

Pursuant to Article 7, paragraph (2), indent 7), Article 9, paragraph (1), indent 2), Article 52a, paragraph (5), and Article 56, paragraph (9) of the Law on Insurance Companies (Official Gazette of the Republika Srpska, 17/05, 1/06, 64/06, 74/10, 47/17 and 58/19), and Article 18, paragraph (1), point 2) of the Statute of the Insurance Agency of the Republika Srpska (Official Gazette of the Republika Srpska, 2/15, 76/16 and 89/19), the Management Committee of the Insurance Agency of the Republika Srpska adopted at the session held on 17 November 2020 the following:

R U L E B O O K

ON THE INVESTMENT OF ASSETS OF INSURANCE COMPANIES

CHAPTER I

BASIC PROVISIONS

Article 1

This Rulebook shall regulate the investment of assets of insurance companies, and particularly the following:

- 1) types and characteristics of allowable investments of assets,
- 2) rules for dispersion, limits of investment and valuation of assets and
- 3) reporting methods and timelines of the Insurance Agency of the Republika Srpska (hereinafter referred to as: Agency).

Article 2

(1) Within the meaning of this Rulebook, the assets of the insurance company shall include:

- 1) assets for coverage of 50% of the minimum guarantee fund,
- 2) assets for coverage of technical provisions of non-life insurances and
- 3) assets for coverage of technical provisions of life insurances.

(2) Within the meaning of this Rulebook, the minimum guarantee fund is defined by the provision of Article 53a, paragraph (9) of the Law on Insurance Companies (hereinafter referred to as: Law).

(3) Technical provisions of non-life insurances include unearned premiums, claims provisions, provisions for bonuses and rebates, provisions for risk equalisation, and other technical provisions.

(4) Technical provisions of life insurances include unearned premiums, profit share provisions, mathematical provisions, claims provisions, and other technical provisions.

CHAPTER II

BASIC INVESTMENT PRINCIPLES

Principles of investment of assets

Article 3

(1) The insurance company shall ensure that the amount of investment in the forms set forth in this Rulebook is higher or equal to the calculated technical provisions and 50% of the minimum guarantee fund.

(2) The insurance company shall invest the assets referred to in Article 2 of this Rulebook in accordance with the rules of the trade and with the care of a prudent businessman.

(3) When investing the assets referred to in Article 2 of this Rulebook, the insurance

company shall take into account the best interest of all insured persons and beneficiaries referred to in insurance contracts, and ensure continuing compliance with the type of insurance activities carried out, the maturity and currency adjustment of the invested assets and the liabilities of the company for which technical provisions are formed, taking into consideration the principles of security, cost-effectiveness, marketability, diversity and dispersion of investments, and take any other precautions to ensure security of the investment in accordance with the risk control and management rules.

(4) The insurance company shall manage the investments in such a manner to ensure appropriate income and cash flow, whereby the accruals may be settled at any moment, i.e. to ensure that the investment of assets shall not call into question the timeliness of settlement of the liabilities arising from insurance contracts and claims in accordance with the prescribed timelines.

(5) If the Agency has determined that the investment of assets referred to in Article 2 of this Rulebook does not comply with the provisions of the law or this Rulebook, it may require the insurance company to carry out the necessary harmonisation.

Security of investment

Article 4

(1) The investment of assets of the insurance company is secure if it satisfies the economic and legal aspect of security.

(2) The economic aspect of security refers to maintaining the value of property, i.e. assets, where the following criteria are taken into consideration for security assessment:

- 1) small deviations of the value of the invested assets,
- 2) a reliable and cautious asset valuation method,
- 3) trading in a regulated market or another trading option and
- 4) quality of assets and acceptable creditworthiness of the issuer of financial instruments, i.e. acceptable creditworthiness of the borrower.

(3) The legal aspect of security refers to unlimited asset management, and the unlimited possibility of trading in assets.

Cost-effectiveness of investment

Article 5

The investment of assets of insurance companies is cost-effective if the yield is achieved in accordance with market trends, in the manner which does not threaten the security and the actual value of the investment, and if it provides that the yield achieved by the investment of mathematical provisions is at least as high as the interest included in the calculation of the provision.

Marketability of investment

Article 6

(1) The assets referred to in Article 2 of this Rulebook are marketable if they can be exchanged for cash or cash equivalents.

(2) The marketability of investment depends on the period of availability of the property, i.e. on the possibility of trading in the market.

(3) The insurance company shall choose the form of investment which can be exchanged for cash or cash equivalents in a short time period (up to one year), if necessary.

(4) The insurance company shall ensure that the investment of assets referred to in Article 2 of this Rulebook in the forms not traded in the organised market is at a carefully determined

level, and that the insurance company is not exposed to excessive risk concentration by investing in such forms.

Diversity and dispersion of investment

Article 7

(1) When investing the assets referred to in Article 2 of this Rulebook, the insurance company shall be guided by the principles of diversity (investing in different forms of assets) and dispersion of investment (investing in the same forms with different issuers/persons), whose objective is to maintain the value of property of the company, and to limit the risk of investment loss in such a manner that no type of investment, within the limits prescribed by this Rulebook, shall have a prevailing impact in the entire structure of the assets for coverage of technical provisions or the minimum guarantee fund.

(2) The criteria by which the insurance company is guided when choosing the form of assets referred to in Article 2 of this Rulebook may be the following:

1) different issuers of financial instruments, different borrowers, different geographic areas in which the real property of the insurance company is located, etc.

2) specific types of risks and the profile of the issuer/borrower, i.e. the risk of loss and depreciation of specific assets of the insurance company,

3) the expected yield,

4) time period of the investment and

5) relation between different types of investment.

(3) Avoidance of overreliance on any form of assets, on any legal person, as well as avoidance of excessive risk concentration in the investment portfolio in general shall be regarded as adequate diversity and dispersion.

Article 8

(1) The insurance company shall adopt the annual investment policy plan for the assets referred to in Article 2 of this Rulebook by 31 January of the current year at latest, and submit it to the Agency in electronic form within 15 days following the day of its adoption.

(2) The valuation of investment referred to in this Rulebook shall be subject to the provisions of the International Accounting Standards, International Financial Reporting Standards and International Valuation Standards.

(3) The insurance company shall provide appropriate organisational and staffing conditions for the investment of assets referred to in Article 2 of this Rulebook.

