

Based on the Amendment XL, Paragraph 2 to the Constitution of Republika Srpska (''Official Gazette of Republika Srpska'', No. 28/94) I hereby make

**ORDER**  
**PROMULGATING THE INSURANCE INTERMEDIARIES, INSURANCE AND**  
**REINSURANCE ACT**

I hereby promulgate the Insurance Intermediaries, Insurance and Reinsurance Act the National Assembly of Republika Srpska adopted at the eighteenth session, held on April 27<sup>th</sup>, 2017, and on May 10<sup>th</sup>, 2017 the House of Peoples found that the adopted Insurance Intermediaries, Insurance and Reinsurance Act does not jeopardize vital national interest of any constituent people in Republika Srpska.

Number: 01-020-1391/17  
May 10<sup>th</sup>, 2017  
Banja Luka

The President of  
Republika Srpska  
**Milorad Dodik**

**THE INSURANCE INTERMEDIARIES, INSURANCE AND REINSURANCE**  
**ACT**

CHAPTER I

MAIN PROVISIONS

The object of the Act

Article 1

This Act regulates the operations and activities of insurance intermediaries or insurance and reinsurance mediation, the requirements for the issuance and expiry of authorizations or permits, operations and business rules and supervision of the activities of insurance intermediaries or insurance and reinsurance mediation.

Insurance representation or insurance and reinsurance mediation

Article 2.

(1) Representation in insurance is considered a presentation, proposing or carrying out preparatory activities for making and making the insurance contracts on behalf of an insurance company.

(2) Mediation in insurance and reinsurance and brokerage services and activities is considered a connection of potential insured or the policyholder and the insurance company, carrying out preparatory activities for making the insurance contracts and providing support in the realization of the rights under the insurance contract concluded with the mediation of insurance brokers.

(3) Mediation in insurance, in terms of this Act, includes mediation in insurance and reinsurance.

(4) Collecting data on potential insured or policyholders in the market, their risks and needs for the insurance contracts, as well as providing general information on insurance products shall not be considered a representation in insurance and mediation in insurance.

#### Applying other provisions

#### Article 3.

(1) The provisions of regulations governing obligations shall apply on contracts for representation and mediation in insurance, unless otherwise stated in the Act.

(2) The provisions of the Enterprises Act shall apply on an entity performing representation and mediation in insurance established in a form of enterprise, in matters not regulated by this Act.

(3) The provisions of the Act regulating the performance of unincorporated businesses shall apply on an entity performing the activity of representation in insurance and organized as a sole entrepreneur for representation in insurance, in matters not regulated by this Act.

(4) The provisions of the regulations governing the establishment and operation of insurance companies shall apply on the supervision of insurance agents and insurance brokers, as well as the powers of the Insurance Agency of Republika Srpska (hereinafter "Agency") in the exercise of the supervision, unless stipulated otherwise.

### CHAPTER II

#### REPRESENTATION IN INSURANCE

##### Entities performing services and activities of representation in insurance

#### Article 4.

(1) Representation in insurance, in accordance with the Act, shall be performed by insurance agents:

1) a natural person who has been granted the authorization of the Agency for conducting representation in insurance (authorized representative),

2) an entrepreneur for representation in insurance authorized by the Agency to perform representation in insurance (representation permit) and granted a registration certificate by the registration authority,

3) an entity for representation in insurance granted a representation permit and registered in the registry of companies, and

4) a bank, a microcredit foundation and Company for Postal Services of Republika Srpska a.d. Banja Luka (hereinafter "Pošte Srpske") granted a representation permit who registered the activity of representation in insurance industry in the registry of companies.

(2) In addition to entities under Section 1. Paragraph 2), 3) and 4) herein, the activity of representation in insurance, according to this Act, shall also be performed by branch offices of insurance agencies with the seat in the Federation of Bosnia and Herzegovina (hereinafter "the Federation of Bosnia and Herzegovina").

(3) An entity under Section 1 and 2 herein shall be entitled to perform tasks or activities of representation in insurance upon registration in the Agency's registry.

(4) An entity under Section 1. Paragraph 2) and 3) and Section 2 herein shall perform the activity of representation in insurance as an exclusive activity.

(5) The provisions of this Act governing the operations and activities of an insurance agency, money laundering and terrorist financing, and protection of consumers shall apply on an entity under the Section 1. Paragraph 4) herein.

(6) Exceptionally, an entity under Section 1. and 2 herein may perform services or activities of representation on behalf of and for the account of the voluntary pension fund management, in accordance with the regulations governing the establishment, activities and operations of voluntary pension fund management.

#### Authorization for representation

##### Article 5.

(1) To be granted a representation permit and entered in the Agency's registry a natural person should have met the following requirements:

- 1) filed an application for a permit to represent and entry in the Agency's registry,
- 2) passed professional exam for conducting representation in insurance,
- 3) completed at least secondary school,
- 4) not convicted of crimes against the economy and payment operations,
- 5) a representation permit has not been revoked in the last year by final decision of the Agency, and
- 6) paid a fee in accordance with the Decision on fees and charges of the Agency.

(2) A representation permit shall be valid on the territory of Bosnia and Herzegovina.

(3) A representation permit shall cease to be valid:

- 1) upon personal request of an insurance agent – a natural person,
- 2) upon expiry date of registration in the Agency, and
- 3) by revoking powers.

(4) The Management Board of the Agency shall prepare an instrument laying down the requirements for the professional exam for representation in insurance, and additional programs required for the exam of knowledge and competence in the function of fulfilling the required expertise of insurance agents.

(5) The Management Board of the Agency shall prepare an instrument with a list of documents evidencing compliance with the requirements of Section 1 herein, and procedures for a representation permit and registration in the Agency's registry.

#### Insurance agent – a natural person

##### Article 6.

(1) An insurance agent – a natural person performing insurance representation based solely on employment contract or any other legal relationship with an entrepreneur for representation in insurance,

insurance agency, branch office of the insurance agency with the seat in the Federation of BiH, a bank, a microcredit foundation or Pošte Srpske.

(2) A natural person employed by an insurance company under employment contract and other legal relationship of the insurance company shall not be considered an insurance agent in terms of this Act.

