of which may consist of loans with a fixed maturity or securities with a fixed maturity.

(7) Loans may be included in the amount of eligible basic own funds, where the following conditions are fulfilled:

(a) binding agreements exist under which, in the event of the bankruptcy or liquidation of the undertaking, the loans are not to be repaid until all the other creditors have been satisfied;
(b) the loans have actually been provided;
(c) for loans with a fixed maturity, the original maturity must be at least five years, while no later than one year before the repayment date, the insurance undertaking must submit to Národná banka Slovenska for approval a plan on the basis of which the undertaking will prove that, after the loans are repaid, its eligible basic own funds will be at least at the level of the solvency capital requirement, unless the extent to which the loans may rank as a component of the eligible basic own funds is reduced by at least 20% per year over the last five years before the repayment date;
(d) the loans the maturity of which is not fixed are repayable only subject to five years' notice, unless the loans are no longer considered as a component of the eligible basic own funds or

unless the prior consent of Národná banka Slovenska is specifically required for early loan repayment;

(e) the loan agreements do not include any clause providing that in specified circumstances, other than the liquidation of the undertaking or without the prior consent of Národná banka Slovenska, the loans will become repayable before the agreed repayment dates;

(f) the loan agreement may be amended only with the prior consent of Národná banka Slovenska.

(8) At the written request of an insurance undertaking, Národná banka Slovenska may grant prior approval for early loan repayment under paragraph 7 if there is no risk that the undertaking's eligible basic own funds may fall below the solvency capital requirement.

(9) Securities may be included in the available solvency margin under paragraph 6, where the following conditions are fulfilled:

(a) binding agreements exist under which, in the event of the bankruptcy or liquidation of the undertaking, the loans are not to be repaid until all the other creditors have been satisfied;

(b) the securities must not be repaid on the initiative of the bearer or without the prior consent of Národná banka Slovenska;

(c) the contract or the issuing conditions must enable the insurance undertaking to defer the payment of interest;

(d) the contract or the issuing conditions must provide for the loss-absorption capacity of the insurance undertaking;

(e) the securities have been paid-up in full.

(10) Upon application in writing by the insurance undertaking concerned and with the prior approval of Národná banka Slovenska, the eligible basic own funds may also comprise:

(a) any hidden net reserves arising from the valuation of assets, insofar as such hidden net reserves are not of an exceptional nature;

(b) the difference between non-Zillmerised technical provisions for life insurance and Zillmerised or partially Zillmerised technical provisions for life insurance, where a life insurance undertaking is involved;

(c) one half of the unpaid share capital, once the paid-up part amounts to at least 25% of that share capital, up to 50% of the available or required solvency margin, whichever is the lesser.

(11) Prior approval under paragraph 10 may not be granted where Národná banka Slovenska has a reason to doubt the correctness of the data given in the application for prior approval or considers the data to be insufficiently proven.

(12) One-third of the value of the solvency capital requirement is constituted by the minimum capital requirement. In a measure promulgated in the Collection of Laws, Národná banka Slovenska shall stipulate the absolute floor of the minimum capital requirement.

(13) Minimum capital requirement shall be understood to mean the minimum value of eligible basic own funds.

(14) In a measure promulgated in the Collection of Laws, Národná banka Slovenska shall stipulate the following:
(a) how to calculate, record and report the eligible basic own funds of insurance undertakings;
(b) how to calculate, record and report the solvency capital requirement;
(c) a time limit for reporting the eligible basic own funds, the solvency capital requirement, and the minimum capital requirement;
(d) the definition of risk capital and how to calculate risk capital.

System of governance of insurance undertakings under a special regime
Section 180

(1) The management board of an insurance undertaking shall be responsible for compliance with this Act and other legislation of general application, as well as with the internal regulations and principles of the undertaking relating to the conduct of insurance business.

(2) Insurance undertakings shall adopt and apply an effective system of governance to ensure the sound and prudent management of the business. The system of governance shall comprise, as a minimum, a transparent organisational structure with a clear and appropriate division of responsibilities preventing the occurrence of conflicts of interests, and an effective system ensuring the exchange of information in meeting the requirements laid down in paragraphs 3 to 7 and in Sections 181 to 187. The organisation structure of an insurance undertaking must include an internal audit department, a risk management department, and an actuary department, which shall report directly to the management board. The insurance undertaking shall regularly verify the settings and functioning of its system of governance and shall take measures to remedy the shortcomings identified.

(3) Insurance undertakings shall adopt and apply rules and procedures in the form of written contracts in relation to at least risk management, internal control, internal audit, reporting for supervisory purposes, publication and, where relevant, outsourcing as defined in Section 185.

(4) Insurance undertakings shall review their written contracts as referred to in paragraph 3 at least annually. The written contracts shall be subject to prior approval by the management board of the insurance undertaking concerned. Insurance undertakings shall adapt their written contracts to any significant change in the system or area concerned.

(5) Insurance undertakings shall:
(a) introduce, apply and maintain appropriate risk management and internal control systems to ensure compliance with their decisions and procedures at all levels of the undertaking;

(b) introduce and apply appropriate procedures and processes to meet the requirements of this Act concerning reporting for supervisory purposes;
(c) employ persons who have the necessary experience, knowledge, and professional competence for performing their tasks and duties;
(d) arrange that the persons ensuring the functioning of the insurance undertaking are familiar with the procedures and processes they need for their work;
(e) keep proper records of their internal organisation and business, including the implementation of an information system for processing operations, liabilities, and risks;
(f) introduce and apply procedures designed to identify any deterioration in their financial situation and inform Národná banka Slovenska without delay if such deterioration occurs;
(g) take appropriate measures to ensure the smooth conduct of their business, including the preparation of contingency plans.

(6) Insurance undertakings shall, without delay, submit their articles of association to Národná banka Slovenska after any amendment thereto. Insurance undertakings shall, without undue delay, inform Národná banka Slovenska whenever a change occurs in their organisational structure.

(7) If an insurance undertaking intends to conclude a finite reinsurance contract or to conduct finite reinsurance business, it must be able to identify correctly, assess, monitor, manage, check, and report the risks arising from a finite reinsurance contract or from finite reinsurance business.

Section 181
Requirements for persons running an insurance undertaking under a special regime

(1) Insurance undertakings shall ensure that the members of their board of director, the procurator, and the managers directly reporting to the management board at all times fulfil the following requirements:
(a) their professional competence, knowledge and experience are sufficient to enable them to perform sound and prudent management; and
(b) they are of good repute.

(2) In regard to natural persons nominated to positions in an insurance undertaking that include member of the management board, procurator, manager reporting directly to the management board, are professionally competent if they have a master's degree and at least three years' experience in the financial sector. At least one member of the management board and at least one manager reporting directly to the management board must have at least five years' experience in the insurance sector. The manager in charge of the actuarial department of the undertaking must have a master's degree in economics, natural sciences or technology, at least three years'

professional experience in actuarial mathematics, and knowledge of actuarial and financial mathematics commensurate with the natural, scale and complexity of the risks inherent in the business of the undertaking, and must be able to prove their experience conforms to the applicable professional and other standards.

(3) A natural person is of good repute if that person:

(a) has not been convicted by a final judgement of a property-related crime, an intentional crime, or a crime committed in connection with the performance of managerial duties, or has had their conviction for such a crime expunged; this shall be proved with a criminal register extract[23] requested in accordance with the procedure laid down in Section 24(6) or, if the person is a foreigner, with an equivalent document, not older than three months, issued by a competent authority of the country of which the person is a national or in which the person permanently or habitually resides, or of a country in which that person has been detained within the past three years; if that country does not issue such an equivalent document, the person concerned may instead submit a declaration of honour which they made before a competent judicial or administrative authority or notary public in that country, and which is certified by that authority or notary public;

(b) has not in the past ten years been a member of the statutory body or supervisory board of a financial institution that was subject to a bankruptcy order, was admitted to restructuring or insolvency proceedings, was placed in receivership, or entered into a compulsory arrangement with its creditors; this shall be proved with a declaration of honour;

(c) has not in the past ten years been subject to a bankruptcy order; this shall be proved with a confirmation issued by a court of competent jurisdiction or by an authority of equivalent competence in another country;

(d) has not in the past ten years been fined under Section 139(6) or under other legislation pertaining to the financial market[24] an amount exceeding 50% of the maximum fine under the respective provision;

(e) is a person of good repute under other legislation[25] pertaining to the financial market;

(f) has during the past ten years performed their duties and conducted their business reliably, honestly and without infringing any legislation of general application, and, these facts being taken into account, guarantees to perform the duties of the position to which they have been nominated in a reliable and honest manner, without infringing any legislation of general application, and in fulfilment of their obligations under legislation of general application, under the articles of association of the insurance or reinsurance undertaking, and under any internal regulations.