CHAPTER III

INVESTMENT OF ASSETS OF INSURANCE COMPANIES FOR COVERAGE OF TECHNICAL PROVISIONS

Article 9

(1) The insurance company may invest the assets for coverage of technical provisions referred to in Article 2 of this Rulebook in:

1) securities issued or guaranteed by Bosnia and Herzegovina (hereinafter referred to as: BiH), Republika Srpska, Central Bank of BiH and funds referred to in Article 8 of the Law on the Investment Development Bank of the Republika Srpska (Official Gazette of the Republika Srpska, 56/06 and 28/13),

2) securities issued or guaranteed by the Federation of BiH and the Brčko District,

3) bonds and other debt securities issued by a local self-government unit in the Republika Srpska and BiH,

4) bonds and other debt securities for which the local self-government unit referred to in point 3) of this paragraph has issued a guarantee,

5) bonds and other debt securities traded in the organised securities market in the Republika Srpska and BiH,

6) bonds and other debt securities not traded in the organised securities market in the Republika Srpska and BiH, if their issuer is a legal person whose headquarters are in the Republika Srpska and BiH,

7) shares traded in the organised securities market in the Republika Srpska and BiH,

8) shares not traded in the organised securities market, if their issuer is a legal person whose headquarters are in the Republika Srpska and BiH,

9) loans to legal persons secured by a first lien on real property (mortgage) if the lien is registered in the land registry and other records of real property in the Republika Srpska and BiH, and if the value of the loan is not higher than 60% of the market value of the real property valued by a certified valuer,

10) loans to legal persons secured by securities referred to in points 1) through 4) of this paragraph,

11) loans to legal persons secured by a guarantee issued by a bank whose headquarters are in the Republika Srpska and BiH,

12) loans in the amount of cash surrender value based on the life insurance contract from the assets of mathematical provision of life insurance,

13) real property (right of ownership and right to build), provided that:

1. it is registered in the land registry and other records of real property in the Republika Srpska and BiH,

2. it is free of any encumbrances,

3. it has the appraised value determined by a certified valuer,

4. it produces yield, i.e. if yield may be expected in relation thereto.

14) time deposits in banks in the Republika Srpska and BiH, on which the bank has no right of retention or any other rights chargeable to the insurance company, on the condition that the bank has a positive opinion on its financial statements given by a certified auditor,

15) units and shares of the investment funds with a public offering whose headquarters are in the Republika Srpska and BiH and

16) assets in the accounts of the insurance company.

(2) By way of derogation from the provisions of paragraph (1) of this Article, the assets for coverage of technical provisions of non-life insurance may not be invested in the use referred to in paragraph (1), point 12) of this Article.

(3) By way of derogation from the provisions of paragraph (1) of this Article, the assets for coverage of technical provisions of life insurance may not be invested in the use referred to in paragraph (1), points 6) and 8) of this Article.

(4) The assets of the insurance company in the reserve fund of Green Card Bureau in BiH and the compensation fund of Green Card Bureau in BiH may be used as assets for coverage of technical provisions, not exceeding the amount of calculated claims provisions per green card.

(5) The insurance company may invest the assets for coverage of technical provisions of non-life insurances and the assets for coverage of technical provisions of life insurances in the related parties of the insurance company, determined in accordance with IAS 24 – Related Party Disclosures, up to 20% of assets for coverage of technical provisions, and individually up to the prescribed limits referred to in Articles 11 and 12 of this Rulebook.

(6) The limit of investment in the related parties of the insurance company referred to in the previous paragraph of this Article shall refer both to direct and indirect investments.

(7) Any assets or rights on which there is some kind of ban or restriction, or which are used as a guarantee or as an instrument of security of the liabilities of the insurance company or any other natural or legal person may not be used as an instrument for coverage of technical provisions and 50% of the minimum guarantee fund.

Article 10

(1) Apart from the above-mentioned investments referred to in Article 9, paragraph (1) of this Rulebook, the insurance company may also use the following forms of assets as instruments for coverage of technical provisions:

1) unearned premium chargeable to the reinsurer, co-insurer or retrocessionaire for coverage of technical provisions of non-life and life insurances,

2) a part of or the entire amount of claims provisions chargeable to the reinsurer, co-insurer or retrocessionaire for coverage of technical provisions of non-life and life insurances, and a part of or the entire amount of mathematical provisions chargeable to the reinsurer for coverage of technical provisions of life insurances and

3) deferred acquisition expenses for coverage of technical provisions of non-life insurances, as prescribed by the decisions of the Agency.

(2) The unearned premium chargeable to the reinsurer, co-insurer or retrocessionaire referred to in paragraph (1), point 1) of this Article shall be acknowledged as an instrument for coverage of technical provisions of non-life and life insurances up to the limits prescribed by Article 11, paragraph (1), point 15), and Article 12, paragraph (1), point 14) of this Rulebook, and a part of or the entire amount of the unearned premium chargeable to the reinsurer, co-insurer or retrocessionaire may be acknowledged beyond the above-mentioned limits only with the prior consent of the Agency and if the requirements referred to in paragraph (4) of this Article have been fulfilled.

(3) A part of or the entire amount of claims provisions chargeable to the reinsurer, co-insurer or retrocessionaire, and a part of or the entire amount of mathematical provisions chargeable to the reinsurer referred to in paragraph (1), point 2) of this Article shall be acknowledged as an instrument for coverage of technical provisions only with the prior consent of the Agency and if the requirements referred to in paragraph (4) of this Article have been fulfilled.

(4) The Agency shall give its consent referred to in paragraphs (2) and (3) of this Article if the following requirements have been fulfilled:

1) that the insurance company could not provide coverage of technical provisions in accordance with Article 3, paragraph (1) of this Rulebook without the Agency's consent,

2) that the forms of assets referred to in paragraph (1), points 1) and 2) of this Article have been recorded in business records of the insurance company in accordance with the Rulebook on the chart of accounts and the content of accounts in the chart of accounts for insurance companies,

3) that the forms of assets referred to in paragraph (1), points 1) and 2) of this Article have been calculated, i.e. valued in accordance with the regulations of the Agency, rules of the actuarial profession and the International Accounting Standards,

4) that the reinsurer or co-insurer possess an investment grade corresponding to the BBB rating or a higher Standard & Poor's or Baa3 rating or a higher rating of Moody's credit agency, according to the most recent annual financial report,

5) that the insurance company has provided guarantees related to the liabilities to be settled by the reinsurer or co-insurer, as prescribed by the decision of the Agency, if the reinsurer or

co-insurer do not possess a credit rating or if their credit rating is lower than the investment credit rating,

6) that the insurance company has submitted to the Agency full and accurate documentation prescribed by the decision of the Agency.

(5) By way of derogation from the provisions of paragraph (4), points 4) and 5) of this Article, on certain occasions and with other appropriate guarantees, the Agency may accept a part of or the entire amount of the unearned premium and claims provisions chargeable to the retrocessionaire with the investment credit rating as an instrument for coverage of technical provisions, in which case it is necessary to submit to the Agency the certificate of the part of the unearned premium chargeable to the retrocessionaire, the certificate of acceptance and the amount of the retrocessionaire's share in claims provisions, and other documents prescribed by the decision of the Agency.

(6) The Management Committee of the Agency shall issue a decision prescribing in detail the content of the request and the necessary documentation in the procedure for giving consent to the acknowledgment of the unearned premium and claims provisions chargeable to the reinsurer, co-insurer or retrocessionaire, and the mathematical provisions chargeable to the reinsurer, as an instrument for coverage of technical provisions, and a decision prescribing the method of calculation of deferred insurance acquisition expenses which may be acknowledged as an instrument for coverage of technical provisions of non-life insurances.