### Representation permit

#### Article 7.

(1) An insurance agency is established as a joint stock company or a limited liability company in accordance with this Act and regulations governing the operation of enterprises.

(2) To be granted a representation permit the applicant's application shall be filed with the Agency and accompanied by the following:

- 1) the Articles of Association signed by all founders,
- 2) an evidence of providing the initial capital,
- 3) a business plan and a financial plan for the first two years of business,
- 4) a list of shareholders or owners of shares,
- 5) an evidence of the appointment of the Director or a person authorized to represent the insurance agency, selected from among the authorized insurance agents, employed by the insurance agency for a full time period.
- 6) a statement of the related parties with the evidence of relation between ownership in equity or otherwise with the insurance company, insurance agency or brokerage company in order to achieve common business goals, and a list of people with personal interests, in accordance with regulations governing the operations of enterprises,
- 7) an evidence of business premises for the seat of the enterprise, and
- 8) a proof of a fee payment in accordance with the Decision on fees and charges of the Agency.

(3) A representation permit shall be valid in the territory of Bosnia and Herzegovina.

(4) In the case of reorganization and voluntary liquidation an insurance company shall be required to previously obtain the approval of the Agency.

(5) The authorized insurance agent, a natural person entered in the Agency's registry intending to perform activities of representation in insurance as an entrepreneur for representation in insurance shall, upon request, provide the Agency with information on the business name, address and manner of conducting entrepreneurial activity, and proof of fees payment in accordance with the Decision on fees and charges of the Agency.

(6) A representation permit shall cease to be valid:

- 1) on expiry date of registration in the Agency's registry,
- 2) if an insurance company or an entrepreneur for insurance does not start performing activities within six months from the date of registration in the Agency's registry,

3) if an insurance company or an entrepreneur for insurance ceases to carry on business for six months continuously,

4) if bankruptcy or liquidation proceedings against the insurance agency has been commenced, and  
5) revocation of a permit from the insurance agency.

(7) In the event of occurrence of circumstances for the termination of validity of a representation permit referred to in Sections 6. Paragraph 1), 2), 3) and 4) herein, the Agency shall issue a decision determining that a representation permit has been terminated.

A representation permit for banks, microcredit foundations and Pošte Srpske

#### Article 8.

(1) A bank, a microcredit foundation and Pošte Srpske intending to perform activities of representation in insurance shall be required to, with an application for a representation permit, in addition to the documents referred to in Article 7, Section 2. Paragraph 3), 6), 7) and 8) herein, submit the following:

1) an extract from the business registry,

2) the Articles of Association and the Statute with activity of representation in insurance entered and approval of competent authorities regarding the said documents,

3) the decision regarding establishment of the organizational unit for conducting activities of representation in insurance, and

4) an evidence of the appointment of a manager of the organizational unit for conducting insurance representation activities from the authorized insurance agents.

(2) An entity referred to in Section 1 herein shall provide a separate record of performing insurance representation activities in its business books in accordance with this Act.

(3) The Management Board of the Agency shall prepare an instrument which lays down the procedure for granting representation permit.

Entry in the Agency's registry

#### Article 9

(1) A representation permit under Article 7 herein shall be a requirement for entry of insurance agency in the registry of companies and entry of entrepreneurs for representation in insurance in the registry of entrepreneurs.

(2) Entry of insurance agency and entrepreneurs for representation in insurance in the Agency's registry shall be made after the Agency has been provided with a proof of registration set forth under Section 1 herein.

Representing insurance companies

#### Article 10

(1) An insurance agency or entrepreneur for representation in insurance may represent one or few insurance companies at the same time in different types of insurance.

(2) Notwithstanding, an entity referred to in Section 1 herein may represent few insurance companies at the same time in the same types of insurance solely on the basis of written consent of the insurance companies represented.

#### Conclusion and termination of the contract of insurance representation

##### Article 11.

(1) An insurance company may enter into agreement on representation in insurance with an entrepreneur for representation, an insurance agency, a branch office of an insurance agency with the seat in the Federation of BiH, a bank, a microcredit foundation or Pošte Srpske.

(2) The agreement between entities referred to in Section 1 herein shall be made in writing, and the insurance company shall be obliged to provide the Agency with a copy of the contract of insurance representation.

(3) If the entities referred to in Section 1 terminate the contract of insurance representation, an insurance company shall, without delay, inform the Agency in writing of termination of the contract of insurance representation, regardless of reasons for termination.

(4) An insurance company shall publish on its web page the updated list of insurance agents with whom it has a representation agreement made.

#### Business records of an insurance agency or an entrepreneur for representation in insurance

##### Article 12.

(1) An insurance agency or an entrepreneur for representation in insurance shall keep the updated business records with the information on:

- 1) an insurance agent – natural persons,
- 2) an insurance company with who a representation agreement is made, and
- 3) an entity performing tasks under Article 2, Section 4 herein.

(2) An insurance agency or an entrepreneur for representation in insurance shall have and keep the documents related to insurance representation activities, in particular:

- 1) employment contracts or other contracts with insurance agents - natural persons,
- 2) contracts of insurance representation made with insurance companies,
- 3) employment contracts or other contracts with entities that perform activities referred to in Article 2, Section 4 herein,
- 4) insurance policy or offers based on which the insurance policy has been concluded, and
- 5) tangible and financial documentation (fee accounts, invoices issued to insurance companies and other documentation arising from the process of concluding insurance agreements on behalf of insurance companies).

A fee for an insurance agency or entrepreneur for representation in insurance

Article 13.

- (1) An insurance company shall be responsible for the actions taken in the performance of insurance representation within the limits of the authority granted.
- (2) An insurance agency or an entrepreneur for representation in insurance shall be entitled to a fee for its work from the insurance company on behalf of which and for which account it makes the insurance contracts.
- (3) An insurance agent shall not be allowed to collect insurance premiums or other amounts from the insured or policyholder.
- (4) If the Agency finds that the financial position and financial discipline of an insurance company and the smooth functioning of the insurance market due to an agents' contractual fee is deteriorated for a longer period, the Management Board of the Agency shall adopt an instrument limiting a fee amount for insurance agents, as well as an instrument governing other mutual relations between insurance agents and the insurance company or related parties of the insurance company.