(4) Národná banka Slovenska may recognise the good repute of a natural person who has held a position as specified in paragraph 3(b), provided that the nature of the matter implies that the natural person, in respect of the time for which that person held the position mentioned in paragraph 3(b), could not have influenced the activities of the institutions referred to in paragraph 3(b).

(5) The supporting documents mentioned in paragraph 3 may not be submitted after the expiry of three months from their issuance.

(6) Insurance undertakings shall, without undue delay, inform Národná banka Slovenska of any change in senior personnel as referred to in paragraph 1, including information needed for assessing compliance with the requirements of paragraph 1.

Section 182
Risk management

(1) Insurance undertakings shall have in place an effective risk management system comprising strategies, processes and reporting procedures necessary to identify, measure, monitor, manage and report, on a continuous basis, the risks to which they are or may be exposed, and their interdependencies.

(2) The risk management system shall be effective and well integrated into the organisational structure and into the decision-making processes of the insurance undertaking. The risk management system shall be operated by the risk management department.

(3) The risk management system shall cover at least the following areas:
(a) risk underwriting and provisioning;
(b) asset and liability management;
(c) investment, in particular in derivatives and similar financial instruments;
(d) liquidity risk and concentration risk management;
(e) operational risk management;
(f) reinsurance and other risk-mitigation techniques.

(4) The written contract on risk management referred to in Section 180(3) shall comprise contracts relating to at least the areas mentioned in paragraph 3.

(5) Insurance undertakings shall submit to Národná banka Slovenska an activity report compiled by their risk management departments for the previous calendar year, by 30 April of each calendar year.

(6) At the written request of an insurance undertaking, Národná banka Slovenska may extend the time limit for the submission of the risk management unit’s activity report for the previous calendar year.

(7) In a measure promulgated in the Collection of Laws, Národná banka Slovenska shall stipulate the structure, scope, content and form of the activity report to be compiled by the risk management departments of insurance undertakings,

(8) In a measure promulgated in the Collection of Laws, Národná banka Slovenska shall lay down detailed provisions on risk management systems.

Section 183
The actuarial department

(1) An actuarial department shall have the following functions:
(a) to coordinate the calculation of technical provisions;
(b) to ensure the appropriateness of the methodologies and underlying models used, as well as the assumptions made in the calculation of technical provisions;
(c) to assess the sufficiency and quality of the data used in the calculation of technical provisions;
(d) to compare the best estimates of technical provisions against experience;
(e) to inform the management board or the supervisory board of the reliability and adequacy of the calculation of technical provisions;
(f) to oversee the calculation of technical provisions;
(g) to express an opinion on the overall underwriting contract;
(h) to contribute to the effective implementation of the risk management system.

(2) Insurance undertakings shall allow persons who perform activities in accordance with paragraph 1 access to any information these persons need in connection with the performance of their duties under this Act.

(3) When shortcomings are revealed in the financial management of an insurance undertaking under this Act, the head of the actuarial department shall propose to the management board measures for the elimination of the shortcomings. If the measures proposed are not implemented and the financial management of the undertaking impedes its ability to discharge liabilities arising from the insurance business conducted, the head of the actuarial department shall inform Národná banka Slovenska of this fact without undue delay.

(4) Insurance undertakings shall submit to Národná banka Slovenska an activity report compiled by their actuarial department for the previous calendar year, by 30 April of each calendar year.

(5) At the written request of an insurance undertaking, Národná banka Slovenska may extend the time limit for the submission of an activity report by the actuarial department of the undertaking for the previous calendar year.

(6) In a measure promulgated in the Collection of Laws, Národná banka Slovenska may stipulate the structure, scope, content and form of the activity report to be produced by the actuarial department of an insurance undertaking.

Section 184
Internal control and internal audit

(1) Insurance undertakings shall have in place an effective internal control system comprising at least the following elements:
(a) administrative and accounting procedures;
(b) control processes and procedures;
(c) reporting arrangements at all levels of the undertaking.

(2) An internal audit department shall have the following functions:
(a) to evaluate the adequacy and effectiveness of the internal control system and other elements of the system of governance;
(b) to prepare and implement the plan of internal audit;
(c) to issue recommendations for the elimination of shortcomings identified on the basis of activity reports compiled under point (a);
(d) to verify the implementation of recommendations made for the elimination of shortcomings under point (c);
(e) to submit internal audit reports.

(3) Insurance undertakings shall ensure the objectivity of the internal audit function and its independence from their operational activities. The head of the internal audit unit may not be a member of the management board, nor a member of the supervisory board or the procurator of the same insurance undertaking.

(4) Insurance undertakings shall allow the persons ensuring the internal audit function access to any information they need in connection with the performance of their duties in accordance with this Act.

(5) The head of the internal audit department shall report any findings and recommendations of the department to the management board which shall determine what actions are to be taken with respect to each of the internal audit findings and recommendations and shall ensure that those actions are carried out.

(6) The supervisory board of an insurance undertaking may request the undertaking's internal audit department to carry out an internal audit in the scope it determines.

(7) The internal audit unit shall, without undue delay, inform the supervisory board of the insurance undertaking and Národná banka Slovenska of any breach of the obligations imposed on the undertaking by legislation of general application and of the facts that may affect the proper conduct of insurance business.

(8) Insurance undertakings shall, by 30 April of each calendar year, submit to Národná banka Slovenska their internal audit department's activity report for the previous calendar year and plan of activities for the next calendar year, as well as a report on the measures taken to eliminate the shortcomings identified in their activities.

(9) At the written request of an insurance undertaking, Národná banka Slovenska may extend the time limit for the submission of an activity report by the internal audit department of that undertaking for the previous calendar year.

(10) In a measure promulgated in the Collection of Laws, Národná banka Slovenska may stipulate the following:
(a) the structure, scope, content and form of an internal audit department's activity report for the previous calendar year;
(b) the plan of activities of an internal audit department for the next calendar year;
(c) details about the internal control system of an insurance undertaking and about the activities and responsibilities of its internal audit department.

Section 185
Outsourcing

(1) Insurance undertakings may outsource one or more of their activities on the basis of a contract for the outsourcing of activities, which is to be approved by the management board of the undertaking concerned.

(2) Insurance undertakings shall be responsible for con-compliance with the obligations arising from this Act or other legislation pertaining to their activities if they outsource any of the activities within the system of governance or any other insurance or reinsurance business.

(3) Insurance undertakings shall ensure that the outsourcing of activities within the system of governance or of any other insurance or reinsurance business is not undertaken in such a way as to lead to any of the following:
(a) materially impairing the quality of the system of governance of the undertaking concerned;
(b) unduly increasing the operational risk;
(c) impairing the ability of Národná banka Slovenska to exercise effective supervision over the undertaking;
(d) undermining the continuous provision of services to policyholders.

(4) Insurance undertakings shall inform Národná banka Slovenska of its intention to outsource an activity within the system of governance or any other insurance or reinsurance business no later than 30 days before a contract for outsourcing is concluded. They shall also inform Národná banka Slovenska without undue delay of any significant fact relating to such activities.

(5) Before outsourcing an activity within the system of governance or any other insurance or reinsurance business to another person, insurance undertakings shall carry out:

(a) a thorough evaluation of that person's abilities, mainly in terms of the legal requirements, and their financial and personnel resources as to whether the outsourced activities can be performed continuously, in the agreed range and quality;
(b) an evaluation of potential conflicts of interests with that person.

(6) A contract for the outsourcing of activities shall:

(a) be made in wiring;
(b) contain a clear division of the rights and obligations of the parties;
(c) lay down that the person to which an activity is outsourced shall observe the obligations related to the activity outsourced by the insurance undertaking;
(d) lay down that the person to which an activity is outsourced shall cooperate with Národná banka Slovenska in the supervision of the outsourced activity;
(e) lay down that the person to which an activity is outsourced shall inform the insurance undertaking of any fact that may affect the outsourced activity;
(f) contain a notice period in a length enabling the insurance undertaking to meet its obligations properly and in due time;
(g) empower the insurance undertaking to end a contractual relationship immediately if the person to which an activity is outsourced performs that activity in contrast with the applicable legislation or with the contract;
(h) empower the insurance undertaking and its auditor or audit firm to carry out audits of the outsourced activities;
(i) empower the insurance undertaking to guide the performance of the outsourced activities.

Section 186
Separation of insurance management

(1) Insurance undertakings conducting both life and non-life insurance business simultaneously under Section 6(7) shall separate the management of life and non-life insurance in terms of both personnel and organisation; the separate management shall be organised in such a way that the respective interests of life and non-life policyholders remain unaffected and, in particular, that profits from life insurance benefit life policyholders as if the insurance undertaking only conducted life insurance business.