Article 11

The amount of individual investments of assets for coverage of technical provisions of non-life insurances referred to in Article 2, paragraph (1), point 2) of this Rulebook shall not exceed the following limits:

1) in securities referred to in Article 9, paragraph (1), point 1) of this Rulebook without limit,

2) in securities referred to in Article 9, paragraph (1), point 2) of this Rulebook up to 50% of assets for coverage of technical provisions,

3) in securities referred to in Article 9, paragraph (1), point 3) of this Rulebook up to 35% of assets for coverage of technical provisions, but in securities of the same issuer up to 10%,

4) in securities referred to in Article 9, paragraph (1), point 4) of this Rulebook up to 20% of assets for coverage of technical provisions, but in securities of the same issuer up to 5%,

5) in securities referred to in Article 9, paragraph (1), point 5) of this Rulebook up to 30% of assets for coverage of technical provisions, of which up to 20% in the official stock exchange market and up to 5% per issuer, and up to 10% in the free stock exchange market and up to 2% per issuer,

6) in securities referred to in Article 9, paragraph (1), point 6) of this Rulebook up to 5% of assets for coverage of technical provisions, but in securities of the same issuer up to 1%,

7) in securities referred to in Article 9, paragraph (1), point 7) of this Rulebook up to 40% of assets for coverage of technical provisions, of which up to 30% in the official stock exchange market and up to 10% per issuer, and up to 10% in the free stock exchange market and up to 5% per issuer,

8) in securities referred to in Article 9, paragraph (1), point 8) of this Rulebook up to 10% of assets for coverage of technical provisions, but in securities of the same issuer up to 5%,

9) in loans referred to in Article 9, paragraph (1), point 9) of this Rulebook up to 20% of assets for coverage of technical provisions, but up to 10% per loan beneficiary,

10) in loans referred to in Article 9, paragraph (1), points 10) and 11) of this Rulebook up to 10% of assets for coverage of technical provisions, but up to 5% per loan beneficiary,

11) in real property referred to in Article 9, paragraph (1), point 13) of this Rulebook up to

20% of assets for coverage of technical provisions without the consent of the Agency, and between 20% and 40% with the consent of the Agency, but in one piece of real property or in several pieces of real property which are connected to make a single unit up to 20%,

12) in deposits referred to in Article 9, paragraph (1), point 14) of this Rulebook up to 50% of assets for coverage of technical provisions, but in one bank up to 20%,

13) in units and shares referred to in Article 9, paragraph (1), point 15) of this Rulebook up to 30% of assets for coverage of technical provisions, and up to 5% per investment fund,

14) in funds in the accounts of insurance companies referred to in Article 9, paragraph (1), point 16) of this Rulebook up to 10% of assets for coverage of technical provisions, but in one bank up to 5%,

15) in the unearned premium chargeable to the reinsurer, co-insurer or retrocessionaire referred to in Article 10, paragraph (1), point 1) of this Rulebook up to 10% of assets for coverage of technical provisions, and over 10% only with the prior consent of the Agency and

16) in deferred insurance acquisition expenses referred to in Article 10, paragraph (1), point 2) of this Rulebook up to 10% of assets for coverage of technical provisions.

Article 12

(1) The amount of individual investments of assets for coverage of technical provisions of life insurances referred to in Article 2, paragraph (1), point 3) of this Rulebook shall not exceed the following limits:

1) in securities referred to in Article 9, paragraph (1), point 1) of this Rulebook without limit,

2) in securities referred to in Article 9, paragraph (1), point 2) of this Rulebook up to 50% of assets for coverage of technical provisions,

3) in securities referred to in Article 9, paragraph (1), point 3) of this Rulebook up to 40% of assets for coverage of technical provisions, but in securities of the same issuer up to 15%,

4) in securities referred to in Article 9, paragraph (1), point 4) of this Rulebook up to 20% of assets for coverage of technical provisions, but in securities of the same issuer up to 10%,

5) in securities referred to in Article 9, paragraph (1), point 5) of this Rulebook up to 40% of assets for coverage of technical provisions, of which up to 30% in the official stock exchange market and up to 5% per issuer, and up to 10% in the free stock exchange market and up to 5% per issuer,

6) in securities referred to in Article 9, paragraph (1), point 7) of this Rulebook up to 30% of assets for coverage of technical provisions, of which up to 20% in the official stock exchange market and up to 10% per issuer, and up to 10% in the free stock exchange market and up to 5% per issuer,

7) in loans referred to in Article 9, paragraph (1), point 9) of this Rulebook up to 20% of assets for coverage of technical provisions, but up to 10% per beneficiary,

8) in loans referred to in Article 9, paragraph (1), points 10) and 11) of this Rulebook up to 10% of assets for coverage of technical provisions, but up to 5% per loan beneficiary,

9) in loans referred to in Article 9, paragraph (1), point 12) of this Rulebook up to 25% of assets for coverage of technical provisions, but up to 5% per loan beneficiary,

10) in real property referred to in Article 9, paragraph (1), point 13) of this Rulebook up to 20% of assets for coverage of technical provisions without the consent of the Agency, and between 20% and 40% with the consent of the Agency, but in one piece of real property or in several pieces of real property which are connected to make a single unit up to 20%,

11) in deposits referred to in Article 9, paragraph (1), point 14) of this Rulebook up to 50% of assets for coverage of technical provisions, but in one bank up to 20%,

12) in units and shares referred to in Article 9, paragraph (1), point 15) of this Rulebook up to 30% of assets for coverage of technical provisions, and up to 5% per investment fund,

13) in funds in the accounts of insurance companies referred to in Article 9, paragraph (1), point 16) of this Rulebook up to 10% of assets for coverage of technical provisions, but in one bank up to 5% and

14) in the unearned premium chargeable to the reinsurer, co-insurer or retrocessionaire referred to in Article 10, paragraph (1), point 1) of this Rulebook up to 5% of assets for coverage of technical provisions, and over 5% only with the prior consent of the Agency.

(2) The assets for coverage of mathematical provisions shall be invested in the property used for settlement of any future liabilities based on such types of insurance which require establishing mathematical provisions, and which may not be used for settlement of liabilities arising from other types of insurance.

(3) The insurance company shall ensure that the use of assets for coverage of mathematical provisions is unambiguously and expressly recognisable in appropriate records and registers, depending on the form of investment of such funds.

(4) As regards the investment of assets for coverage of technical provisions of life insurances in deposits in banks or in loans, the company shall conclude an agreement with the bank or with the borrower, in which it is stated that those assets are intended for coverage of technical provisions of life insurances.