Appropriate application of the provisions

Article 14

The provisions of this Act governing relations between insurance agencies or entrepreneurs for representation in insurance with the insurance company shall apply on the mutual relations between an insurance agency or entrepreneur for representation in insurance and the company for voluntary pension fund management.

**CHAPTER III**  
**INSURANCE MEDIATION**

An entity performing tasks and activities of insurance mediation

Article 15

- (1) Insurance mediation, in accordance with this Act, shall be conducted by insurance brokers:
  - 1) a natural person granted the authorization by the Agency for conducting insurance brokerage activities (authorization for mediation), and
  - 2) a brokerage company granted the permit by the Agency to perform mediation activities in insurance (a mediation permit) and is entered in the registry of companies.
- (2) In addition to an entity referred to in Section 1, Paragraph 2) herein, the activity of insurance mediation, in accordance with this Act, shall be conducted by branch offices of brokerage companies with the seat in the Federation of BH.
- (3) An entity referred to in Sections 1. and 2. herein shall acquire the right to perform services or activities of insurance mediation upon registration in the Agency's registry.
- (4) The insurance mediation activities shall be conducted as the sole activity.

## Authorization for mediation

### Article 16.

(1) In order to obtain authorization for mediation and be registered in the Agency's registry, a natural person must meet the following requirements:

- 1) filed an application for authorization for mediation and registration in the Agency's registry,
- 2) passed the professional examination for insurance brokers,
- 3) completed the first cycle of studies with at least 180 ECTS credits or equivalent,
- 4) at least one year of professional experience in the insurance business,
- 5) not convicted of crimes against the economy and payment operations,
- 6) the Agency has not revoked the authorization for mediation by final decision in the last year, and
- 7) paid fees in accordance with a decision on fees and charges of the Agency.

(2) Authorization for mediation shall be valid in the territory of Bosnia and Herzegovina.

(3) Authorization for the mediation shall be terminated upon:

- 1) a personal request of the insurance brokers – a natural person,
- 2) an expiry date of registration in the Agency's registry, and
- 3) revocation of powers.

(4) The Management Board of the Agency shall adopt a document which lays down the rules of taking the professional exam for performing insurance brokerage, and additional programs required for the exam of knowledge and competence in the function of fulfilling the required expertise of the insurance broker.

(5) The Management Board of the Agency shall adopt an instrument which lists the documents evidencing compliance with the requirements set out in Section 1 herein, as well as the procedure for getting an authorization for mediation and registration in the Agency's registry.

## Insurance broker – a natural person

### Article 17.

Insurance broker - a natural person performing insurance mediation solely on basis of employment contract and other legal relations with a brokerage company and a branch office of a brokerage company based in the Federation of BiH.

## Mediation permit

### Article 18.

(1) A brokerage company shall be established as a joint stock company or a limited liability company, in accordance with this Act and regulations governing the operation of companies.

(2) In order to obtain a mediation permit the applicant shall be required to file the application to the Agency accompanied by the following:



- 1) the Articles of Association signed by all founders,
  - 2) an evidence of providing the initial capital in money in amount of 50.000 BAM,
  - 3) a business plan and a financial plan for the first two years of business,
  - 4) proof of the liability insurance from insurance mediation activities in the amount of the sum insured, which cannot be less than 600.000 BAM for each claim, or 960.000 BAM for all claims in one year,
  - 5) a list of shareholders or owners of shares,
  - 6) an evidence of the appointment of the Director or a person authorized to represent the brokerage company, selected from among the authorized insurance brokers, employed by the brokerage company for a full time period.
  - 7) a statement of the related parties with the evidence of relation between ownership in equity or otherwise with the insurance company, insurance agency or brokerage company in order to achieve common business goals, and a list of entities with personal interests, in accordance with regulations governing the operations of enterprises,
  - 8) an evidence of business premises for the seat of the enterprise,
  - 9) a proof of a fee payment in accordance with the Decision on fees and charges of the Agency.
- 3) A brokerage company shall ensure compliance with the requirements set out in Section 2. Paragraph 2) and 4) herein during the validity of the mediation permit.
- (4) A mediation permit shall be valid in the territory of Bosnia and Herzegovina.
- (5) A mediation permit shall cease to be valid:
- 1) upon expiry of registration in the Agency's registry,
  - 2) if the brokerage company does not start performing activities within six months from the date of permission and registration in the Agency's registry,
  - 3) if the brokerage company ceases to carry on business operations for six months continuously,
  - 4) if bankruptcy or liquidation proceedings against the brokerage company has been commenced, and
  - 5) revocation of the permit from the brokerage company.
- (6) In the event of occurrence of circumstances for the termination of validity of a representation permit referred to in Sections 5. Paragraph 1), 2), 3) and 4) herein, the Agency shall issue a decision determining that the permit for mediation has been terminated.
- (7) A brokerage company shall ensure that the approval of the Agency is obtained prior to reorganization and voluntary liquidation.
- (8) The Management Board of the Agency shall adopt an instrument which lays down the procedure for granting a mediation permit.

## Entry in the Agency's registry

### Article 19.

- (1) A mediation permit under Article 18 herein shall a requirement for an entry of brokerage company in the registry of companies.
- (2) Entry of brokerage companies in the Agency's registry shall be made after the Agency has been provided with a proof of registration set forth under Section 1 herein.