(2) Insurance undertaking conducting both life and non-life insurance business simultaneously under Section 6(7) shall calculate:

(a) a notional minimum capital requirement with respect to their life insurance or reinsurance business; and

(b) a notional minimum capital requirement with respect to their non-life insurance or reinsurance business.

(3) Insurance undertakings conducting both life and non-life insurance business simultaneously under Section 6(7) shall cover the following by an equivalent amount of eligible basic own-fund items:

(a) the notional minimum capital requirement in respect of their life insurance or reinsurance business; and

(b) the notional minimum capital requirement in respect of their non-life insurance or reinsurance business.

(4) The coverage of the minimum capital requirement referred to in paragraph 3, in respect of life insurance business, shall not be borne by non-life insurance business, and vice versa.

(5) As long as the conditions set out in paragraph 3 are fulfilled and provided that Národná banka Slovenska is informed, insurance undertakings may use to cover the solvency capital requirement referred to in Section 179 the explicit eligible basic own-fund items which are still available for life or non-life insurance business.

(6) Insurance undertakings shall keep separate analytical records for life and non-life insurance and shall prepare financial statements so as to show the sources of the results for life and non-life insurance separately. All income and expenditure items shall be broken down according to origin, in particular premiums, payments to reinsurers, investment income, payment of insurance claims and benefits, changes in insurance liabilities, payments by reinsurers, and operating expenses. Items common to both life and non-life insurance and reinsurance business shall be entered in the accounts in accordance with the methods of apportionment approved by Národná banka Slovenska.

(7) Insurance undertakings shall, on the basis of the accounts, prepare a statement in which the eligible basic own-fund items covering each notional minimum capital requirement as referred to in paragraph 2 are clearly identified.

(8) If the amount of eligible basic own-fund items with respect to business in one of the insurance classes is insufficient to cover the minimum capital requirements referred to in paragraph 3, Národná banka Slovenska shall apply appropriate measures to the deficient business, whatever the results in the other business. Such measures may involve a transfer of explicit eligible basic

own-fund items from one business to the other on the basis of prior approval granted under Section 77.

Section 187
Notification requirements

(1) Insurance undertakings shall, without undue delay, notify Národná banka Slovenska of any change in their financial situation and of any other fact that may impair their ability to discharge liabilities arising from the insurance or reinsurance business they conduct.

(2) Insurance undertakings shall generate and submit to Národná banka Slovenska data from their accounting and statistical records, and other data and information in the form of statements or reports in the prescribed manner and within the stipulated time limit. In a measure promulgated in the Collection of Laws, Národná banka Slovenska shall stipulate the scope of these data and how and when they are to be submitted.

(3) The data referred to in paragraph 2 and other information contained in the statements and reports submitted must be comprehensible, transparent and probable; they must give a true picture of the reported facts and must be submitted in due time. If the submitted statements and reports are not submitted in the prescribed form or if there are justified doubts about their correctness or completeness, the insurance undertaking concerned shall submit to Národná banka Slovenska the requested data and provide an explanation within the time limit stipulated by Národná banka Slovenska.

DIVISION SEVEN
COMMON, TRANSITIONAL AND FINAL PROVISIONS

Common provisions
Section 188

(1) Liability for any damage caused by a breach of duties under this Act shall be governed by the provisions of the Civil Code pertaining to compensation for damage, unless otherwise provided by Sections 70 and 151.

(2) Insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings are subject to the relevant provisions of the Civil Code, unless otherwise provided by Sections 6, 8 and 161.

(3) Insurance and reinsurance undertakings may issue shares only in book-entry form; it shall be prohibited to change the form of shares.

(4) Proceedings under this Act are subject to other legislation,[3] unless otherwise provided by Sections 16 to 21, 66, 77, 79 to 142, 144 and 145.

(5) Where this Act requires an identification number or a personal number, this requirement shall not apply to persons to whom such numbers have not been assigned.

Section 189

(1) The conversion, cross-border conversion, dissolution, or cross-border change in the legal form of an insurance or reinsurance undertaking may not be to the detriment of the creditors of that insurance or reinsurance undertaking.

(2) A legal person whose authorisation to conduct insurance or reinsurance business has been withdrawn, or whose authorisation has expired, shall conduct business in accordance with Section 159(1) as an insurance or reinsurance undertaking or a branch of a foreign insurance or reinsurance undertaking under this Act as long as it settles its claims and obligations. The obligation of an insurance or reinsurance undertaking or of a branch of a foreign insurance or reinsurance undertaking to submit accounting and statistical statements and reports under this Act shall not apply to such legal entities.

Section 190

Legal acts which require the prior approval of Národná banka Slovenska under Section 77 shall be deemed invalid if performed without this prior approval. Legal acts carried out with the prior approval of Národná banka Slovenska granted on the basis of false data shall also be deemed invalid. This shall not apply where a qualifying holding in an insurance or reinsurance undertaking is acquired or increased under Section 77(1)(a) indirectly as a result of a foreign stabilisation measure aimed at mitigating the impact of the global financial crisis and where a branch of an insurance or reinsurance undertaking from another Member State or a branch of a third-country insurance or reinsurance undertaking or part thereof is sold under Section 77(1)(c) in accordance with a foreign stabilisation measure aimed at mitigating the impact of the global financial crisis.

Transitional provisions

Section 191

The provisions of this Act also govern legal relations that arose before the effective date of this Act; however, the establishment of such legal relations, as well as any claims arising therefrom before the effective date of this Act, shall be assessed in accordance with this Act as in effect until 31 December 2015, unless Sections 192 to 205 provide otherwise.

Section 192

(1) Insurance undertakings or branches of foreign insurance undertakings conducting insurance business under the legislation in effect until 31 December 2015 are deemed, as of 1 January 2016, to be insurance undertakings or branches of foreign insurance undertakings authorised under this Act.

(2) The branches of insurance undertakings from other Member States conducting insurance business in the territory of the Slovak Republic on the basis of an authorisation granted under the legislation in effect until 31 December 2015 are deemed, as of 1 January 2016, to be branches of insurance undertakings from other Member States established under Section 18(1).

(3) An authorisation to establish and operate an insurance or reinsurance undertaking or a branch of a foreign insurance or reinsurance undertaking valid until 31 December 2015, which was granted under the legislation in effect until 31 December 2015, is deemed to be an authorisation to establish and operate an insurance or reinsurance undertaking or a branch of a foreign insurance or reinsurance undertaking under this Act.

(4) Národná banka Slovenska shall, by 1 January 2016, issue a certificate for insurance and reinsurance undertakings and branches of foreign insurance and reinsurance undertakings to confirm the scope of the insurance or reinsurance business these undertakings or branches are authorised to conduct under paragraph 1 or 3 as they are specified in Annex 1.

(5) Insurance undertakings, reinsurance undertakings, and branches of foreign insurance or reinsurance undertakings shall, on the basis of a certificate issued under paragraph 4, file a motion with the competent court for the entry of an amendment to the record of their business in the Commercial Register, or for the deletion of certain data from that record, within 60 days of the date of the certificate delivery to the insurance or reinsurance undertaking or branch of a foreign insurance or reinsurance undertaking.

(6) Proceedings that commenced but not were not concluded with a final decision of Národná banka Slovenska before 1 January 2016 shall be brought to their conclusion in accordance with the legislation in effect until 31 December 2015.

(7) Statements, reports, overviews and other disclosures concerning any facts related to events that took place before 31 December 2015, as well as activity reports for 2015, shall be submitted in 2016 under the legislation in effect before 31 December 2015.

Section 193

(1) Deficiencies identified in the activities of insurance or reinsurance undertakings or other persons before 31 December 2015 shall be assessed and dealt with in accordance with this Act, where this is more favourable for these entities and a fine or other penalty for such deficiencies may be imposed under this Act, where this is more favourable for insurance or reinsurance undertaking or other persons. The legal effects of actions taken in the course of proceedings before 1 January 2016 are preserved.

(2) Time limits that have not expired by 1 January 2016 are subject to the legislation in effect until 31 December 2015. Where the legislation in effect until 31 December 2015 did not set time limits for the issuance of decisions or for the performance of other actions in proceedings that commenced but were not finally completed before 1 January 2016, the time limits under this Act apply, except that they begin to run on 1 January 2016.