Article 13

(1) To acknowledge the real property referred to in Article 9, paragraph (1), point 13) of this Rulebook as an instrument for coverage of technical provisions in the amount between 20% and 40% of technical provisions, the insurance company shall submit a request for consent to the Agency, whereby it shall provide at least the following:

1) the total amount of investment in the real property expressed in the absolute amount, and the list of all pieces of real property to be used by the insurance company for coverage of technical provisions with the information on the real property (identification and description of the real property, proof of insurance of the real property, value of the real property, etc.),

2) documents proving that all pieces of the real property meet the criteria referred to in Article 9, paragraph (1), point 13), sub-points 1) through 3) of this Rulebook,

3) for real property producing yield, the insurance company shall accompany the request for consent by basic information on the lessee, the period for which the real property is leased, the amounts of lease and proof of payment, the costs of maintenance and investment in the real property, etc.,

4) for real property not producing yield, but expected to produce yield, the insurance company shall accompany the request for consent by a detailed term plan of generation of the expected inflows or explain in detail the expected presumptions which will lead to an increase in the value of the investment property and generation of capital gain, in a period no longer than one year,

5) for real property not expected to produce yield, but which the insurance company plans to convert into funds or some other form of investment by selling it or by some other legal transaction in accordance with this Rulebook, the insurance company shall also provide a term plan of implementation of the activities in a period no longer than one year,

(2) When giving the consent to the acknowledgment of the real property in the amount exceeding 20% of technical provisions, the Agency shall review the provided documents and assess the yield for the real property referred to in point 3), paragraph (1), i.e. assess the reality and acceptability of the plans provided by the insurance company for the real property referred to in points 4) and 5), paragraph (1), and it shall issue a decision determining the real property to be acknowledged as an instrument for coverage of technical provisions, the maximum

amount of funds and the duration of consent.

(3) If the real property produces significantly lower yield in comparison with the value of the real property, the Agency may give consent for only one part of the value of the real property to be used for coverage of technical provisions.

(4) The consent shall be issued for a limited period no longer than one year, with a possibility of issuing new consent upon the request of the insurance company, if the Agency has assessed that the circumstances have changed in terms of increased probability of generation of income off the lease, capital gain, possibility of selling the real property, or if the insurance company has reached and maintained the yield presumed in the procedure of issuance of the previous consent.

(5) Apart from the documents referred to in paragraph (1) of this Article, the Agency may request additional explanations or documents in the procedure of issuance of the consent, to prove the security, cost-effectiveness and marketability of the investment.

Article 14

(1) By way of derogation from the provisions of Articles 11 and 12 of this Rulebook, and upon the request of the insurance company, the Agency may allow the company to exceed the prescribed limit of investment of assets for coverage of technical provisions for a specific type of investment, except for the real property referred to in Article 9, paragraph (1), point 13) of this Rulebook.

(2) The Agency shall allow the prescribed limit of investment to be exceeded for a period no longer than one year, with a view to achieving better and more secure yield on the invested assets of the insurance company or preventing losses.

(3) Along with the request for the prescribed limit of investment to be exceeded, the insurance company shall submit to the Agency a detailed explanation of the economic justification for exceeding the investment and a dynamic plan for harmonisation of the exceeded investment.

(4) The Agency may allow the prescribed limit of investment to be exceeded if it shall not exceed 50% of the prescribed limit.

(5) The Agency may allow the prescribed limit of investment to be exceeded only if the requirements referred to in Article 3, paragraph (1) of this Rulebook have been fulfilled by the insurance company, or if they will be fulfilled after obtaining the consent.

(6) When deciding on a request for the prescribed limits of investment to be exceeded, the Agency may request additional documents from the insurance company.

Article 15

(1) For securities not quoted in the active market, the insurance company shall issue an internal regulation to further regulate the techniques of fair valuation in accordance with the International Accounting Standards.

(2) Upon the request of the Agency, the insurance company shall provide for each type of security the assessed fair value out of which the applied assessment techniques may be undeniably determined.

(3) The Agency may request the insurance company to provide an explanation for the expressed fair value of individual financial instruments and order proper valuation to be conducted if it has determined that the applied techniques were not in accordance with the International Accounting Standards.

Article 16

(1) The insurance company may only approve loans based on a written request of the

borrower, a written decision of the relevant body of the insurance company and a legally valid onerous loan agreement.

(2) In order for a loan to be qualified as an instrument for coverage of technical provisions of insurance within the meaning of Article 2, paragraph (1), points 2) and 3) of this Rulebook, it shall fulfil the following requirements:

1) the loan repayment period may not be longer than five years,

2) the grace period for the principal repayment may not be longer than six months,

3) the loan must be amortised in equal annual or sub-annual annuities, i.e. loans with one-off payment of the principal at maturity are not allowed for coverage of technical provisions.

(3) By way of derogation from the provisions of points 1) and 2) in the previous paragraph of this Article, for the investment of assets for coverage of technical provisions of life insurances referred to in Article 2, paragraph (1), point 3) of this Rulebook, with the prior consent of the Agency, the loan repayment period may be agreed upon for up to 10 years, and the grace period for the principal repayment for up to one year.

(4) In order for a loan to be legally qualified as an instrument for coverage of technical provisions of insurance, the insurance company shall obtain a written statement from the borrower, in which the borrower waives the right to compensation, right of retention and other rights or objections in relation to some other legal transaction or relation between those persons, by performance of which the borrower could reduce or cancel the obligation of repayment of the loan agreed upon.

(5) The insurance company shall conclude a contract with the borrower in which it shall be stated that the loan has been approved from the assets for coverage of technical provisions of insurance.

(6) The insurance company shall issue an internal regulation to regulate the method and procedure for the assessment of creditworthiness of borrowers, as well as the assessment of the quality of instruments securing the loan.

(7) The assessment of creditworthiness of the borrower should include assessment of creditworthiness for the last three years, after which the insurance company shall assess creditworthiness on an annual basis until the loan has been fully repaid.

(8) The insurance company shall assess the quality of real property, bank guarantees and securities and other instruments used as instruments for securing loans.

(9) For loans referred to in Article 9, paragraph (1), points 9), 10) and 11) of this Rulebook, and prior to the loan disbursement, the insurance company shall register the secured subject in favour of the company, i.e. accept the bank guarantee in its favour.

(10) The insurance company shall charge and collect interest for the approved loans on a monthly basis.

(11) The borrower shall repay the loan before the maturity date without the possibility of postponing the repayment period.

(12) The insurance company may not present the investment in a loan as an instrument for coverage of technical provisions of insurance if the borrower has not settled the liabilities due arising from the loan within three months as of their maturity date.

(13) The insurance company shall keep a file for each borrower containing all the documents related to the loan, and at least the following:

1) the loan request signed by the applicant stating the purpose for which the loan shall be used,

2) documents proving the legal identity of the applicant,

3) financial statements, including balance sheet, income statement, cash flow statement, etc., signed by the responsible official,

4) the original decision of the relevant body of the company on the loan approval containing the amount, timelines, interest and other conditions under which the loan has been approved,

5) the original loan agreement,

6) in the event of any amendment to the loan agreement, after the loan has been approved, documents that verify and define that,

7) assessment of creditworthiness of the borrower accompanied by all supporting documents,

8) assessment of quality of the instruments securing the loan,

9) instruments securing the loan – bank guarantee, securities, etc.,

10) documents supporting and verifying the loan repayment, in full or in part, the source, i.e. the method of loan repayment,

11) documents containing measures taken by the insurance company towards the delinquent borrower,

12) any documents and correspondence between the insurance company and the borrower and

13) other documents in accordance with the internal regulations of the insurance company.