## Liabilities of insurance broker towards the insured or the policyholder

### Article 20.

- (1) Insurance broker shall protect the interests of the insured, or policyholder, and that includes providing information, explanations and advice to the insured or the policyholder on all circumstances relevant for the decision on the conclusion of an insurance contract with a particular insurance company.
- (2) Insurance broker shall start performing insurance brokerage activities on the basis of a written order or contract concluded with the client.
- (3) In order to meet the requirements under the Section 1 herein, in the insurance broker shall prepare the below given for the insured person or the policyholder:
  - 1) the appropriate risk analysis and the corresponding principle of coverage on the basis of information obtained from the insured or policyholder.
  - 2) the assessment of the financial capability of the insurance company to cover the risk on the basis of technical information available to him,
  - 3) upon request, provide advice on the choice of the insurance company which, according to the analysis of the said insurance brokers, offers maximum safety,
  - 4) upon request, mediate in concluding insurance contract that, in the particular case, provides maximum safety, and this obligation may be limited to certain insurance activities in doing so, if the insurance broker expressly informs the insured or policyholder,
  - 5) provide all obtained bids from insurance companies, the insurance conditions and expressly indicates the elements of the conditions relating to the scope of coverage and exclusion,
  - 6) give a contract with the terms of insurance,
  - 7) review the content of insurance policy in the present case and monitor insurance contracts concluded with his intervention during the term of these contracts, and be obliged to propose amendments, if it is in the interests of the insured or the policyholder
  - 8) provide assistance during the term of the insurance contract, especially when the insured event occurs and advise the insured, or policyholder to take all legal actions to preserve and exercise the rights under the insurance contract in the time required to carry out these legal actions, and
  - 9) make all legal and economic ties transparent, including the commission agreed with a particular insurance company.

(4) Insurance broker shall prepare a risk analysis referred to in Section 3, Paragraph 1) herein taking into account the enough large number of insurance contracts available on the market, allowing him to make recommendations in accordance with professional criteria so the insured, or policyholder, upon concluding an insurance contract, meets his needs and requirements.

5) The insurance broker shall deliver the documents referred to in Sections 3. Paragraph 1), 2), 3), 5), 6) and 9) herein in paper or electronic form available to the insured, or the policyholder.

#### Liabilities of insurance broker to the insurance company

##### Article 21.

(1) Insurance broker shall protect the interests of insurance companies to the extent of the obligation for the insured or the policyholder, and inform the insurance company on all the risks known to him or should be known to him.

(2) Insurance broker shall inform the insurance company on the offer of the insured or the policyholder for a contract.

#### A special account of a brokerage company

##### Article 22.

(1) Funds paid by the insured or policyholder on behalf of premiums for insurance contracts, and the funds that the insurance company pays on behalf of the insured as a fee or amount under the insurance contract concluded with mediation of insurance broker, shall be recorded in a separate account, apart from the assets used for the business operations of brokerage company.

(2) A brokerage company can receive the payment referred to in Section 1 herein only if so expressly and specifically authorized thereof.

(3) The funds in the separate account under the Section 1 herein shall be owned by the insurance company or the insured, and do not constitute assets, nor liquidation or the bankruptcy assets of brokerage firm, and may not be subject to execution, or used to settle the claims of creditors of the brokerage company.

#### Business records of a brokerage company

##### Article 23.

(1) A brokerage company shall keep updated business records with data on:

- 1) an insurance broker – a natural person,
- 2) an insurance company with whom it has concluded an agreement on insurance mediation,
- 3) the policyholder, and
- 4) entities performing assignments under Article 2, Section 4 herein.

(2) A brokerage company shall have and maintain documentation related to the mediation in insurance, in particular:

- 1) employment contracts or other agreements with insurance brokers - natural persons,

- 2) contracts of insurance mediation concluded with insurance companies,
- 3) contracts of insurance mediation concluded with the insured, or policyholder,
- 4) employment contracts or other agreements with entities that perform activities referred to in Article 2, Section 4 herein, and
- 5) a copy of the insurance policy concluded between the insured or the policyholder and the insurance company under the mediation insurance broker.

#### Fee of insurance brokers

#### Article 24.

- (1) An insurance broker shall not be entitled to require payment of a fee or any other charge from the insured or the policyholder, unless expressly agreed in writing.
- (2) If the contract with the insured or the policyholder explicitly sets forth that the insurance broker is entitled to a fee or any other commission, insurance broker shall not be entitled to fee or any other payment from the insurance company under the contract.

### **CHAPTER IV ESTABLISHMENT OF A BRANCH OFFICE OF THE INSURANCE AGENCY AND BROKERAGE COMPANY**

#### Activities of insurance agency or insurance mediation through a branch office

#### Article 25

- (1) An insurance agency or a brokerage company with the seat in Republika Srpska may perform activities of representation in insurance or mediation in insurance in the Federation of BiH, exclusively through branch offices.
- (2) An insurance agency or a brokerage company with the seat in the Federation of BiH may perform activities of representation in insurance or mediation in insurance in Republika Srpska, exclusively through branch offices.
- (3) The Management Board of the Agency shall adopt the document stipulating the procedure for establishing a branch office for representation in insurance or a brokerage company.

The establishment of a branch office of an insurance agency or a brokerage company seated in Republika Srpska

#### Article 26

- (1) An insurance company or a brokerage company with the seat in Republika Srpska, intending to carry out activities of insurance agency or mediation in insurance through a branch office in the Federation of BiH shall provide the Agency with a written notification of:
  - 1) a decision on the establishment of a branch office in the Federation of BiH,
  - 2) information about an authorized person to represent the branch office in the Federation of BiH
  - 3) a proof of the business area where a branch office in the Federation of BiH shall be seated.

(2) The Agency shall, within 30 days of the notification referred to in Section 1 herein, notify in written the Agency for Supervision of Insurance of the Federation of Bosnia and Herzegovina (hereinafter “Agency of the Federation of BiH”) of:

- 1) the intention of an insurance agency or a brokerage company,
- 2) the fact that an insurance agency or a brokerage company registered in the Agency’s registry, and
- 3) an authorized person to represent a branch office in the Federation of BiH.

(3) a branch office in the Federation shall be established in accordance with this Act, the regulations of the Federation of Bosnia and Herzegovina regulating the business activities of enterprises and regulations governing the operation of insurance agencies and brokerage companies, and supervision of the branch office’s activities shall be performed by the Agency of the Federation of BiH.

The establishment of a branch office of an insurance agency or a brokerage company seated in the  
Federation of BiH

#### Article 27.

(1) An insurance company or a brokerage company seated in the Federation of BiH, intending to carry out activities of an insurance agency or mediation in insurance through a branch office in Republika Srpska shall provide the Agency with a written notification of:

- 1) a decision on the establishment of a branch office in Republika Srpska,
- 2) information about an authorized person to represent a branch office in Republika Srpska, and
- 3) proof that an insurance agency or a brokerage company is registered in the Agency’s registry of the Federation of Bosnia and Herzegovina, and
- 4) a proof of the business area where a branch office in Republika Srpska shall be seated.