Section 194

(1) As from 1 April 2015, insurance and reinsurance undertakings may submit an application for approval for:
(a) the holding of additional own funds;
(b) the inclusion of own-fund items;
(c) the specific parameters of an insurance or reinsurance undertaking;
(d) the use of a full or partial internal model;
(e) special purpose vehicles established in the Slovak Republic;
(f) additional own funds for a mediating holding insurance undertaking;
(g) the use of an internal model at group level;
(h) the application of a matching adjustment to a risk-free interest rate term structure;
(i) the use of a transitional measure in respect of risk-free interest rates under Section 203;
(j) the use of a transitional measure in respect of technical provisions under Section 204.

(2) In proceedings brought in respect of an application under paragraph 1, Národná banka Slovenska shall proceed in accordance with this Act and other legislation.[26]

(3) As from 1 July 2015, Národná banka Slovenska may take any of the following actions:
(a) decide to deduct any participating interest pursuant to Section 94(2);
(b) select a method for the calculation of group solvency pursuant to Section 88(2);
(c) take a decision on equivalence pursuant to Sections 90 and 120;
(d) allow the application of Sections 103 and 104 to insurance and reinsurance undertakings under Section 101;
(e) take decisions in accordance with Sections 121 and 122;
(f) stipulate the use of transitional measures under Sections 196, 198, 200 to 202.

(4) Agreements, permissions, and other decisions issued under paragraphs 1 to 3 shall be executable from 1 January 2016, at the earliest.

Section 195

As from 1 April 2015, Národná banka Slovenska may take any of the following actions:

(a) determine the level and scope of group supervision to be exercised from 1 January 2016;
(b) select a supervisory authority for the exercise of group supervision as from 1 January 2016;
(c) establish a college of supervisory authorities for the exercise of group supervision as from 1 January 2016.

Section 196

(1) An insurance or reinsurance undertakings which has ceased to conclude new insurance or reinsurance contracts until 1 January 2016 and which currently manages exclusively its existing portfolio with the objective of ending its operations, and which has promised Národná banka Slovenska to end its operations by 1 January 2019, is subject only to the provisions of Sections 139, 141, and 147 to 163 until 1 January 2019, unless the insurance or reinsurance undertaking decides otherwise. This period may be reduced if Národná banka Slovenska is not satisfied with the progress the insurance or reinsurance undertaking has achieved in ending its operations. After that date, the insurance or reinsurance undertaking is subject to the provisions of this Act.

(2) An insurance or reinsurance undertaking which has ceased to conclude new insurance or reinsurance contracts by 1 January 2016 and which manages exclusively its existing portfolio with the objective of ending its operations, and which is currently in receivership under Sections 147 to 155 is subject to the provisions of Sections 139, 141, 147 to 163, unless otherwise provided by the insurance or reinsurance undertaking. This period may be reduced if Národná banka Slovenska is not satisfied with the progress the insurance or reinsurance undertaking has achieved in ending its operations. After that date, the insurance or reinsurance undertaking is subject to the provisions of this Act.

(3) Paragraph 1 or paragraph 2 applies only where:

(a) all insurance or reinsurance undertakings that are part of a group cease to conclude new insurance or reinsurance contracts where the insurance or reinsurance undertaking concerned is part of a group;
(b) the insurance or reinsurance undertaking has sent Národná banka Slovenska a report containing information on the progress it has achieved in ending its operations;
(c) the insurance or reinsurance undertaking has notified Národná banka Slovenska of its intention to apply paragraph 1 or paragraph 2.

(4) Národná banka Slovenska shall compile a list of all insurance and reinsurance undertakings that apply paragraph 1 or paragraph 2, and shall inform the supervisory authorities of the other Member States.

Section 197

(1) Where an insurance or reinsurance undertaking calculates the solvency capital requirement on the basis of an internal model, Národná banka Slovenska may, by 31 December 2017, decide that, for the purpose of determining the minimum capital requirement under Section 63(5), the solvency capital requirement shall be calculated on the basis of the standard formula.

(2) If an insurance or reinsurance undertaking covers the required solvency rate in under the legislation in effect as at 31 December 2015 but does not have enough eligible basic own funds to cover the minimum capital requirement under this Act, the relevant insurance or reinsurance undertaking shall bring the coverage of the minimum capital requirement into line with this Act by 31 December 2016.

(3) If an insurance or reinsurance undertaking fails to cover the minimum capital requirement with eligible basic own funds by 31 December 2016, Národná banka Slovenska shall withdraw the authorisation of that undertaking to conduct insurance or reinsurance business.

Section 198

(1) The time limit for the submission of information for supervisory purposes under Section 79(11) shall be reduced in the period from 1 January 2016 to 1 January 2020 by two weeks for each financial year. The time limit for the financial year from 30 June 2016 to 1 January 2017 shall be 20 weeks, and that for the financial year from 30 June 2019 to 1 January 2020 shall be reduced to 14 weeks.

(2) The time limit for the submission of a report on an undertaking's solvency and financial condition under Section 33 shall be reduced in the period from 1 January 2016 to 1 January 202 by two weeks for each financial year. The time limit for the financial year from 30 June 2016 to 1 January 2017 shall be 20 weeks, and that for the financial year from 30 June 2019 to 1 January 2020 shall be reduced to 14 weeks.

(3) The time limit for the submission of quarterly information for supervisory purposes under Section 79(11) shall be reduced in the period from 1 January 2016 to 1 January 2020 by one week for each financial year. The time limit for the financial year from 1 January 2016 to 31 December 2016 shall be eight weeks, and that for the financial year from 1 January 2019 to 31 December 2019 shall be reduced to five weeks.

(4) Paragraphs 1 to 3 also apply to the submission of information and reports at group level, but the relevant time limits shall be extended by six weeks.

(5) A capital add-on or the effects of specific parameters that insurance and reinsurance undertakings must use in accordance with Section 53 are not necessary to be published separately during the transitional period which ends no later than 31 October 2020.

Section 199

Národná banka Slovenska shall, until 1 January 2021 every year, supply the European Supervisory Authority with information about:

(a) the availability of long-term guarantees provided by insurance undertakings and the long-term investment activities of insurance and reinsurance undertakings;
(b) the number of insurance and reinsurance undertakings using a matching adjustment, volatility adjustment, prolonged recovery period under Section 144(4), and transitional measures under Sections 203 and 204;
(c) the impact of a matching adjustment, volatility adjustment, symmetric adjustment to the capital requirement for equity risk, and transitional measures under Sections 203 and 204 on the financial position of insurance and reinsurance undertakings in a manner not enabling the identification of the insurance or reinsurance undertaking concerned;
(d) the impact of a matching adjustment, volatility adjustment, and symmetric adjustment to the capital requirement for equity risk on the investment activities of insurance and reinsurance undertakings, and the possible occurrence of undue capital allowance on their basis;
(e) the impact of prolonged recovery period under Section 144(4) on the efforts of insurance and reinsurance undertakings to replenish the level of eligible own funds covering the solvency capital requirement or on their efforts to reduce the risk profile to ensure that the solvency capital requirement is fulfilled;
(f) compliance with the plans for gradual recovery under Section 205 and the expectations regarding the reduction of dependence on the use of transitional measures, including measures that were or are expected to be adopted by Národná banka Slovenska, provided that the insurance or reinsurance undertaking applies transitional measures under Sections 203 and 204.

Section 200

(1) Insurance and reinsurance undertakings may include the items of their available solvency margin determined under the legislation in effect until 31 December 2015 in class 1 of the basic own funds until 1 January 2026 where:

(a) these items were included in the available solvency margin before 1 January 2016 or before the effective date of other legislation,[26] whichever occurred earlier;

(b) these items were used until 31 December 2015 for the coverage of the required solvency margin up to 50% in accordance with the legislation in effect until 31 December 2015;
(c) these items would be otherwise included in class 1 or 2 under Section 46.

(2) Insurance and reinsurance undertakings may include the items of the available solvency margin determined under the legislation in effect until 31 December 2015 in class 2 of the basic own funds until 1 January 2026 where:
(a) these items were included in the available solvency margin before 1 January 2016 or before the effective date of other legislation,[26] whichever occurred earlier;
(b) these items were used until 31 December 2015 for the coverage of the required solvency margin up to 25% in accordance with the legislation in effect until 31 December 2015.

(3) The provisions of paragraphs 1 and 2 also apply *mutatis mutandis* to groups.

Section 201

(1) Where an insurance or reinsurance undertaking invests in tradable securities or other financial instruments based on transformed loans issued before 1 January 2011, the requirements laid down in other legislation[26] shall be applied only if the underlying exposures are replaced or new underlying exposures are added.