(14) If the loan has been secured by a lien (mortgage) on real property, the file referred to in paragraph (13) of this Article shall be supplemented with:

1) an extract from the land registry or other proof of ownership of the real property issued by the relevant authority, based on which the loan agreement has been concluded,

2) certificate of title,

3) proof of insurance of the real property and

4) a report on valuation of the real property made by a certified valuer, which shall contain three methods of valuation in accordance with the international valuation standards, a photograph and description of the real property, and information on the year of construction, adaptation and the number of apartments and rooms.

(15) The file referred to in paragraphs (13) and (14) of this Article shall be updated on a regular basis.

Article 17

(1) The insurance company shall provide documentation and keep and regularly update the real property file for each piece of real property classified as an instrument for coverage of technical provisions, which shall contain:

1) an extract from the land registry or any other valid proof of ownership of the real property issued by the relevant authority,

2) certificate of title,

3) proof of insurance of the real property, whereby it is necessary to transfer the insurance risk to another insurance company or reinsurer,

4) a sales agreement or other relevant documents if the real property has been acquired by some other legal transaction or construction,

5) calculation and basis of valuation and

6) a report on valuation of the real property made by a certified valuer, which shall contain three methods of valuation in accordance with the international valuation standards, a photograph and description of the real property, and information on the year of construction, adaptation and the number of apartments and rooms.

(2) The insurance company shall have each piece of real property valued at least once a

year, and at least once in three years each piece of real property shall be valued by a certified valuer.

(3) The same certified valuer may not value a piece of real property, or several pieces of real property which are connected to make a single unit, more than three times in a row.

(4) The certified valuer engaged by the insurance company to value a piece of real property may not be a related party to the insurance company within the meaning of IAS 24 – Related Party Disclosures.

(5) The insurance company shall issue an internal regulation to regulate real property valuation, containing at least the manner, frequency and description of the methods of real property valuation.

(6) During a fiscal year, the Agency may order the insurance company to have new valuation conducted for any piece of real property, by engaging a certified valuer which did not conduct the valuation which is currently valid, or to engage on their own a certified valuer to establish the value of the real property already used for coverage of technical provisions or the real property for which the insurance company has requested consent.

(7) For the real property for which it has been established, based on paragraph (6), that the subsequently assessed value deviates significantly from the original value, the Agency may limit the value of the insurance company's real property acknowledged as an instrument for coverage of technical provisions.

(8) If the inspection has determined that one or several pieces of real property used for coverage of technical provisions do not fulfil the qualitative requirements prescribed by this Rulebook, the Agency may issue a decision ordering the insurance company to rectify the illegalities and irregularities in terms of exclusion of the said real property as an instrument for coverage of technical provisions, in its partial value or in full, irrespective of whether the real property is covered by the consent of the Agency referred to in Article 13 of this Rulebook or it is used for coverage of technical provisions without the consent of the Agency within the allowable 20% of investment in real property.

Article 18

(1) When investing the assets of the company in deposits in banks, the insurance company shall conclude an agreement with a bank in which it shall be stated that the deposited assets shall be intended for coverage of technical provisions of insurance or 50% of the minimum guarantee fund, and that they may not be used for any other purpose.

(2) The insurance company shall submit for inspection time deposit agreements along with the accompanying annexes to a certified actuary and an independent auditor for the purpose of developing a report in accordance with the applicable regulations.

(3) The insurance company shall continuously monitor the business activities of the bank in which it holds deposits used for coverage of technical provisions and the minimum guarantee fund and assess the investment risk based on the available information.

CHAPTER IV

INVESTMENT OF ASSETS FOR COVERAGE OF THE MINIMUM GUARANTEE FUND

Article 19

(1) The insurance company may invest the assets for coverage of 50% of the minimum guarantee fund referred to in Article 2, paragraph (1) of this Rulebook in:

- 1) securities referred to in Article 9, paragraph (1), point 1) of this Rulebook and
- 2) time deposits referred to in Article 9, paragraph (1), point 14) of this Rulebook.

(2) The assets referred to in paragraph (1) of this Article shall only be used for the purpose of protecting the insured persons and maintaining the solvency of the insurance company, and

they may not be used for any other purpose.

Article 20

The amount of individual investments of assets for coverage of 50% of the minimum guarantee fund referred to in Article 2, paragraph (1) of this Rulebook may not exceed the following limits:

1) in securities referred to in Article 9, paragraph (1), point 1) of this Rulebook without limit and

2) in time deposits referred to in Article 9, paragraph (1), point 14) of this Rulebook without limit, but in one bank up to 20% of assets for coverage of 50% of the minimum guarantee fund.

CHAPTER V INVESTMENTS OUTSIDE BiH

Article 21

Insurance companies may invest assets for coverage of technical provisions in the member countries of the European Union (hereinafter referred to as: EU), OECD and CEFTA, with the prior consent of the Agency and under the conditions set forth in this Rulebook.

Article 22

(1) The assets referred to in Article 2, paragraph (1), points 2) and 3) of this Rulebook may be invested in:

1) securities issued by a member country of the EU, OECD or CEFTA, central banks of those countries, international financial organisations, or in securities guaranteed by some of those entities,

2) bonds and other debt securities traded in the organised securities market in a member country of the EU, OECD or CEFTA, provided that credit rating agencies have established their credit rating which corresponds to Standard & Poor's rating of at least 'A', or to the relevant Fitch-IBCA or Moody's rating,

3) shares traded in the organised securities market in a member country of the EU, OECD or CEFTA, provided that for at least two previous years they were listed on the official stock exchange listing and that their minimum market capitalisation is 500 million euros at the moment of investment and

- 4) real property located in a member country of the EU, OECD or CEFTA, provided that:
1. it is registered in the land registry and other records of real property of a member country,
 2. it is free of any encumbrances,
 3. it has the appraised value determined by a certified valuer,
 4. it produces yield, i.e. if yield may be expected in relation thereto.

(2) The total investment outside BiH may not exceed 20% of assets for coverage of technical provisions of non-life insurances referred to in Article 2, paragraph (1), point 2) of this Rulebook, and 20% of assets for coverage of technical provisions of life insurances referred to in Article 2, paragraph (1), point 3) of this Rulebook, and up to 15% of assets per investment.

(3) The total investment in real property outside BiH referred to in paragraph (1), point 4) of this Article, and real property in the Republika Srpska and BiH referred to in Article 9, paragraph (1), point 13) of this Rulebook, may not exceed 40% of assets for coverage of technical provisions of non-life insurances referred to in Article 2, paragraph (1), point 2) of this Rulebook, or assets for coverage of technical provisions of life insurances referred to in Article 2, paragraph (1), point 3) of this Rulebook.