(2) The Agency shall enter the branch office in the Agency’s registry upon reviewing the documentation under the Section 1 herein and being notified by the Agency of the Federation of Bosnia and Herzegovina of intention for performing activities of representation in insurance or in insurance mediation for entities under the Section 1 herein through a branch office in Republika Srpska.

(3) An insurance agency or a brokerage company with the seat in the Federation of BiH can start business operations through a branch office in Republika Srpska followed by the registration of a branch office in the registry of companies and in the Agency’s registry.

(4) A branch office in Republika Srpska shall be established and operate in accordance with this Act and regulations governing the operations of enterprises, and supervision of their operations shall be carried out by the Agency.

### **CHAPTER V COMMON PROVISIONS**

#### Agency’s registry

#### Article 28.

(1) Registration of an insurance agent or an insurance broker shall be for a four year period from the date of registration in the Agency’s registry.

(2) The Agency shall delete an insurance agent or an insurance broker, a natural person from the Agency's registry upon the expiry or revocation of authorization for representation or authorization for mediation.

(3) Upon the expiry or revocation of the authorization for representation or mediation, the Agency shall delete an entrepreneur for representation in insurance, an insurance agency or a brokerage company from the Agency's registry.

#### Business books and financial statements

##### Article 29.

(1) An insurance agency, an entrepreneur for insurance representation and a brokerage company, in accordance with the rules governing: operations of enterprises, establishment and operation of insurance companies, accounting and audit and other regulations, shall:

- 1) keep business books,
- 2) draw up accounting documents,
- 3) evaluate the assets and liabilities,
- 4) prepare statistical reports, and
- 5) prepare financial statements.

(2) An insurance agency, an entrepreneur for representation in insurance, a bank, a microcredit foundation, Pošte Srpske and a brokerage company shall provide the Agency with statistical and control statements set forth under Section 1, Paragraph 4) herein.

(3) An insurance agency, an entrepreneur for representation in insurance, a bank, a microcredit foundation, Pošte Srpske and a brokerage company shall provide the Agency with financial statements referred to in Section 1, Paragraph 5) herein.

(4) The Management Board of the Agency shall adopt an instrument which lays down the form, content, manner and deadlines for submission of the report referred to in Section 1 herein.

#### Notification

##### Article 30.

(1) An insurance agency, an entrepreneur for representation in insurance and a brokerage company shall inform the Agency on:

- 1) changing the data entered in the registry of enterprises, or the registration authority and in the Agency's registry,
- 2) intention to terminate the activities of insurance representation or insurance mediation,
- 3) intention to establish a branch office, or the cessation of operations in the Federation of Bosnia and Herzegovina, and
- 4) the complaints it receives in accordance with the provisions of this Act governing consumer protection.

(2) The Management Board of the Agency shall adopt an instrument which lays down the content, manner and deadlines for submission of information referred to in Section 1 herein.

### Duty to provide information

#### Article 31.

(1) An insurance agent or an insurance broker shall inform the insured or the policyholder prior to the conclusion of insurance contracts on:

- 1) its business name and seat,
- 2) entry in the Agency's registry, and the method of verification of entry,
- 3) the names of the insurance companies with which it has concluded contracts,
- 4) any legal or financial dependence of the insurance agency or brokerage company on the insurance company with which it shall conclude an insurance contract, including any direct or indirect ownership of 10% or more percent of the capital or voting rights in that company that might affect the freedom of choice of the insurance company,
- 5) any legal or financial dependence of the insurance company with which an insurance or reinsurance contract shall be concluded, on that insurance agency or brokerage company including any direct or indirect ownership of 10% or more percent of the capital or voting rights in the insurance agency or brokerage company, and
- 6) how to protect his rights and interests.

(2) In addition to the information referred to in Section 1 herein, an insurance agent or insurance broker shall inform the insured or the policyholder prior to the conclusion of insurance contract on whether there is a contractual obligation with one or more insurance companies, and inform the insured and the policyholder on the names of those insurance companies upon his request.

(3) The information referred to in Sections 1. and 2. herein, shall be provided to the insured and the policyholder:

- 1) in paper and electronic form accessible to the insured, and the policyholder,
- 2) in a clear and accurate manner understandable to the insured and the policyholder, and
- 3) in one of the languages in official use in Republika Srpska.

(4) Notwithstanding Section 3. Paragraph 1) herein, the information can be provided verbally upon the request of the insured or policyholder or when it is necessary to cover the risk immediately.

(5) In the cases referred to in Section 4 herein, information shall be provided in the manner specified under the Section 3 herein, immediately after the conclusion of insurance contract.

## Prevention of money laundering and funding terrorist activities

### Article 32.

The provisions of the Act governing the prevention of money laundering and financing of terrorist activities shall apply on an insurance agency, an entrepreneur for representation and a brokerage company conducting activities of insurance representation or insurance mediation in the type of life insurance.

### Consumer protection

### Article 33.

(1) An insurance agency, an entrepreneur for representation in insurance and a brokerage company shall:

1) ensure the protection of rights and interests of the insured or the policyholder, in accordance with the regulations, rules and good business practices,

2) provide a procedure that enables the insured or the policyholder to file a complaint, and

3) provide information on the possibilities, manner and a deadline for filing a complaint, information needed therein, address, fax number or email address to receive complaints and deadline for sending a response to the complaint.

(2) For each received a written complaint an insurance agency, an entrepreneur for representation in insurance and brokerage company shall give written response no later than within 30 days and inform the complainant of the right to:

1) initiate the proceedings before the Ombudsman in insurance for extrajudicial dispute resolution, and

2) file a lawsuit with the court.

(3) A brokerage company shall inform the insured or the policyholder on the opportunity to conclude an agreement on insurance mediation with several brokerage companies.

(4) The insured or the policyholder shall have the right to choose one or few insurance agencies or entrepreneur for representation in insurance and brokerage companies.

