

7
DECREE
of Národná banka Slovenska
of 29 April 2008,

**laying down limits for investment of technical provisions
in insurance**

Pursuant to Article 32(2) of the Act No. 8/2008 Coll. on insurance and on amendments to certain laws (hereinafter referred to as the “Act”), Národná banka Slovenska stipulates as follows:

Article 1

(1) The following limits are established for individual methods of investment of technical provisions of an insurance undertaking and a branch of a foreign insurance undertaking:

- a) a limit for purchase of bonds under Article 32(1)(a) of the Act shall be maximum 100% of the value of technical provisions;
- b) a limit for purchase of bonds under Article 32(1)(b) of the Act shall be maximum 50% of the value of technical provisions;
- c) a limit for purchase of treasury bills under Article 32(1)(c) of the Act shall be maximum 80% of the value of technical provisions, provided that issuers are member states¹;
- d) a limit for purchase of bonds under Article 32(1)(d) of the Act, other than bonds referred to in (a) and (b) above, shall be maximum
 1. 25% of the value of technical provisions, provided that the head office of the issuer is situated in a member state, or in a member state of the Organization for Economic Cooperation and Development, or in a state that entered into separate credit agreements with the International Monetary Fund in conjunction with general credit agreements of the International Monetary Fund;
 2. 3% of the value of technical provisions, provided that the head office of the issuer is not situated in a state referred to in the first paragraph;
- e) a limit for purchase of shares admitted to regulated market of quoted securities of the Stock Exchange, or for subscription of such shares under Article 32(1)(e) of the Act, shall be
 1. maximum of 15% of the value of technical provisions, provided that the share of the insurance undertaking or a branch of a foreign insurance undertaking in capital of one issuer is 20% and less, and the head office of the issuer is situated in a member state, or in a member state of the Organization for Economic Cooperation and Development, or in a state that entered into separate credit agreements with the International Monetary Fund in conjunction with general credit agreements of the International Monetary Fund;
 2. 0% of the value of technical provisions, provided that the share of the insurance undertaking or a branch of a foreign insurance undertaking in capital of one issuer exceeds 20%, or the head office of the issuer is not situated in a state referred to in the first paragraph;
- f) a limit for purchase of unit of closed-ended mutual funds under Article 32(1)(f) of the Act shall be maximum 15% of the value of technical provisions;
- g) a maximum limit for purchase of unit certificates of open-ended mutual funds or securities of foreign open-ended collective investment undertakings under Article 32(1)(g) of the Act shall be maximum of 20% of the value of technical provisions;
- h) a limit for depositing technical provisions on fixed-term accounts under Article 32(1)(h) of the Act shall be maximum
 1. 100% of the value of technical reserves, provided that the technical reserves do not exceed SKK 50,000,000;

¹ Article 3(k) of the Act No. 8/2008 Coll. on insurance and on amendments to certain laws.

2. 50% of the value of technical reserves, provided that the technical reserves exceed SKK 50,000,000;
- i) a limit for purchase of mortgage bonds under Article 32(1)(i) of the Act shall be maximum
 1. 50% of the value of technical provisions, provided that the head office of the issuer is situated in a member state, or in a member state of the Organization for Economic Cooperation and Development, or in a state that entered into separate credit agreements with the International Monetary Fund in conjunction with general credit agreements of the International Monetary Fund;
 2. 3% of the value of technical , provided that the head office of the issuer is not situated in a state referred to in the first paragraph;
- j) a limit for purchase of deposit certificates or foreign deposit certificates under Article 32(1)(j) of the Act shall be maximum 50% of the value of technical provisions;
- k) a limit for acquisition of real estates under Article 32(1)(k) of the Act shall be maximum 15% of the value of technical provision, and the maximum limit for purchase of real estates located in a manner that their purchase is considered one investment shall be maximum 10% of the value of technical provisions;
- l) a limit for extension of loans to persons insured under Article 32(1)(l) of the Act shall be maximum 5% of the value of technical provisions in life insurance, and a maximum limit for extension of the individual loan shall be
 1. equal to a part of the technical provision for life insurance that would be paid in case of early termination of the insurance contract as of the loan extension date, provided that the minimum interest rate of the loan equals the technical interest rate guaranteed by the relevant insurance contract;
 2. equal to 0% of a part of the technical provision for life insurance that would be paid in case of early termination of the insurance contract as of the loan extension date, provided that the interest rate of the loan is lower than that specified in the first paragraph;
- m) a limit for extension of loans or credits secured by a bank guarantee, or by a bank guarantee of a foreign bank based in a member state, under Article 32(1)(m) of the Act shall be maximum 5% of the value of technical provision;
- n) a limit for acquisition bills secured by a bank guarantee, or bills issued by a bank, under Article 32(1)(n) of the Act shall be maximum 5% of the value of technical provisions;
- o) a limit for purchase of securities under Article 32(1)(o) of the Act shall be maximum 5% of the value of technical provisions;
- p) a limit for purchase of debt securities issued by a special-purpose vehicle under Article 32(1)(p) of the Act shall be maximum 3% of the value of technical provisions;
- q) a limit for claims and other similar assets in respect to a reinsurance undertaking, a reinsurance undertaking from other member state, and a foreign reinsurance undertaking under Article 32(1)(q) of the Act shall be maximum
 1. 75% of the value of technical provisions, provided that the claims are expressions of the reinsurer' share in technical provisions of the insurance undertaking or a branch of a foreign insurance undertaking created in non-life insurance;
 2. 50% of the value of technical provisions, provided that the claims are expressions of the reinsurer' share in technical provisions of the insurance undertaking or a branch of a foreign insurance undertaking created in life insurance;
 3. 0% of the value of technical provisions, provided that the claims and other similar assets in respect to a reinsurance undertaking, a reinsurance undertaking from other member state, and a foreign reinsurance undertaking are not expressions of the reinsurer' share in technical provisions of the insurance undertaking or a branch of a foreign insurance undertaking;
- r) a limit for purchase of transferable and money market instruments under Article 32(1)(r) of the Act shall be maximum 5% of the value of technical provisions.

