

Pursuant to Article 7, paragraph 2, indent 7, Article 9, paragraph 1, indent 2 and Article 61a, paragraph 4 of the Law on Insurance Companies (Official Gazette of the Republic of Srpska, number: 17/05, 01/06, 64/06, 74/10 and 47/17), Article 5, paragraph 5, Article 8, paragraph 3, Article 16, paragraph 5, Article 18, paragraph 8 and Article 27 of the Law on Representation in Insurance and Mediation in Insurance and Reinsurance (Official Gazette of the Republic of Srpska, number: 47/17) and Article 18, paragraph 1, point 2 of the Articles of Association of the Insurance Agency of the Republic of Srpska (Official Gazette of the Republic of Srpska, number: 2/15 and 76/16), Board of Directors of the Insurance Agency of the Republic of Srpska, at the session held on 11 October 2019, adopted the following:

**RULEBOOK  
ON THE PROCEDURE FOR ACQUIRING A QUALIFIED SHARE  
IN AN INSURANCE COMPANY**

**I – PRELIMINARY PROVISIONS**

**Article 1**

This Rulebook prescribes the following:

- 1) the decision-making process on issuing approval for the acquisition of a qualified share in an insurance company,
- 2) the method of assessing the fulfilment of the criteria for the acquisition of a qualified share in the insurance company and
- 3) documentation submitted with the notification of the intention to acquire a qualified share, i.e. with the request for the issuance of prior consent for the acquisition of a qualified share in the insurance company.

**Article 2**

Every natural and legal person who intends to acquire, directly or indirectly, a qualifying share in an insurance company headquartered in the Republic of Srpska, is required to report the intention to acquire a qualified share to the Insurance Agency of the Republic of Srpska (hereinafter referred to as the Agency), that is, to submit a request for the issuance of prior consent to the Agency for the acquisition of a qualified share in an insurance company, in order to obtain the Agency's approval.

**Article 3**

A natural or legal person who intends to acquire, directly or indirectly, a qualified share in an insurance company, shall submit a written application to the Agency, or a request from Article 2 of this Rulebook, in which case the following information shall be submitted:

- 1) name and surname, place and date of birth, citizenship, place of permanent residence and/or temporary residence for a natural person, i.e. name, registered office, name and surname of a person authorized to represent and unique identification number for a legal person,
- 2) type and total nominal amount of shares, i.e. the total share in the capital expressed in percentages, i.e. voting rights of the insurance company, for which the intention to acquire is reported, i.e. the application is submitted, with an indication of the nominal amount of shares and share expressed in percentages in the share capital, that is, the voting rights of the insurance company that it has at the time of submitting the application and
- 3) method of acquiring a qualified share (acquisition of shares from existing shareholders, acquisition of shares by purchasing shares of an insurance company from a share issue or in another way).

## II - DOCUMENTATION TO BE SUBMITTED FOR OBTAINING CONSENT FOR THE ACQUISITION OF A QUALIFIED SHARE IN THE INSURANCE COMPANY

### Article 4

(1) A legal entity that intends to acquire a qualified share in an insurance company (hereinafter: Acquiring legal entity) submits the following documentation to the Agency with the application or request referred to in Article 2 of this Rulebook:

1) extracts from the Register of Business Entities for the Acquiring legal entity that reports the intention and its founders, which are not older than six months, extracts from the Register of Business Entities and copies of identification documents of natural persons (ID card for a domestic person, i.e. passport for a foreign person), up to of the final owners of the Acquiring legal entity,

2) the Articles of Association or memorandum of Association of the Acquiring legal entity,

3) the Decision of the competent body of the Acquiring legal entity on the acquisition of a qualified share in an insurance company, which should contain information on the number and type of shares that it intends to acquire,

4) extract from the book of shareholders, for the Acquiring legal entity - joint stock company,

5) financial report and consolidated financial report (if there is an obligation to compile) with an audit opinion for the last three business years, and if the Acquiring legal entity has existed for less than three years, the aforementioned reports are for the period since the start of work,

6) a list of persons who run the business of the Acquiring legal entity, with copies of identification documents of those persons,