(2) The parameters of a standard formula for the concentration risk and credit spread risk submodules for exposures to the central governments or central banks of Member States denominated and financed in the domestic currencies of these Member States other than the euro:
(a) shall be the same as the parameters of these exposures denominated and financed in euro until 31 December 2017;
(b) shall be, from 1 January 2018 to 31 December 2018, adjusted in the amount of 80% according to the parameters of these exposures denominated and financed in euro;
(c) shall be, from 1 January 2019 to 31 December 2019, adjusted in the amount of 50% according to the parameters of these exposures denominated and financed in euro;
(d) shall not be adjusted after 1 January 2020.

(3) The provisions of paragraphs 1 and 2 also apply *mutatis mutandis* to groups.

Section 202

(1) Where an insurance or reinsurance undertaking maintains the required solvency margin as at 31 December 2015 in accordance with the legislation in effect until 31 December 2015 but fails to meet the solvency capital requirement under this Act in 2016, the relevant insurance or reinsurance undertaking shall, at the request of Národná banka Slovenska, take the necessary measures to replenish its eligible own funds to a level covering the solvency capital requirement

or to reduce its risk profile with the objective of meeting the solvency capital requirement until 31 December 2017.

(2) Insurance and reinsurance undertakings shall submit to Národná banka Slovenska quarterly reports on developments including the measures they have taken and the progress they have made in replenishing their eligible own funds to a level covering the solvency capital requirement or in reducing their risk profile with the objective of meeting the solvency capital requirement.

(3) Národná banka Slovenska shall stop the lapse of the period pursuant to paragraph 1 if the report mentioned in paragraph 2 indicates that the insurance or reinsurance undertaking or the branch of a foreign insurance or reinsurance undertaking has not achieved a significant improvement in the coverage of the solvency capital requirement with eligible own funds or that the risk profile has not been reduced to a significant extent with the aim of meeting the solvency capital requirement between the date when the solvency capital requirement ceased to be met and the date when the report mentioned in paragraph 2 was submitted.

(4) The provisions of paragraphs 1 and 3 also apply *mutatis mutandis* to groups.

Section 203

(1) The granting of prior approval by Národná banka Slovenska under Section 77(1)(g) for the application of a transitional adjustment to the relevant risk-free interest rate term structure in regard to eligible insurance or reinsurance liabilities is subject to paragraphs 2 to 7.

(2) A transitional adjustment shall be calculated for each currency as the ratio of the difference between the technical interest rate used for eligible insurance or reinsurance liabilities and the annual effective interest rate as defined in paragraph 3 in relation to this annual effective interest rate.

(3) The annual effective interest rate shall be equal to the discount rate at which the current value of the portfolio of eligible insurance and reinsurance liabilities equals the value of best estimate of the portfolio of eligible insurance and reinsurance liabilities where the relevant risk-free interest rate term structure is used under Section 38(2).

(4) The ratio referred to in paragraph 2 will decrease linearly at the end of each year, from 100% as at 1 January 2016 to 0% as at 1 January 2032.

(5) No transitional adjustment shall be used where the insurance or reinsurance undertaking concerned has applied a volatility adjustment to the relevant risk-free interest rate term structure under Section 42.

(6) Eligible insurance or reinsurance liabilities shall comprise:

(a) insurance or reinsurance liabilities arising from insurance or reinsurance contracts which were concluded in the period from 1 March 2004 to 31 December 2015, except for contracts extended after 31 December 2015;
(b) insurance or reinsurance liabilities to which Section 40 does not apply.

(7) An insurance or reinsurance undertaking which uses transitional adjustments:

(a) shall not apply a volatility adjustment to the relevant risk-free interest rate term structure under Section 42;
(b) shall not reduce its technical provisions on a temporary basis under Section 204;
(c) shall publish information on the application of a transitional adjustment to the relevant risk-free interest rate term structure, including a quantification of the impact of a decision not to use a transitional adjustment on its financial situation, as part of the report on solvency and financial condition under Section 33.

Section 204

(1) The granting of prior approval by Národná banka Slovenska under Section 77(1)(u) for a temporary reduction in the technical provisions of an insurance or reinsurance undertaking is subject to paragraphs 2 to 8.

(2) A reduction as referred to in paragraph 1 may be applied at the level of homogeneous risk groups determined according to the classes of activities.

(3) A reduction as referred to in paragraph 1 shall correspond to part of the difference between a) technical provisions reduced by claims from reinsurance and vis-à-vis special purpose vehicles calculated under Section 37 as at 1 January 2016; b) technical provisions reduced by claims from reinsurance calculated as at 31 December 2015 in accordance with the legislation in effect until 31 December 2015.

(4) The difference referred to in paragraph 3 will decrease linearly at the end of each year, from 100% as at 1 January 2016 to 0% as at 1 January 2032.

(5) Where an insurance or reinsurance undertaking uses a volatility adjustment as at 1 January 2016 in accordance with Section 42, the amount specified in paragraph 3(a) shall be calculated using a volatility adjustment as at the same date.

(6) Národná banka Slovenska may require an insurance or reinsurance undertaking to recalculate the value of technical provisions, including any volatility adjustment if applied, every

24 months or more frequently in accordance with paragraph 3(a) and (b), where the risk profile of the insurance or reinsurance undertaking has changed substantially.

(7) Národná banka Slovenska may restrict the extent of the reduction mentioned in paragraph 3 where such restriction may lead to a decrease in the capital requirements under this Act, compared with the capital requirements determined as at 31 December 2015 in accordance with the legislation in effect until 31 December 2015.

(8) An insurance or reinsurance undertaking which makes a temporary reduction in its technical provisions:

(a) shall not apply a transitional adjustment to the relevant risk-free interest rate term structure under Section 203;
(b) shall submit to Národná banka Slovenska annual reports stating the measures it has adopted and the progress it has made in replenishing its eligible own funds to a level covering the solvency capital requirement or in reducing its risk profile with the objective of meeting the solvency capital requirement by the end of the transitional period mentioned in paragraph 4 if the solvency capital requirement cannot be fulfilled without a temporary reduction in the technical provisions;
(c) shall publish information about the temporary reduction made in its technical provisions, including a quantification of the impact of a decision not to apply such a temporary reduction on its financial situation, as part of the report on solvency and financial condition under Section 33.

Section 205

(1) Where an insurance or reinsurance undertaking applies the transitional provisions of Section 203 or 204, it shall notify Národná banka Slovenska without undue delay of the fact that, without applying these transitional provisions, it would be unable to meet the solvency capital requirement. In such case, the insurance or reinsurance undertaking shall take the necessary measures to meet the solvency capital requirement by the end of the transitional period.

(2) Insurance and reinsurance undertakings shall submit to Národná banka Slovenska a plan for their recovery within two months of the date when they realise that, without applying the transitional provisions of Section 203 or 204, they would not comply with the solvency capital requirement. The recovery plan shall contain the measures planned for the replenishment of eligible own funds to a level covering the solvency capital requirement or for reducing the risk profile with the objective of meeting the solvency capital requirement by the end of the transitional period. The insurance or reinsurance undertaking concerned may update the recovery plan during the transitional period.

(3) Insurance and reinsurance undertakings shall submit to Národná banka Slovenska annual reports stating the measures they have taken and the progress that have made in meeting the solvency capital requirement, at the end of the transitional period. Národná banka Slovenska shall withdraw the prior approval it has granted for the application of a transitional adjustment to the relevant risk-free interest rate term structure or the prior approval it has granted for a temporary reduction in the technical provisions in proceedings brought under another law,[3] where the report indicates that the fulfilment of the solvency capital requirement by the end of the transitional period is unrealistic.

(4) Paragraphs 1 to 3 also apply *mutatis mutandis* to groups.

Section 205a
Transitional provisions for the amendment in effect from 1 January 2019

(1) By 31 January 2019, insurance undertakings, insurance undertakings from other Member States and branches of foreign insurance undertakings shall, in accordance with Section 68a(1) of the Act in effect until 31 December 2018, transfer the amount of the levy payable on non-life insurance classes for December 2018 to a separate income account of the Tax Office for Selected Taxpayers; the provisions of Section 68a(2) to (4) of the Act in effect until 31 December 2018 apply equally.

(2) Under insurance contracts which are subject to the levy on non-life insurance premiums under Section 68a of the Act in effect until 31 December 2018 and whose insurance period began before 1 January 2019, insurance undertakings, insurance undertakings from other Member States and branches of foreign insurance undertakings shall, before the beginning of the next insurance period, transfer the levy payable on non-life insurance classes in accordance with Section 68a in effect until 31 December 2018.

Section 205b
Transitional provision for amendments in effect from 1 January 2020

The provisions of Section 70a apply for the first time to insurance contracts concluded after 31 December 2019.

Final provisions

Section 206

This Act enacts in Slovak law the legally binding acts of the European Union listed in Annex 2.