(5) An insurance agency, an entrepreneur for representation in insurance and a brokerage company shall inform the insured or the policyholder on the possibility to conclude an insurance contract with one or few insurance companies.

### Exceptions in the performance of activities of insurance representation or insurance mediation

### Article 34.

Representation in insurance or mediation in insurance shall not be considered a business activity of legal entities concluding insurance contracts, if the cumulative conditions are met:

1) the insurance contract is not a life insurance;

2) the insurance contract does not cover liability insurance;

3) the insurance contract requires knowledge of the insurance coverage type that is the subject of the contract only;



- 4) The main activity of such entities is not representation in insurance or mediation in insurance;
- 5) insurance is complementary to the product or service offered by a legal person if it covers:
  1. the risk of failure, loss or damage to goods or property, or
  2. the risk of damage or loss of baggage and other risks associated with travel contracted through travel organizations, even in cases where the insurance contract shall cover the risks of life insurance or liability insurance, but only if these risks are following the main risks of services related to travel, and
- 6) the amount of annual insurance premium per one insurance contract is not more than 500 BAM and an insurance contract, including extensions, is not concluded for a period longer than five years.

## **CHAPTER VI SUPERVISION AND PENALTIES**

### Supervised entities

#### Article 35.

- (1) The supervision of the operations and activities of insurance representation or insurance mediation shall be performed by the Agency.
- (2) The supervision entities shall be considered entities granted the authorization or a permit for insurance representation or insurance mediation and branch offices of insurance agencies or brokerage companies with the seat in the Federation of BiH by the Agency.
- (3) In addition to the entities under the Section 2 herein, supervised entities shall be entities performing operations and activities of representation in insurance or mediation in insurance without an authorization or a permit granted by the Agency.
- (4) Supervision of the supervised entities shall be performed by authorized personnel of the Agency who shall review and analysis of financial and other statements, business documents and other data and records that the entities shall be required to keep or submit to the Agency.
- (5) Authorized Agency's personnel can perform supervision by examining the data referred to in Section 4 herein and directly at the business premises of supervised entities.
- 6) Supervised entities shall be required to provide access to the business premises, present and deliver requested documents and materials to authorized personnel of the Agency, and provide other conditions necessary for supervision.
- (7) For the supervision the supervised entities registered in the Agency's registry shall pay the Agency a supervision fee in the amount, method of calculation and payment shall be specified by the Agency in its tariffs.

The criteria and conditions for limiting a fee amount of an insurance agent or an insurance broker

#### Article 36.

- (1) If authorized persons of the Agency in the supervision process finds that a fee amount of an insurance agent or an insurance broker threatens the financial position and financial discipline of the insurance company and the smooth functioning of the insurance market, the Agency may adopt an individual decision defining limit of a fee amount for an insurance agent or insurance broker.

(2) The Management Board of the Agency shall adopt an instrument which lays down the criteria and conditions for restricting a fee amount for an insurance agent or an insurance broker.

Unauthorized carrying out tasks and activities of insurance representation or insurance mediation

#### Article 37.

(1) The Agency shall be authorized to supervise entities performing operations or activities of insurance representation or insurance mediation without authorization or permit granted by the Agency.

(2) The Agency shall be authorized to order an entity referred to in Section 1 herein to cease performing tasks or activities of insurance representation or insurance mediation, and to file a report to the competent authority for the unauthorized insurance representation or insurance mediation.

(3) The Agency shall publish on its website and announce in the media a warning about unauthorized tasks or activities of insurance representation or insurance mediation.

Revocation of powers for representation or mediation

#### Article 38.

1) The Agency shall revoke the authorization for representation or authorization for mediation in the following cases:

- 1) when it determines that the data on which the authorization has been issued are untrue, and
- 2) when an insurance agent or insurance broker, a natural person ceases to meet the requirements for conducting insurance representation or insurance mediation stipulated by this Act.

(2) The Agency may revoke the authorization for representation or authorization for mediation in the following cases:

- 1) when an insurance agent or an insurance broker, a natural person does not comply with the orders of the Agency,
- 2) if an insurance agent or an insurance broker, a natural person, for a period of two years, commits an offense in the return defined under Article 45 herein.

(3) In case of withdrawal of authorization for representation or authorization for mediation, a natural person deprived of authorization cannot apply for re-issuing the authorization before the expiry of one year from the date of finality of the Agency's decision that revoked his authorization.

Revocation of authorization for representation or mediation

#### Article 39.

(1) The Agency shall revoke the authorization for representation or authorization for mediation in the following cases:

- 1) when it determines that the information upon which the license was issued were untrue,
- 2) if an insurance agency, an entrepreneur for insurance representation and a brokerage company no longer meets the requirements for conducting activities of insurance representation or insurance mediation specified under this Act, and

3) when the Agency issues consent for voluntary liquidation.

(2) The Agency may revoke the authorization for representation, or authorization for mediation in the following cases:

1) if an insurance agency, an entrepreneur for insurance representation and a brokerage company does not act upon the Agency's orders,

2) if an insurance agency, an entrepreneur for insurance representation or a brokerage company is validly convicted for the crime of money laundering and financing of terrorist activities or is found guilty of serious violations of the provisions of the Act governing prevention of money laundering and terrorist financing,

3) if an insurance agency, an entrepreneur for insurance representation or a brokerage company commits an offense in the return specified under Article 41. herein for a period of two years.

(3) In the case of revocation of the authorization for representation or authorization for mediation, an entity whose authorization has been revoked shall not re-apply for an authorization before the expiry of one year from the date of finality of the Agency's decision that revoked the authorization.

#### Offence

#### Article 40.

1) A fine of 50.000 BAM shall be imposed for an offense on an insurance agency, a branch office of the insurance agency with the seat in the Federation of BiH, a bank, a microcredit foundation, Pošte Srpske, a brokerage company and a branch office of a brokerage company with the seat in the Federation of BiH if performs activities of insurance representation or insurance mediation, but is not entered in the Agency's registry (Article 4. Section. 3 and Article 15. Section 3).

(2) A fine of 10.000 BAM shall also be imposed for an offense under Section 1. herein on the responsible person in the legal entity.