7) information on whether the Acquiring legal entity has a significant share (over 20%) in the capital of other legal entities in terms of the regulations governing the establishment and operation of companies (absolute and percentage amount of their ownership, as well as extracts from the Register of Business Entities for those entities),

8) a list of related parties in terms of the Law on the Securities Market and the Law on Companies, with the specified description of the connection,

9) certifications of the competent authorities that the Acquiring legal entity, as well as natural persons, the final owners of the Acquiring legal entity, have not been convicted of evasion and embezzlement, abuse of position, forgery, use of forged documents, theft of public or private property, making false statements, giving or taking a bribe, or any other criminal offense provided for by law in connection with the performance of their professional activity, which is not older than six months,

10) a certified statement of the Acquirer of the legal entity that his authorization to perform financial activities was not revoked due to non-compliance with the regulations,

11) certified statements of natural persons of the final owners of the Acquiring legal entity that they have not been members of the board of directors of an insurance company that has been declared bankrupt, or whose work license has been revoked due to violations of the law, in the last five years,

12) certificate from the competent authority that no bankruptcy proceedings have been initiated or opened against the Acquiring legal entity,

13) a certified statement on the total indebtedness of the Acquiring legal entity with domestic and foreign legal and natural entities, as well as tax and other state authorities, with the specification of these entities and the amounts of indebtedness, with documentation that proves the allegations from the statement.

14) a certified statement on the source of funds for the acquisition of a qualified share with documentation that proves the allegations from the statement and

15) proof of paid compensation according to the Agency's Decision on Tariffs and Fees.

(2) At the request of the Agency, the Acquiring legal entity also submits all other information and documents that prove the fulfilment of the conditions and criteria prescribed by the Law on Insurance Companies

(hereinafter referred to as the Law) and this Rulebook for issuing consent for the acquisition of a qualified share in an insurance company, including the data prescribed by the law governing the area of prevention of money laundering and financing of terrorism, which is collected by the persons under the obligation of that law.

(3) The documentation referred to in paragraph 1 of this Article shall be submitted in the original or a copy certified by a notary or the competent service of the local self-government unit and shall not be returned, while certified statements of the Acquiring legal entity are considered to be statements certified with the seal of the Acquiring legal entity and the signature of a person authorized to represent.

#### Article 5

(1) A natural person who intends to acquire a qualified share in an insurance company (hereinafter: Acquiring natural person), shall submit the following documentation to the Agency:

1) a certified copy of an identification document (identity card for a domestic person, i.e. passport for a foreigner),

2) the biography of the Acquiring natural person, with details of formal education, a list of all employers with whom he/she was or is still employed and a list of legal entities in which he/she had or still has a share in the capital,

3) extract from the court register for legal entities in which the Acquiring natural person has a share in the capital (absolute and percentage amount and date of acquisition),

4) a list of related parties in the sense of the Law on the Securities Market and the Law on Business Companies, with the specified description of the connection,

5) certification by the competent authority that the Acquiring natural person has not been convicted of evasion and embezzlement, abuse of office, forgery, use of forged documents, theft of public or private property, making false statements, giving or taking bribes, or any other criminal offense provided for by law in connection with the performance of their professional activity, which is not older than six months,

6) a certified statement of the Acquiring natural person that he/she was not a member of the board of directors of an insurance company in which bankruptcy was initiated, or whose work license was revoked due to violation of the law, in the last five years,

7) a certified statement on the total indebtedness of the Acquiring natural person, with domestic and foreign legal and natural persons, as well as tax and other state authorities, with the specification of these persons and the amounts of indebtedness, with documentation that proves the allegations from the statement,

8) certified statement of the Acquiring natural person on the source of funds for the acquisition of a qualified share with documentation that proves the allegations from the statement and

9) proof of paid compensation according to the Agency's Decision on tariffs and fees.

(2) At the request of the Agency, the Acquiring natural person shall also submit all other information and documentation proving the fulfilment of the conditions and criteria prescribed by the Law and this Rulebook for the issuance of consent for the acquisition of a qualified share in an insurance company, including the data prescribed by the law regulating the area of prevention of money laundering and financing of terrorism, which are collected by the persons under the obligation of that law.