Section 207

This Act repeals the following:

1. Article I of Act No 8/2008 on insurance (and amending certain laws), as amended by Act No 270/2008, Act No 552/2008, Act No 186/2009, Act No 276/2009, Act No 129/2010, Act No 130/2011, Act No 332/2011, Act No 520/2011, Act No 547/2011, Act No 32/2013, Act No 132/2013, Act No 352/2013, and Act No 183/2014;
2. Decree No 4/2008 of Národná banka Slovenska on reporting by insurance undertakings and branches of foreign insurance undertakings (Notification No 121/2008), as amended by Decree No 27/2008 of Národná banka Slovenska (Notification No 578/2008);
3. Decree No 6/2008 of Národná banka Slovenska on reporting by reinsurance undertakings and branches of foreign reinsurance undertakings (Notification No 143/2008), as amended by Decree No 24/2008 of Národná banka Slovenska (Notification No 454/2013);
4. Decree No 7/2008 of Národná banka Slovenska laying down limits for the investment of insurance technical provisions (Notification No 170/2008), as amended by Decree No 24/2008 of Národná banka Slovenska (Notification No 513/2008);
5. Decree No 10/2008 of Národná banka Slovenska establishing a method for determining the prices of securities and real properties in which insurance technical provisions are invested (Notification No 184/2008);
6. Decree No 11/2008 of Národná banka Slovenska stipulating the due form of a responsible actuary's report on the activities of an insurance or reinsurance undertaking and the due form of a responsible actuary's report on the activities of a branch of a foreign insurance or reinsurance undertaking (Notification No 197/2008);
7. Decree No 13/2008 of Národná banka Slovenska on the actuarial examination (Notification No 218/2008), as amended by Decree No 24/2008 of Národná banka Slovenska (Notification No 513/2008);
8. Decree No 14/2008 of Národná banka Slovenska on how to demonstrate compliance with conditions for an authorisation to conduct insurance business and an authorisation to conduct reinsurance business (Notification No 250/2008);
9. Decree No 25/2008 of Národná banka Slovenska on the solvency and the minimum amount of the guarantee fund of an insurance or reinsurance undertaking or of the branch of a foreign insurance or reinsurance undertaking (Notification No 566/2008), as amended by Decree No 12/2009 of Národná banka Slovenska (Notification No 591/2009) and Decree No 2/2013 of Národná banka Slovenska (Notification No 113/2013);
10. Decree No 1/2009 of Národná banka Slovenska on the activity report and plan of activities to be prepared by the internal audit units of insurance undertakings, reinsurance undertakings, and branches of foreign insurance and reinsurance undertakings (Notification No 86/2009);
11. Decree No 3/2010 of Národná banka Slovenska on reporting for statistical purposes by insurance undertakings from other EU Member States (Notification No 59/2010);
12. Decree No 4/2010 of Národná banka Slovenska laying down a template document for the principal elements of insurance contracts (Notification No 87/2010);

13. Decree No 5/2010 of Národná banka Slovenska providing details about the system of internal control and the activities of the internal audit department of an insurance or reinsurance undertaking or of a branch of a foreign insurance or reinsurance undertaking (Notification No 88/2010);
14. Decree No 8/2010 of Národná banka Slovenska laying down the elements of an application for prior approval of Národná banka Slovenska under Section 45(1) of Act No 8/2008 on insurance (and amending certain laws), as amended (Notification No 221/2010);
15. Decree No 17/2010 of Národná banka Slovenska laying down the elements of a notification of persons that have a special relationship with an insurance or reinsurance undertaking or with a branch of a foreign insurance or reinsurance undertaking (Notification No 389/2010);
16. Decree No 18/2010 of Národná banka Slovenska on the average costs of financial intermediation in life insurance (Notification No 390/2010);
17. Decree No 2/2011 of Národná banka Slovenska on reporting by insurance and reinsurance undertakings that are subject to group supervision (Notification No 98/2011);
18. Decree No 3/2013 of Národná banka Slovenska on the maximum level of the technical interest rate (Notification No 199/2013);
19. Decree No 10/2013 of Národná banka Slovenska on reporting for statistical purposes by insurance undertakings, reinsurance undertakings, branches of foreign insurance undertakings, branches of foreign reinsurance undertakings, insurance undertakings and reinsurance undertakings from other EU Member States, pension fund management companies and supplementary pension management companies (Notification No 453/2013).

Section 207a
Repealing provision in effect from 23 February 2018

This Act repeals the following:
1. Decree No 14/2015 of Národná banka Slovenska laying down a template document for the principal elements of insurance contracts (Notification No 304/2015).

Articles II to VI comprise provisions amending other legislation and are not included in this translation.

ARTICLE VII

In the Slovak text of this Act, Article VII is the commencement provision.
For the purposes of this translation, the dates of effect of this Act and the laws amending it are summarised as follows:

This Act took effect on 1 April 2015, with the exception of the following: Article I, Sections 1 to 193 and 196 to 207, and Article II, all of which took effect on 1 January 2016.

Act No 359/2015, Article VIII, took effect on 1 January 2016.

Act No 437/2015, Article X, took effect on 1 January 2016.

Act No 125/2016, Article CLXX, took effect on 1 July 2016.

Act No 292/2016, Article VIII, took effect on 1 December 2016.

Act No 339/2016 took effect on 1 January 2017.

Act No 282/2017 took effect on 23 February 2018.

Act No 18/2018 took effect on 25 May 2018.

Act No 109/2018, Article VIII, took effect on 1 January 2019.

Act No 177/2018, Article CLII, took effect on 1 September 2018, with the exception of points 2 to 5, which took effect on 1 January 2019.

Act No 213/2018, Article VI, took effect on 1 January 2019.

Act No 214/2018, Article I, took effect on 1 January 2020.

Act No 156/2019, Article VI, took effect on 1 July 2019.

Act No 221/2019, Article LXII, took effect on 1 September 2019.

Act No 281/2019 took effect on 1 October 2019.

Act No 340/2020 took effect on 28 November 2020.

Act No 209/2021, Article VI, took effect on 30 June 2021.

Act No 310/2021, Article LX, took effect on 1 January 2022.

Act No 309/2023 took effect on 1 March 2023.

Andrej Kiska [signed]

Peter Pellegrini [signed]

Robert Fico [signed]

Annex 1
to Act No 39/2015

CLASSES OF LIFE AND NON-LIFE INSURANCE BROKEN DOWN BY TYPE OF INSURANCE

Part A – Classes of non-life insurance

1. Accident insurance (including insurance for industrial injury and occupational disease)
(a) with fixed pecuniary benefits;
(b) with benefits in the nature of indemnity;
(c) with combinations of the two;
(d) injury to passengers;
(e) individual health insurance.

2. Sickness insurance
(a) with fixed pecuniary benefits;
(b) with benefits in the nature of indemnity;
(c) with combinations of the two;
(d) individual health insurance.

3. Land vehicle insurance (other than railway rolling stock insurance) – for any damage to or loss of:
(a) land motor vehicles;
(b) land vehicles other than motor vehicles.

4. Railway rolling stock insurance – for any damage to or loss of railway rolling stock.

5. Aircraft insurance – for any damage to or loss of aircraft.

6. Ship insurance – for any damage to or loss of:
(a) river and canal vessels;
(b) lake vessels;
(c) sea vessels.

7. Goods in transit insurance – for any damage to or loss of goods in transit, including merchandise, baggage and all other goods, irrespective of the form of transport.

8. Insurance for any damage to or loss of property (other than property included in classes 3, 4, 5, 6 and 7) due to:
(a) fire;

(b) explosion;
(c) storm;
(d) natural forces other than storm;
(e) nuclear energy;
(f) landslide or land subsidence.

9. Insurance for any damage to or loss of property (other than property included in classes 3, 4, 5, 6 and 7) due to hail or frost, or any event such as theft, other than that included in class 8.

10. Motor vehicle liability insurance for:
(a) liability arising from the use of land motor vehicles;
(b) carrier's liability.

11. Aircraft liability insurance – for any liability arising from the use of aircraft (including carrier's liability).

12. Insurance for liability for ships – for any liability arising from the use of ships, vessels or boats on the sea, lakes, rivers or canals (including carrier's liability).

13. General liability insurance – for any liability other than those referred to classes 10, 11 and 12.

14. Credit insurance for:
(a) general insolvency;
(b) export credit;
(c) instalment credit;
(d) mortgage credit;
(e) agricultural credit.

15. Suretyship insurance for:
(a) direct suretyship;
(b) indirect suretyship.

16. Insurance for miscellaneous financial loss due to:
(a) employment;
(b) insufficiency of income;
(c) bad weather;
(d) loss of benefits;
(e) continuing general expenses;
(f) unforeseen trading expenses;
(g) loss of market value;
(h) loss of rent or revenue;

(i) other indirect trading loss;
(j) other non-trading financial loss;
(k) other forms of financial loss.