(3) A fine of 20.000 BAM shall be imposed under Section 1. herein on the entrepreneur for insurance representation.

(4) A fine of 10.000 BAM shall be imposed on an insurance agent – a natural person and an insurance broker - a natural person if he carries out tasks of representation in insurance or mediation in insurance but is not entered in the Agency's registry (Article 4. Section 3. and Article 15. Section 3).

#### Article 41.

(1) A fine of 10.000 BAM to 50.000 BAM shall be imposed on a legal person:

1) an insurance agency, a branch office of the insurance agency based in the Federation of BiH, a brokerage company and a branch office of a brokerage company based in the Federation of Bosnia and Herzegovina if the activity of insurance representation or insurance mediation is not performed as the sole activity (Article 4. Section 4. and Article 15. Section 4),

2) an insurance agency, a branch office of an insurance agency based in the Federation of BiH a bank, a microcredit foundation and Pošte Srpske if they represent multiple insurance companies, without written consent of the insurance companies represented (Article 10. Section 2),

- 3) an insurance company and a company for voluntary pension fund management if they do not conclude a representation contract on prescribed manner (Article 11. Section 1),
- 4) an insurance agency, a branch office of the insurance agency based in the Federation of BiH a bank, a microcredit foundation and Pošte Srpske if they collect an insurance premium or other amounts from the insured or the policyholder (Article 13. Section 3),
- 5) an insurance agency, a branch office of the insurance agency based in the Federation of BiH a bank, a microcredit foundation and Pošte Srpske if they arrange greater amount of a fee than the maximum prescribed amount (Article 13. Section 4) with an insurance company or a company for voluntary pension fund management,
- 6) an insurance company or a company for voluntary pension fund management if the insurance agency, a branch office of an insurance agency based in the Federation of BiH, entrepreneur for representation in insurance, a bank, a microcredit foundation and Pošte Srpske arranges greater amount of a fee than the maximum prescribed amount (Article 13. Section 4),
- 7) a brokerage company and a branch office of brokerage company based in the Federation of BiH if they do not ensure that founding capital in cash is at least as a defined amount (Article 18. Section 3) in the course of business operations,
- 8) a brokerage company and a branch office of brokerage company based in the Federation of BiH if they do not provide liability insurance related to mediation in insurance in the amount of the specified sum insured (Article 18. Section 3),
- 9) a brokerage company and a branch office of a brokerage company based in the Federation of BiH if the means of the insured or policyholder, as well as funds of an insurance company, are not kept at a separate account (Article 22. Section 1),
- 10) a brokerage company and a branch office of a brokerage company based in the Federation of BiH if they collect funds from the insured or policyholder, as well as the funds of an insurance company without the express and written authorization (Article 22. Sections 1. and 2), and
- 11) a brokerage company and a branch office of a brokerage company based in the Federation of BiH if they collect a fee from the insured or policyholder or from an insurance company contrary to Article 24. herein.

(2) A fine of 2.000 to 10.000 BAM shall be imposed on the responsible person in the legal entity under Section 1. herein.

#### Article 42.

A fine ranging from 4.000 BAM to 20.000 BAM shall be imposed on an entrepreneur for representation in insurance if:

- 1) insurance representation activity is not performed as the sole activity (Article 4, Section 4),
- 2) represents few insurance companies without written consent of insurance companies represented (Article 10. Section 2),
- 3) collects the insurance premium or other amounts of the insured person or the policy holder (Article 13. Section 3), and

4) arranges greater amount of a fee than the maximum prescribed amount with an insurance company or a company for voluntary pension fund management (Article 13. Section 4).

#### Article 43.

(1) A fine of 2.000 BAM to 10.000 BAM shall be imposed on a legal person:

1) an insurance agency and a brokerage company if they first do not obtain the consent of the Agency for restructuring and voluntary liquidation (Article 7. Section 4. and Article 18. Section 7),

2) a bank, a microcredit foundation and Pošte Srpske if their business books do not provide a separate record of performing insurance representation activities in accordance with this Act (Article 8. Section 2),

3) an insurance company and the company for voluntary pension funds management if a representation contract is not concluded in written form and a copy of the contract is not submitted to the Agency (Article 11. Section 2),

4) an insurance company and the company for voluntary pension funds management if do not notify the Agency of the termination of the insurance representation contract without delay, and if notice of termination or expiry of the contract is not published on its website (Article 11. Sections 3 and 4),

5) an insurance agency, a branch office of an insurance agency based in the Federation of BiH, a bank, a microcredit foundation and Pošte Srpske, a brokerage company and a branch office of a brokerage company based in the Federation of BiH if they do not keep updated records with a minimum content of the information required and do not keep the documents related to the performance of insurance company activities (Articles 12. and 23)

6) a brokerage company and a branch office of a brokerage company based in the Federation of BiH if they do not protect the interests of the insured or policyholder, in the specified manner (Article 20. Sections 1 and 3),

7) a brokerage company and a branch office of a brokerage company based in the Federation of BiH, if they do not submit to the insured or the policyholder documents in paper and electronic form (Article 20. Section 5),

8) a brokerage company and a branch office of a brokerage company based in the Federation does not protect the interests of an insurance company (Article 21. Section 1),

9) a brokerage company and a branch office of a brokerage company based in the Federation of BiH if they fail to inform the insurance company about the offer of the insured or the policyholder for contracting (Article 21. Section 2)

10) an insurance agency, a branch office of an insurance agency based in the Federation of BiH, a bank, a microcredit foundation and Pošte Srpske, a brokerage company and a branch office of a brokerage company based in the Federation of BiH if they do not keep business books and do not prepare or do not submit the required statements to the Agency in the specified manner (Article 29),

11) an insurance agency, a branch office of an insurance agency based in the Federation of BiH, a bank, a microcredit foundation and Pošte Srpske, a brokerage company and a branch office of a brokerage company based in the Federation of BiH if they fail to inform the Agency of the specified data (Article 30)

12) an insurance agency, a branch office of an insurance agency based in the Federation of BiH, a bank, a microcredit foundation and Pošte Srpske, a brokerage company and a branch office of a brokerage company based in the Federation of BiH if they fail to inform the insured or the policyholder on the necessary information in the specified manner (Article 31),