(3) The documentation referred to in paragraph 1 of this Article shall be submitted in the original or a copy certified by a notary or the competent office of the local self-government unit and shall not be returned.

#### Article 6

Foreign legal and natural persons shall submit to the Agency documentation referred to in Articles 4 and 5 of this Rulebook in the original form, in a foreign language and the original translation of that documentation prepared by an authorized court interpreter.

## Article 7

If a natural or legal person, the acquirer of a qualified share, acquires more than 20% or 50% of the capital, he/she is required to attach the following documentation:

- 1) business plan of the insurance company for the next three business years,
- 2) a plan for changes in the organizational, management and personnel structure of the insurance company or a certified statement of the Acquirer of a qualified share that he/she does not plan to make the aforementioned changes,
- 3) plan of activities for the creation of new or changes to the existing internal acts of the insurance company or a certified statement of the Acquirer of a qualified share that he/she does not plan to make the aforementioned changes and
- 4) activity plan for changing the existing or introducing new information technologies of the insurance company or a certified statement of the Acquirer of the qualified share that he/she does not plan to make the aforementioned changes.

## III - ASSESSMENT OF FULFILMENT OF THE CRITERIA FOR ACQUIRING A QUALIFIED SHARE IN THE INSURANCE COMPANY

### Article 8

- (1) The Agency carries out the procedure for assessing the fulfilment of the criteria for the acquisition of a qualified share prescribed in Article 60 paragraph 2 and Article 61a paragraph 2 of the Law, in terms of the assessment of eligibility and financial condition, management ability and influence of the acquirer of a qualified share on the insurance company in which he/she intends to acquire a qualified share.
- (2) The assessment from paragraph 1 of this Article is carried out by the Agency on the basis of the submitted documentation and information.
- (3) If it deems it necessary to assess the suitability of the acquirer of a qualified share, the Agency may request the submission of additional information and documents, in accordance with Article 14, paragraph 1 of the Law.
- (4) In order to evaluate the acquirer of a qualified share, if necessary, the Agency shall cooperate with the Agency for Insurance Supervision of the Federation of Bosnia and Herzegovina and the supervisory authorities of other countries or other competent authorities.

## IV - PROCEDURE FOR DECIDING ON THE ACQUISITION OF A QUALIFIED SHARE

### Article 9

- (1) Within 20 days from the date of receipt of the application, i.e. the request referred to in Article 2 of this Rulebook, the Agency shall issue a conclusion ordering the acquirer of a qualified share to deliver the missing or additional documentation necessary for the adoption of a decision on approval or rejection of the acquisition of a qualified share.
- (2) The Agency shall set a deadline for acting on the conclusion referred to in paragraph 1 of this Article, which cannot be longer than 30 days.
- (3) Within three months from the date of receipt of the application, i.e. the request referred to in Article 2 of this Rulebook for the direct and/or indirect acquisition of a qualified share, the Agency shall issue a decision approving the acquisition of a qualified share, i.e. rejecting it.
- (4) The acquirer of a qualified share, that has received approval for the acquisition, is required to notify the Agency in advance in writing of any increase or disposition of the qualified share in the insurance company, specifying the share that he/she intends to keep.

#### Article 10

(1) The Agency shall reject the request for the acquisition of a qualified share in an insurance company, if it assesses, based on the submitted documentation, information and criteria, that the acquirer does not meet the conditions and criteria prescribed by the Law, for the acquisition of a qualified share in the insurance company.

(2) The Agency shall reject the request if the acquirer of the qualified share does not submit the documentation prescribed by this Rulebook in a timely manner, within the legal or statutory deadline, or the missing and additional documentation that the Agency will request in the conclusion.

#### V – FINAL PROVISIONS

#### Article 11

This Rulebook shall enter into force on the eighth day from the day of its publication in the Official Gazette of the Republic of Srpska.

Number: UO – 20/19  
11 October 2019  
Banja Luka

Chairman of the  
Board of Directors  
Goran Račić