(2) A limit for investment of technical provisions of the insurance undertaking and a branch of a foreign insurance undertaking under paragraph 1(b) to (g), (j), (m) to (p) and (r) per one issuer or debtor shall be maximum 5% of the value of technical provisions; such a limit is a maximum of 10%

of the value of technical provisions, provided that the total investments with issuers or debtors with whom more than 5% of the value of technical provisions are invested do not exceed 40% of the value of technical provisions.

(3) A limit for investment of technical provisions of the insurance undertaking and a branch of a foreign insurance undertaking under paragraph 1(h) per bank or foreign bank shall be maximum 25% of the value of technical provisions.

(4) A limit for investment of technical provisions of the insurance undertaking and a branch of a foreign insurance undertaking under paragraph 1(i) per issuer shall be maximum 20% of the value of technical provisions.

(5) A limit for investment of technical provisions of the insurance undertaking and a branch of a foreign insurance undertaking under paragraph 1(b) to (e), (h), (j), (m) to (p) and (r), whose issuers or debtors are members of one group², shall be maximum 20% of the value of technical provisions.

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

Article 2

(1) A limit for investment of technical provisions of the reinsurance undertaking and a branch of a foreign reinsurance undertaking under Article 32(1)(a) to (o), (q) and (r) of the Act shall be maximum 100% of the value of technical undertaking.

(2) A limit for investment of technical provisions of the reinsurance undertaking and a branch of a foreign reinsurance undertaking for purchase of debt securities issued by a special-purpose vehicle under Article 32(1)(p) of the Act shall be maximum 3% of the value of technical provisions.

(3) A limit for investment of technical provisions of the reinsurance undertaking and a branch of a foreign reinsurance undertaking under Article 32(1)(b), (d) to (g), (i), (j), (m) to (p) and (r) of the Act per issuer or debtor shall be maximum 5% of the value of technical provisions.

(3) A limit for investment of technical provisions of the reinsurance undertaking and a branch of a foreign reinsurance unedrtaking under Article 32(1)(b), (d) to (g), (i), (j), (m) to (p) and (r) of the Act, whose issuers or debtors are members of one group², shall be maximum 10% of the value of technical provisions.

Article 3

This Decree transposes legal acts of the European Communities and the European Union listed in the annex.

Article 4

This Decree shall become effective on 1 June 2008.

² Article 53(c) of the Act No. 8/2008 Coll.

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List of transposed legal acts of the European Communities and the European Union

1. Council Directive 92/49/EEC of 18 June 1992 on the coordination of laws, regulations and administrative provisions related to direct insurance other than life assurance and amending Directives 73/239/EEC and 88/357/EEC (third non-life insurance Directive) (OJ Special Edition Chapter 06 Volume 01), as amended by Directive 95/26/EC of the European Parliament and of the Council of 29 June 1995 (OJ Special Edition Chapter 06 Volume 02), as amended by Directive 2000/64/EC of the European Parliament and of the Council of 7 November 2000 (OJ Special Edition Chapter 06 Volume 03), as amended by Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 (OJ Special Edition Chapter 06 Volume 4), as amended by Directive 2005/68/EC of the European Parliament and of the Council of 16 November 2005 (OJ L 323, 9.12.2005).
2. Directive 2002/83/EC of the European Parliament and of the Council of 5 November 2002 concerning life insurance (OJ Special Edition Chapter 06 Volume 06), as amended by Council Directive 2004/66/EC of 26 April 2004 (OJ L 168, 1.5.2004), as amended by Directive 2005/1/EC of the European Parliament and of the Council of 9 March 2005 (OJ L 79, 24.3.2005), as amended by Directive 2005/68/EC of the European Parliament and of the Council of 16 November 2005 (OJ L 323, 9.12.2005), as amended by Council Directive 2006/101/EC of 20 November 2006 (OJ L 363, 20.12.2006).
3. Directive 2005/68/EC of the European Parliament and of the Council of 16 November 2005 on reinsurance and amending Council Directives 73/239/EEC, 92/49/EEC as well as Directives 98/78/EC and 2002/83/EC (OJ L 323, 9.12.2005).