17. Legal expenses insurance – for legal expenses and costs of litigation.

18. Assistance insurance – assistance for persons who get into difficulties while travelling, while away from their home or their habitual residence.

Part B – Classes of life insurance

1. Life insurance comprising the following types of insurance:

(a) assurance on survival to a stipulated age only, assurance on death only, assurance on survival to a stipulated age or on earlier death, life assurance with return of premiums, assurance linked to capitalisation contracts;

(b) annuities;

(c) supplementary insurance underwritten in addition to life insurance, in particular insurance against personal injury, including incapacity for employment, insurance against death resulting from an accident, and insurance against disability resulting from an accident or sickness.

2. Marriage assurance, birth assurance, and alimony assurance.

3. Insurance as referred to in points 1(a) and 1(b) and in point 2, linked to investment funds.

4. Types of permanent health insurance not subject to cancellation, currently existing in Ireland and the United Kingdom.

5. Operations whereby associations of subscribers are set up with a view to capitalising their contributions jointly and subsequently distributing the assets thus accumulated among the survivors or among the beneficiaries of the diseased (i.e. tontines).

6. Capital redemption operations based on actuarial calculations whereby, in return for single or periodic payments agreed in advance, commitments of specified duration and amount are undertaken.

7. Management of group pension funds, comprising the management of investments, and in particular the assets representing the reserves of bodies that effect payments on death or survival or in the event of discontinuance or curtailment of activity, including insurance covering either the conservation of capital or the payment of a minimum interest.

8. The operations carried out by life insurance undertakings such as those referred to Chapter 1, Title 4 of Book IV of the French 'Code des assurances.'

9. Operations relating to the length of human life which are prescribed by or provided for in social insurance legislation, insofar as they are effected or managed by life insurance undertakings at their own risk in accordance with the laws of a Member State.

Part C – Groups of non-life insurance classes

Authorisations to operate in more than one class of non-life insurance shall be granted for the following groups of insurance classes:

(a) 'Accident and health insurance,' comprising the classes of insurance included in points 1 and 2 of Part A;

(b) 'Motor vehicle insurance', comprising the classes of insurance included in points 3, 7 and 10 of Part A;

(c) 'Marine and transport insurance', comprising the classes of insurance included in points 4, 6, 7 and 12 of Part A;

(b) 'Aviation insurance', comprising the classes of insurance included in points 5, 7 and 11 of Part A;

(e) 'Insurance against fire and other damage to property', comprising the classes of insurance included in points 8 and 9 of Part A;

(f) 'Liability insurance', comprising the classes of insurance included in points 10, 11, 12 and 13 of Part A;

(g) 'Credit and suretyship insurance', comprising the classes of insurance included in points 14 and 15 of Part A;

(h) 'General non-life insurance', comprising the classes of insurance included in points 1 to 18 of Part A.

Annex 2
to Act No 39/2015

SCHEDULE OF LEGALLY BINDING ACTS OF THE EUROPEAN UNION ENACTED IN SLOVAK LAW BY THIS ACT

1. Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of banks, insurance undertakings and investment firms in a financial conglomerate and amending Council Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC, and Directives 98/78/EC and 2000/12/EC of the European Parliament and of the Council (OJ L 35, 11.2.2003; Special edition in Slovak: Chapter 06 Volume 004), as amended by Directive 2008/25/EC of the European Parliament and of the Council of 11 March 2008 (OJ L 81, 20.3.2008), as amended by Directive 2010/78/EU of the European Parliament and of the Council (OJ L 331, 15.12.2010), as amended by Directive 2011/89/EU of the European Parliament and of the Council of 16 November 2011 (OJ L 326, 8.12.011), as amended by Directive 2013/26/EU of the European Parliament and of the Council of 26 June 2013 (OJ L 176, 27.6.2013).

2. Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) (recast) (OJ EC, L 335, 17.12.2009), as amended by Directive 2011/89/EU of the European Parliament and of the Council of 16 November 2011 (OJ L 326, 8.12.2011), as amended by Directive 2012/23/EU of the European Parliament and of the Council of 12 September 2012 (OJ EU, L 249, 14.9.2012), as amended by Directive 2013/23/EU of the European Parliament and of the Council of 13 May 2013 (OJ L 158, 10.6.2013), as amended by Directive 2013/58/EU of the European Parliament and of the Council of 11 December 2013 (OJ L 341, 18.12.2013), as amended by Directive 2014/51/EU of the European Parliament and of the Council of 16 April 2014 (OJ L 153, 22.5.2014).

3. Council Directive 91/371/EEC of 20 June 1991 on the implementation of the Agreement between the European Community and the Swiss Confederation concerning direct insurance other than life assurance (OJ EC L 205, 27.7.1991; Special edition in Slovak: Chapter 06 Volume 001).

4. Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (recast) (OJ L 26, 2.2.2016).

5. Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (recast) (OJ L 335, 17.12.2009), as amended by Directive 2011/89/EU of the European

Parliament and of the Council of 16 November 2011 (OJ L 326, 8.12.2011), as amended by Directive 2012/23/EU of the European Parliament and of the Council of 12 September 2012 (OJ L 249, 14.9.2012), as amended by Council Directive 2013/23/EU of 13 May 2013 (OJ L 158, 10.6.2013), as amended by Directive 2013/58/EU of the European Parliament and of the Council of 11 December 2013 (OJ L 341, 18.12.2013), as amended by Directive 2014/51/EU of the European Parliament and of the Council of 16 April 2014 (OJ L 153, 22.5.2014), as amended by Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 (OJ L 354, 23.12.2016).

6. Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (OJ L 132, 20.5.2017).

7. Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (OJ L 150, 7.6.2019).

8. Directive (EU) 2019/2177 of the European Parliament and of the Council of 18 December 2019 amending Directive 2009/138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), Directive 2014/65/EU on markets in financial instruments and Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money-laundering or terrorist financing (OJ L 334, 27.12.2019).

Endnotes

[1] Act No 580/2004 on health insurance (and amending Act No 95/2002 on insurance (and amending certain laws)), as amended.
[2] For example: Act No 461/2003 on social insurance, as amended.
[3] Act No 747/2004 on financial market supervision (and amending certain laws), as amended.
[4] Section 21 of the Commercial Code, as amended.
Section 2 of Act No 530/2003 on the Commercial Register (and amending certain laws), as amended.
[4a] Section 6a of Act No 650/2004 on the supplementary pension scheme (and amending certain laws), as amended by Act No 310/2006.
[5] Act No 483/2001 on banks (and amending certain laws), as amended.
[6] Sections 63 and 81 of Act No 492/2009 on payment services (and amending certain laws), as amended.
[7] Section 22 of Act No 650/2004, as amended.
[8] Section 54 of Act No 566/2001 on securities and investment services (and amending certain laws) (the Securities Act), as amended.
[9] Section 27 of Act No 203/2011 on collective investment, as amended by Act No 206/2013.
[10] Section 47 of Act No 43/2004 on the old-age pension scheme (and amending certain laws), as amended.
[11] Sections 41 and 42 of Act No 429/2002 on stock exchanges, as amended.
[12] Article 14 of Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (OJ L 201, 27.7.2012), as amended.
[13] Article 25 of Regulation (EU) No 648/2012.
[14] Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (OJ L 302, 17.11.2009), as amended.
[15] Act No 562/2004 on European companies (and amending certain laws), as amended by Act No 487/2009.
[16] For example: Act No 461/2003, as amended; Act No 580/2004, as amended.
[17] Section 2 of Act No 80/1997 on the Export-Import Bank of the Slovak Republic, as amended.
Section 20 of Act No 381/2001 on compulsory motor third party liability insurance, as amended.
[18] Act No 186/2009 on financial intermediation and financial advisory services (and amending certain laws), as amended.
[18a] Section 112 of Act No 309/2023 on conversions of companies and cooperatives (and amending certain laws).
[19] Section 6(1)(f) of Act No 566/2001, as amended by Act No 209/2007.
[20] Section 29(2) of Act No 747/2004.
[20a] Council Decision 91/371/EEC of 20 June 1991 on the conclusion of the Agreement between the European Economic Community and the Swiss Confederation concerning direct insurance other than life assurance (OJ L 205, 27.7.1991; Special edition in Slovak: Chapter 06 Volume 001).
[20aa] Bilateral Agreement between the European Union and the United States of America on prudential measures regarding insurance and reinsurance (OJ L 258, 6.10.2017).
[21] Section 27 of Act No 747/2004, as amended.
[22] Article 19 of Regulation (EU) No 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/79/EC (OJ L 331, 15.12.2010), as amended.
[23] Section 13 of Act No 330/2007 on the criminal register (and amending certain laws), as amended.
[24] For example: Act No 483/2001, as amended; Act No 566/2001, as amended.
[25] For example: Section 7(15) of Act No 483/2001, as amended; Section 8(b) of Act No 566/2001, as amended; Section 28(10) of Act No 203/2011, as amended by Act No 206/2013.
[25a] Section 10(4) and (5) of Act No 330/2007 on the criminal register (and amending certain laws), as amended by Act No 91/2016.
[25aa] Act No 330/2007 on the criminal register (and amending certain laws), as amended.
[26] 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).
[26a] Section 78 of Act No 566/2001, as amended by Act No 156/2019.
[26b] Section 78(3) of Act No 566/2001, as amended by Act No 156/2019.
Section 48(12) of Act No 203/2011, as amended by Act No 156/2019.
[27] Act No 211/2000 on free access to information (and amending certain laws) (the Freedom of Information Act), as amended.
[28] For example: Sections 32, 33 and 35 of Act No 186/2009, as amended.