(4) The insurance company shall inform the Agency of any change of investments outside

BiH used for coverage of technical provisions (significant changes in the value of assets, qualitative changes which may affect the treatment of assets in accordance with the provisions of this Rulebook, etc.), within 10 days as of the day of occurrence of such a change in the status of the investment.

(5) When submitting a request for investment of assets referred to in paragraph (1), points 1), 2) and 3) of this Article, the insurance company shall provide to the Agency at least the following:

- 1) name of the issuer, code and type of securities,
- 2) identification of the organised market and the market segment in which the securities or shares are traded,
- 3) planned amount of investment,
- 4) document proving the credit rating of the issuer for securities referred to in paragraph (1), points 1) and 2) of this Article,
- 5) certificate of market capitalisation for securities referred to in paragraph (1), point 3) of this Article.

(6) When submitting a request for investment of assets referred to in paragraph (1), point 4) of this Article, the insurance company shall provide to the Agency at least the documents proving that the real property meets the criteria referred to in paragraph (1), point 4), sub-points 1) through 4) of this Article, and a cost-effectiveness analysis related to investment in the real property (which includes at least the following: proof or presumptions of the generation of inflows, rate of return on investment, investment risks, explanation of the expected capital gain, etc.).

(7) For real property not producing yield, but expected to produce yield, the insurance company shall accompany the request for consent by a detailed term plan of generation of the expected inflows or explain in detail the expected presumptions which will lead to an increase in the value of the investment property and generation of capital gain, in a period no longer than one year.

(8) When giving consent to investment in the real property referred to in paragraph (1), point 4) of this Article, the Agency shall be guided by the following criteria:

- analysis of reality of the presumptions from the cost-effectiveness analysis related to investment in the real property,
- location of the real property (economic development and risk of the country, population of the city, etc.),
- projected cash flow from the real property in comparison with the value of the real property,
- amount and dispersion of other investments in real property and other types of assets for coverage of technical provisions, etc.

(9) After obtaining the Agency's consent to investment in the real property referred to in paragraph (1), point 4) of this Article, the insurance company shall establish a real property file and manage the real property in the same manner as described in Article 17, paragraph (1) of this Rulebook, taking into consideration the specificities related to real property records of each separate member country.

CHAPTER VI RISK MANAGEMENT

Article 23

(1) The insurance company shall invest the assets referred to in Article 2 of this Rulebook with due care of the risk profile and the prescribed limits of investment, while applying their strategies and policies related to management of asset investment risks, in accordance with the provisions of the Law and this Rulebook.

(2) The insurance company may invest the assets referred to in Article 2 of this Rulebook only in forms whose risks can be appropriately determined, measured, controlled and managed.

Article 24

(1) The investment risk management strategy referred to in Article 23 of this Rulebook shall contain at least the following:

- 1) overview and definitions of all asset investment risks to which the insurance company is or may be exposed,
- 2) long-term asset investment objectives determined by the business policy and strategy of the insurance company, as well as the tendency towards investment risks, determined in accordance with such objectives,
- 3) basic principles related to the taking of asset investment risks and management of such risks,
- 4) basic principles of the process of assessment of asset investment risks and
- 5) methods of monitoring of the principles, investment guidelines, and the manner of implementation of provisions in laws and regulations.

(2) The insurance company shall assess the placement risk management strategy on a regular basis, and to alter it when necessary, especially in the event of any significant change of the business policy and strategy of the company, or any change in the macroeconomic environment.

Article 25

(1) The investment risk management policies referred to in Article 23 of this Rulebook shall contain at least the following:

- 1) more detailed descriptions of the methods of valuation for individual assets,
- 2) manner of organisation of the process of investment and investment risk management, and a clear delineation between the authority of organisational parts and the responsibility of employees in all stages of the process,
- 3) methods for identification and measurement of investment risks and assessment of individual types of such risks,
- 4) measures aimed at mitigating individual investment risks and rules for the application of such measures,
- 5) method of monitoring and control of individual types of investment risks,
- 6) manner and frequency of additional controls (assessment of potential effects of specific events and/or changes of multiple risk factors on investment and business results), and the action in the event of unfavourable results of such additional controls,
- 7) required professional knowledge and qualifications of persons responsible for investments,
- 8) internal and external reporting on investments (content, manner, timelines and persons responsible),
- 9) monitoring and control of the investment procedure, i.e. establishment of appropriate internal control procedures for the purpose of detecting potential risks and
- 10) rules of organisation, safekeeping and accessibility of the accounting and other documents related to investments.

(2) The insurance company shall at least once a year review its investment risk management policies, and amend them, if necessary.

CHAPTER VII
REPORTING FORMS, CONTENT AND TIMELINES

Article 26

(1) For each quarter, the insurance company shall calculate, i.e. determine the following:

1) the amount and types of investment of assets for coverage of technical provisions of non-life insurances,

2) the amount and types of investment of assets for coverage of technical provisions of life insurances and

3) the amount and types of investment of assets for coverage of 50% of the minimum guarantee fund.

(2) To report on:

1) the amount and investments of assets for coverage of technical provisions of non-life insurances, the insurance company shall use Form - US1,

2) the amount and investments of assets for coverage of technical provisions of life insurances, the insurance company shall use Form - US2,

3) the amount and investments of assets for coverage of 50% of the minimum guarantee fund, the insurance company shall use Form - US3 and

4) analytical data, the insurance company shall use Form - AUS, defined in accordance with the regulation used for regulating the form and content of reports on analytical data on the investment of assets of insurance companies, issued by the Management Committee of the Agency.

(3) The forms referred to in paragraph (2), points 1), 2) and 3) of this Article shall be an integral part of this Rulebook.

(4) The insurance company shall inform the Agency on any change related to the investment of assets for coverage of technical provisions and 50% of the minimum guarantee fund pursuant to Article 57 of the Law.

Article 27

(1) The insurance company shall draft and submit the reports referred to in Article 26, paragraph (2) of this Rulebook to the Agency on a quarterly basis for the following periods:

1) from 1 January to 31 March, within one month following the end of the reporting period,

2) from 1 January to 30 June, within one month following the end of the reporting period,

3) from 1 January to 30 September, within one month following the end of the reporting period and

4) from 1 January to 31 December, within the time period prescribed for the submission of unaudited annual financial reports, while reports which are harmonised with the audited financial reports shall be submitted within four months following the end of the reporting period.

(2) The Agency may require the reports prescribed by this Rulebook to be submitted with the balance as at the last day of the previous month in relation to the month in which a request was sent to the insurance company.

(3) The data in the reports referred to in paragraph (1) of this Article shall be presented on a quarterly basis with the balance as at the given day.

(4) In all reports, amounts shall be entered in convertible marks.

(5) The insurance company shall submit the reports referred to in paragraph (1) of this Article in electronic form, in the manner prescribed by the Agency, as well as in written form, certified and signed by a certified actuary, the person who created the reports and the person

responsible.