13) an insurance agency, a branch office of an insurance agency based in the Federation of BiH, a bank, a microcredit foundation and Pošte Srpske, a brokerage company and a branch office of a brokerage company based in the Federation of BiH if they do not ensure the protection of rights and interests of the insured or the policyholder in accordance with the regulations, rules and good business practices (Article 33. Section 1, Paragraph 1)

14) an insurance agency, a branch office of an insurance agency based in the Federation of BiH, a bank, a microcredit foundation and Pošte Srpske, a brokerage company and a branch office of a brokerage company based in the Federation of BiH if they fail to establish a procedure that shall enable the insured or the policyholder to file complaints, and fail to provide information on the possibilities, manner and deadline for filing a complaint, and the required complaint content (Article 33. Section 1. Paragraphs 2) and 3),

15) an insurance agency, a branch office of an insurance agency based in the Federation of BiH, a bank, a microcredit foundation and Pošte Srpske, a brokerage company and a branch office of a brokerage company based in the Federation of BiH if they fail to respond in writing within the prescribed term and to inform the complainant of the right to initiate proceedings before the Ombudsman in ensuring like-court dispute resolution and to file the lawsuit with the court (Article 33. Section 2)

16) a brokerage company and a branch office of a brokerage company based in the Federation of BiH if they fail to inform the insured or the policyholder on the possibility to conclude a contract on mediation with few brokerage companies (Article 33. Section 3),

17) an insurance agency, a branch office of an insurance agency based in the Federation of BiH, a bank, a microcredit foundation and Pošte Srpske, a brokerage company and a branch office of a brokerage company based in the Federation of BiH if they fail to inform the insured or the policyholder on the possibility to conclude an insurance contract with one or several insurance companies (Article 33. Section 5).

(2) A fine of 500 BAM to 2.500 BAM shall be imposed on the responsible person in the legal entity under Section 1 herein.

#### Article 44.

A fine of 800 BAM to 4.000 BAM shall be imposed on the entrepreneur for representation in insurance if he fails to:

1) keep updated records with a minimum content of the information required and keep the documentation relating to the performance of insurance company activities (Article 12),

2) inform the Agency of the specified data (Article 30),

3) inform the insured or the policyholder of the necessary information in the specified manner (Article 31),

4) ensure the protection of rights and interests of the insured or the policyholder in accordance with professional rules and regulations and good business practices (Article 33. Section, Paragraph 1),

5) establish a procedure to enable the insured or the policyholder to file the complaints, and does not provide information on the possibilities, manner and deadline for filing a complaint, and the required complaint content (Article 33. Section 1. Paragraphs 2) and 3),

6) respond in writing within the prescribed term and to inform the complainant of the right to initiate proceedings before the Ombudsman in ensuring like-court dispute resolution and to file the lawsuit with the court (Article 33. Section 2), and

7) inform the insured or the policyholder on the possibility to conclude an insurance contract with one or few insurance companies (Article 33. Section 5).

#### Article 45.

A fine of 1.000 BAM to 5.000 BAM shall be imposed on a natural person:

1) an insurance agent if he fails to perform representation activities in the specified manner (Article 6. Section 1),

2) an insurance agent if he collects insurance premiums or other amount of the insured or the policyholder (Article 13. Section 3),

3) an insurance broker if insurance mediation services are not performed in the specified manner (Article 17),

4) an insurance broker if he fails to protect the interests of the insured or the policyholder in the specified manner (Article 20. Sections 1 and 3),

5) an insurance broker if he fails to provide the insured or the policyholder with documents in paper or electronic form (Article 20. Section 5),

6) an insurance broker if he fails to protect the interests of the insurance company (Article 21. Section 1),

7) an insurance broker if he fails to inform the insurance company for insurance on an offer of the insured or the policyholder for concluding the contract (Article 21. Section 2),

8) an insurance broker if he collects a fee from the insured or the policyholder or the insurance company contrary to the adopted provisions (Article 24), and

9) an insurance agent and an insurance broker if they fail to inform the insured or the policyholder of the necessary information in the specified manner (Article 31).

#### Prevention of money laundering and terrorist financing

#### Article 46

If an insurance agency and a brokerage company fail to fulfill their obligations and responsibilities in their business operations, if they fail to take measures and actions defined in the regulations governing the prevention of money laundering and financing of terrorist activities, the Agency shall take measures, issue misdemeanor orders or initiate legal proceedings in accordance with the Act thereon.

## **CHAPTER VII TRANSITIONAL AND FINAL PROVISIONS**

### Application of instruments

#### Article 47

(1) The Management Board of the Agency shall adopt the instruments prescribed by this Act within 90 days from the date of its entry into force.

(2) Instruments that were in force before the entry into force of this Act shall apply until the instruments referred to in Section 1. herein are adopted, if not contrary thereto.

### Harmonization of business operations

#### Article 48

Insurance agencies, entrepreneurs for representation in insurance, microcredit foundations, Pošte Srpske and brokerage companies shall harmonize their business operations with the provisions of this Act within six months from the date of its entry into force.

### Harmonization of banks' and representatives' business operations

#### Article 49

(1) A bank or an organizational unit performing the activity of insurance mediation shall continue its activity until the expiration date of its entry in the Agency's registry, in accordance with the regulations that were in force at the time registration of a bank or an organizational unit in the Agency's registry.

(2) Insurance agents or insurance brokers shall continue to perform the tasks and activities or representation in insurance or mediation in insurance based on authorizations and permits granted in accordance with the Insurance Mediation Act, and by the expiry date of the decision on entry into the Agency's registry.

### Termination

#### Article 50

By the entry into force of this Act, the Insurance Mediation Act ("Official Gazette of Republika Srpska" Nos. 17/05, 64/06 and 106/09) shall cease to be valid.

### Entry into force

#### Article 51

This Act shall enter into force on the eighth day of its publication in the "Official Gazette of Republika Srpska".

No.: 02/1-021-454/17  
April 27<sup>th</sup>, 2017  
Banja Luka

The President of  
the National Assembly  
**Nedeljko Čubrilo**vić, signature