[28a] Commission Implementing Regulation (EU) No 2017/1469 of 11 August 2017 laying down a standardised presentation format for the insurance product information document (OJ L 209, 12.8.2017).

[29] Section 21(3)(a) of Act No 186/2009.

[30] Section 5(3) of Act No 186/2009.

[31] Section 22 of Act No 186/2009, as amended by Act No 129/2010.

[31a] Section 33(7) of Act No 186/2009, as amended by Act No 282/2017.

[31b] Sections 33, 35, 37c and 37d of Act No 186/2009, as amended.

[32] Section 2(1) and (4) of Act No 186/2009.

[32a] For example: Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) (OJ L 352, 9.12.2014) as amended, and Commission Implementing Regulation (EU) 2017/1469 of 11 August 2017 laying down a standardised presentation format for the insurance product information document (OJ L 209, 12.8.2017).

[32b] Section 4(g) of Act No 186/2009.

[33] The Code of Civil Dispute Procedure, as amended.

[34] The Code of Criminal Procedure, as amended.

[35] Act No 479/2009 on government authorities in the field of taxes and charges (and amending certain laws), as amended.
Act No 563/2009 on the administration of taxes (and amending certain laws) (the Tax Code), as amended.

[36] Act No 136/2001 on the protection of competition (and amending Act No 347/1990 on the organisation of ministries and other central government authorities of the Slovak Republic, as amended), as amended.
Council Regulation (EC) No 1/2003 of 16 December 2002 on the implementation of the rules on competition laid down in Articles 81 and 82 of the Treaty (OJ L 001, 4.1.2003), as amended.

[37] Act No 171/1993 on the Police Force, as amended.

[38] Act No 46/1993 on the Slovak Intelligence Service, as amended.
Act No 198/1994 on Military Intelligence, as amended.
Act No 215/2004 on the protection of confidential information (and amending certain laws), as amended.

[39] Sections 29 to 192 of Act No 233/1995 on bailiffs and enforcement proceedings (the Enforcement Code) (and amending certain laws), as amended.

[40] Sections 23 of Act No 327/2005 on the provision of legal aid to persons in material need (and amending Act No 586/2003 on the legal profession (and amending Act No 455/1991 on small business activity (the Trading Act), as amended by Act No 8/2005), as amended by Act No 332/2011.

[41] Act No 7/2005 on bankruptcy and restructuring (and amending certain laws), as amended.

[41a] Act No 359/2015 on automatic exchange of financial account information for tax administration purposes (and amending certain laws).

[42] Section 340 and 341 of the Criminal Code.

[42a] Sections 28 to 30 of Act No 122/2013.

[43] Act No 431/2002 on accounting, as amended.

[44] Section 19(1) of Act No 540/2007.

[45] Section 28(12)(a) to (d) of Act No 483/2001, as amended.

[46] Section 476 to 488 of the Commercial Code, as amended.

[47] Act No 297/2008 on the prevention of money laundering and terrorist financing (and amending certain laws).

[48] Act No 136/2001 on the protection of competition (and amending Act No 347/1990 on the organisation of ministries and other central government authorities of the Slovak Republic), as amended.

[49] Section 4(1) of Act No 122/2013 on the protection of personal data (and amending certain laws).

[50] For example: Sections 6, 7, 9 and 9a of Act No 83/1990 on the association of citizens, as amended; Sections 3a and 27 to 33 of the Commercial Code, as amended; Sections 6(1) and 7 of Act No 182/1993 on the ownership of flats and non-residential premises, as amended; Sections 9(1) and (2) and 10 of Act No 147/1997 on non-investment funds (and amending Act No 207/1996), as amended by Act No 335/2007; Sections 9(1) and (2) and 11 of Act No 213/1997 on non-profit organisations providing services beneficial to the public interest, as amended; Sections 2(2), 10 and 11 of Act No 34/2002 on foundations (and amending the Civil Code), as amended.

[51] For example: Act No 297/2008, as amended.

[52] For example: Act No 395/2002 on archives and registries (and amending certain laws), as amended; Act No 431/2002, as amended; Act No 297/2008, as amended.

[53] Sections 4(2)(a) and 4(3)(d) of Act No 122/2013 on the protection of personal data (and amending certain laws), as amended.

[54] Act No 122/2013, as amended by Act No 84/2014.

[55] Section 2 of Act No 301/1995 on the personal number.
[56] Section 31 of Act No 122/2013.
[57] Sections 6 to 10 of Act No 186/2009, as amended by Act No 129/2010.
[58] Article 16 of Regulation (EU) No 1094/2010.
[59] For example: Sections 7 and 41 of Act No 566/1992 on Národná banka Slovenska, as amended; Sections 2, 3, 17 and 24 of Act No 747/2004, as amended.
[60] Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board (OJ L 331, 15.12.2010).
[61] Section 6(21) of Act No 483/2001, as amended.
[62] Section 25(7) of Act No 483/2001, as amended by Act No 213/2014.
[63] Article 54 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010), as amended.
Article 54 of Regulation (EU) No 1094/2010.
Article 54 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010), as amended.
[64] Article 19 of Regulation (EU) No 1093/2010.
Article 19 of Regulation (EU) No 1094/2010.
Article 19 of Regulation (EU) No 1095/2010.
[65] Section 35 of Act No 483/2001, as amended.
[66] Article 15 of Regulation (EU) No 1092/2010.
[67] For example: Act No 381/2001, as amended; Act No 431/2002, as amended; Act No 747/2004, as amended; Act No 659/2007 on the introduction of the euro in the Slovak Republic (and amending certain laws), as amended; Act No 297/2008, as amended.
[68] Sections 20 to 26 of Act No 381/2001, as amended.
[69] Section 19(4) of Act No 747/2004, as amended.
[70] Section 10(5) of Act No 747/2004.
[70a] Article 35(1) of Regulation (EU) No 1094/2010, as amended.
[71] Sections 14, 15 and 27 of Act No 586/2003 on the legal profession (and amending Act No 455/1991 on small business activity (the Trading Act), as amended), as amended.
Sections 2(3), 10 and 25 of Act No 540/2007, as amended by Act No 504/2009.
[72] Section 58 of Act No 323/1992 on notaries and notarial activities (the Notarial Code), as amended by Act No 304/2009.
[73] Sections 154 to 229 of the Commercial Code, as amended.
[74] Sections 3 to 107 and 176 to 195 of Act No 7/2005, as amended.
[75] Section 116 of the Civil Code.
[76] Sections 55, 56, and 61 to 70 of the Labour Code, as amended.
[77] Section 5 of Act No 566/2001, as amended.
[78] Sections 42a and 42b of the Civil Code, as amended.
[79] Section 151me of the Civil Code, as amended.
Sections 53a to 53e of Act No 566/2001, as amended.
Section 180 of Act No 7/2005.
[80] Section 5(3) of Act No 530/2003.
[81] Section 68(7) of the Commercial Code, as amended.
[81a] Section 4 of Act No 309/2023.
[82] The Commercial Code, as amended.
Act No 7/2005, as amended.
[83] For example: the Commercial Code, as amended.
[84] Section 156a of the Commercial Code, as amended.
[85] For example: Act No 78/1992 on tax advisers and the Slovak Chamber of Tax Advisers, as amended; Act No 540/2007 on auditors, audit and audit oversight (and amending Act No 431/2002 on accounting, as amended), as amended.
[86] Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (OJ L 243, 11.9.2002; Special edition in Slovak: Chapter 13 Volume 029), as amended.

Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council (OJ L 320, 29.11.2008), as amended.

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