Article 28

(1) Pursuant to the provisions of this Rulebook, the amounts entered in the forms shall be harmonised with the amounts presented in the relevant accounts of the general ledger, and as at 31 December with the amounts presented in the relevant items of the audited financial reports.

(2) The control of the reports referred to in Article 26 of this Rulebook shall be conducted by the actuary employed in the insurance company and a certified actuary.

(3) Pursuant to the provisions of this Rulebook, the responsibility for the accuracy of all data and reports submitted shall be borne by the director of the insurance company.

(4) For the purpose of monitoring, the Agency may order the insurance/reinsurance company to make additional reports, and determine the manner and timelines for their submission.

Article 29

Along with the audited financial reports, the insurance company shall also provide, for each fiscal year, a separate opinion of an independent auditor on the valuation of assets referred to in Article 2 of this Rulebook.

Article 30

(1) In the event of any deviation from the limits set forth in this Rulebook, due to:

1) changes of market prices representing the basis for valuation of assets and liabilities of the insurance company,

2) change of exchange rates,

3) transition to a lower stock exchange listing or delisting,

4) changes of the organisational or economic relations among the entities in which the assets of the insurance company have been invested and

5) any other circumstances beyond direct control of the insurance company,

the insurance company shall take measures to harmonise the investment of assets referred to in Article 2, paragraph (1) of this Rulebook with the provisions of this Rulebook.

(2) The insurance company shall harmonise the investments with the provisions of the Law and this Rulebook within six months following the day when the deviation from the limits set forth in this Rulebook commenced due to the reasons set forth in paragraph (1) of this Article or following the day when the existence of the deviation from the prescribed limits was determined by the valuation of assets of the company, whichever comes first.

(3) Upon a request of the insurance company submitted within thirty days following the day when the deviation from the limits set forth in this Rulebook commenced due to the reasons set forth in paragraph (1) of this Article or following the day when the existence of the deviation from the prescribed limits was determined by the valuation of assets of the company, whichever comes first, the Agency may extend the deadline referred to in paragraph (2) of this Article, if that is necessary for the purpose of protection of interests of the insurance company.

(4) The extension of the deadline referred to in paragraph (3) of this Article may not be longer than six months.

CHAPTER VIII TRANSITIONAL AND FINAL PROVISIONS

Article 31

The Agency may request all data and documents related to investments which are

necessary for the control of operations of the insurance company.

Article 32

(1) The investments in loans arranged prior to the day of entry into force of this Rulebook shall be acknowledged as an instrument for coverage of technical provisions of insurance until the day of expiry of the period determined by such an agreement.

(2) The insurance company shall harmonise investments in the real property referred to in Article 9, paragraph (1), point 13) of this Rulebook with the limits referred to in Article 11, paragraph (1), point 11), and Article 12, paragraph (1), point 10) of this Rulebook by 30 June 2021.

(3) The director of the Agency may issue a regulation to regulate in more detail the procedure and content of the documents provided to the Agency when submitting a request for obtaining consent for the real property referred to in Article 9, paragraph (1), point 13), and/or Article 22, paragraph (1), point 4) of this Rulebook, and to determine in more detail the criteria for valuation of the real property subject to the consent, as well as the criteria to be used to determine the period of validity of the consent.

(4) The insurance company shall issue and harmonise the business policy regulations with the provisions of this Rulebook within 90 days following the day of entry into force of this Rulebook.

(5) The procedures related to giving consent to exceeded investments and to investments outside BiH which commenced prior to the day of entry into force of this Rulebook shall be completed pursuant to the provisions of this Rulebook.

Article 33

The entry into force of this Rulebook shall repeal the Rulebook on the investment of assets of insurance companies (Official Gazette of the Republika Srpska, 61/15 and 87/15).

Article 34

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

Number: UO – 22/20
17 November 2020
Banja Luka

Chairman
of the Management Committee,
Goran Račić

ANNEX 1

Form: US1

Name: _____

Code: _____

Balance as at: _____

Number: _____

Created by: _____

Person responsible: _____

Actuary: _____

Date of completion: _____

Place of completion: _____

Contact: _____

Overview of the status of investments of assets for coverage of technical provisions of non-life insurances

No.	Type (form) of investment	Allowable %	Total amount invested (in BAM)	Executed %
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
1.	Securities issued or guaranteed by BiH, Republika Srpska, Central Bank of BiH and funds referred to in Article 8 of the Law on the Investment Development Bank of the Republika Srpska	without limit		
2.	Securities issued or guaranteed by the Federation of BiH and the Brčko District	up to 50%		
3.	Bonds and other debt securities issued by a local self-government unit in the RS/BiH	up to 35%, and up to 10% per issuer		
4.	Bonds and other debt securities for which the local self-government unit referred to in Article 9, paragraph (1), point 3) of the Rulebook has issued a guarantee	up to 20%, and up to 5% per issuer		
5.1.	Bonds and other debt securities traded in the official stock exchange market in the RS/BiH	up to 20%, and up to 5% per issuer		
5.2.	Bonds and other debt securities traded in the free stock exchange market in the RS/BiH	up to 10%, and up to 2% per issuer		
6.	Bonds and other debt securities not traded in the organised securities market in the RS/BiH, if their issuer is a legal person whose headquarters are in the RS/BiH	up to 5% , and up to 1% per issuer		
7.1.	Shares traded in the official stock exchange market in the RS/BiH	up to 30%, and up to 10% per issuer		
7.2.	Shares traded in the free stock exchange market in the RS/BiH	up to 10%, and up to 5% per issuer		
8.	Shares not traded in the organised securities market in the RS/BiH, if their issuer is a legal person whose headquarters are in the RS/BiH	up to 10%, and up to 5% per issuer		
9.	Loans secured by a lien on real property (mortgage)	up to 20%, and up to 10% per beneficiary		
10.1.	Loans secured by securities referred to in Article 9, paragraph (1), points 1) through 4) of the Rulebook	up to 10% in total, and up to 5% per beneficiary		
10.2.	Loans secured by a bank guarantee or loans to banks whose headquarters are in the RS/BiH			
11.	Real property and other rights on real property (right of ownership, right to build, right to use, etc.)	up to 20% without the consent of the Agency, and between 20% and 40% with the consent of the Agency, and in one piece of real property or in several pieces of real property which are connected to make a single unit up to 20%		
12.	Time deposits in banks in the RS/BiH	up to 50%, and in one bank up to 20%		

No.	Type (form) of investment	Allowable %	Total amount invested (in BAM)	Executed %
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
13.	Units and shares of the investment funds with a public offering whose headquarters are in the RS/BiH	up to 30%, and in one investment fund up to 5%		
14.	Assets in the accounts of the insurance company	up to 10%, and in one bank up to 5%		
15.	Assets in the reserve fund and the compensation fund of Green Card Bureau in BiH	up to the amount of calculated claims provisions per green card		
16.	Total assets invested in the country <i>(sum of the investments listed under numbers 1 through 15)</i>			
17.	Securities issued by a member country of the EU, OECD or CEFTA, central banks of those countries, international financial organisations, or securities guaranteed by some of those entities	sum (17+18+19+20) up to 20% in total; 17, 18 and 19 per issuer up to 10%, and in one piece of real property or several pieces of real property which are connected to make a single unit up to 15%		
18.	Bonds and other debt securities traded in the organised securities market in a member country of the EU, OECD or CEFTA, provided that credit rating agencies have established their credit rating which corresponds to Standard & Poor's rating of at least 'A', or to the relevant Fitch-IBCA or Moody's rating			
19.	Shares traded in the organised securities market in a member country of the EU, OECD or CEFTA, provided that for at least two previous years they were listed on the official stock exchange listing and that their minimum market capitalisation is 500 million euros at the moment of investment			
20.	Real property located in a member country of the EU, OECD or CEFTA			
21.	Total assets invested abroad <i>(sum of the investments listed under numbers 17 through 20)</i>			
22.1.	Unearned premium chargeable to the reinsurer, co-insurer or retrocessionaire	up to 10%, and over 10% in accordance with the decision of the Agency		
22.2.	Deferred insurance acquisition expenses	up to 10%, in accordance with the decision of the Agency		
22.3.	Claims provisions chargeable to the reinsurer, co-insurer or retrocessionaire	in accordance with the decision of the Agency		
22.	Total other forms of assets (22.1.+22.2+22.3)			
23.	TOTAL (16+21+22)			

Technical provisions of non-life insurances as at _____

No.	Item	Amount in BAM
1.	Provisions for unearned premiums	
2.	Claims provisions	
3.	Provisions for bonuses and rebates	
4.	Provisions for risk equalisation	
5.	Other technical provisions of insurance	
6.	Total technical provisions (1+2+3+4+5)	

Certified actuary

Person responsible

Data processed by:

Name – signature

Name – signature

Name – signature

Name: _____

Code: _____

Balance as at: _____

Number: _____

Created by: _____

Person responsible: _____

Actuary: _____

Date of completion: _____

Place of completion: _____

Contact: _____

Overview of the status of investments of assets for coverage of technical provisions of life insurances

No.	Type (form) of investment	Allowable %	Total amount invested (in BAM)	Executed %
1	2	3	4	5
1.	Securities issued or guaranteed by BiH, Republika Srpska, Central Bank of BiH and funds referred to in Article 8 of the Law on the Investment Development Bank of the Republika Srpska	without limit		
2.	Securities issued or guaranteed by the Federation of BiH and the Brčko District	up to 50%		
3.	Bonds and other debt securities issued by a local self-government unit in the RS/BiH	up to 40%, and up to 15% per issuer		
4.	Bonds and other debt securities for which the local self-government unit referred to in Article 9, paragraph (1), point 3) of the Rulebook has issued a guarantee	up to 20%, and up to 10% per issuer		
5.1.	Bonds and other debt securities traded in the official stock exchange market in the RS/BiH	up to 30%, and up to 5% per issuer		
5.2.	Bonds and other debt securities traded in the free stock exchange market in the RS/BiH	up to 10%, and up to 5% per issuer		
6.1.	Shares traded in the official stock exchange market in the RS/BiH	up to 20%, and up to 10% per issuer		
6.2.	Shares traded in the free stock exchange market in the RS/BiH	up to 10%, and up to 5% per issuer		
7.	Loans secured by a lien on real property (mortgage)	up to 20%, and up to 10% per beneficiary		
8.1.	Loans secured by securities referred to in Article 9, paragraph (1), points 1) through 4) of the Rulebook	up to 10%, and up to 5% per beneficiary		
8.2.	Loans secured by a bank guarantee or loans to banks whose headquarters are in the RS/BiH			
9.	Loans in the amount of the purchase value of insurance based on life insurance contracts from the assets of mathematical provisions of life insurance	up to 25%, and up to 5% per beneficiary		
10.	Real property and other rights on real property (right of ownership, right to build, right to use, etc.)	up to 20% without the consent of the Agency, and between 20% and 40% with the consent of the Agency, and in one piece of real property or in several pieces of real property which are connected to		

No.	Type (form) of investment	Allowable %	Total amount invested (in BAM)	Executed %
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
		make a single unit up to 20%		
11.	Time deposits in banks in the RS/BiH	up to 50%, and in one bank up to 20%		
12.	Units and shares of the investment funds with a public offering whose headquarters are in the RS/BiH	up to 30%, and in one investment fund up to 5%		
13.	Assets in the accounts of the insurance company	up to 10%, and in one bank up to 5%		
14.	Total assets invested in the country <i>(sum of the investments listed under numbers 1 through 13)</i>			
15.	Securities issued by a member country of the EU, OECD or CEFTA, central banks of those countries, international financial organisations, or securities guaranteed by some of those entities			
16.	Bonds and other debt securities traded in the organised securities market in a member country of the EU, OECD or CEFTA, provided that credit rating agencies have established their credit rating which corresponds to Standard & Poor's rating of at least 'A', or to the relevant Fitch-IBCA or Moody's rating			
17.	Shares traded in the organised securities market in a member country of the EU, OECD or CEFTA, provided that for at least two previous years they were listed on the official stock exchange listing and that their minimum market capitalisation is 500 million euros at the moment of investment			
18.	Real property located in a member country of the EU, OECD or CEFTA			
19.	Total assets invested abroad <i>(sum of the investments listed under numbers 15 through 18)</i>			
20.1.	Unearned premium chargeable to the reinsurer, co-insurer or retrocessionaire	up to 5%, and over 5% in accordance with the decision of the Agency		
20.2.	Claims provisions chargeable to the reinsurer, co-insurer or retrocessionaire and mathematical provisions chargeable to the reinsurer	in accordance with the decision of the Agency		
20.	TOTAL (20.1.+20.2)			
21.	TOTAL (14+19+20)			

Technical provisions of life insurances as at _____

No.	Item	Amount in BAM
1.	Provisions for unearned premiums	
2.	Claims provisions	
3.	Share profit provisions	
4.	Mathematical provisions	
5.	Total technical provisions (1+2+3+4)	

Certified actuary

Person responsible

Data processed by:

Name – signature

Name – signature

Name – signature

ANNEX 3

Form: US3

Name: _____
 Code: _____
 Balance as at: _____
 Number: _____
 Created by: _____
 Person responsible: _____
 Actuary: _____
 Date of completion: _____
 Place of completion: _____
 Contact: _____

Overview of the status of investments of assets for coverage of 50% of the minimum guarantee fund

No.	Type (form) of investment	Allowable %	Total amount invested (in BAM)	Executed %
1	2	3	4	5
1.	Securities issued or guaranteed by BiH, Republika Srpska, Central Bank of BiH and funds referred to in Article 8 of the Law on the Investment Development Bank of the RS	without limit		
2.	Time deposits in banks in the RS/BiH	without limit, and in one bank up to 20%		
3.	Total assets invested <i>(sum of the investments listed under numbers 1 through 2)</i>			

Minimum guarantee fund as at _____

No.	Item	Amount in BAM
1.	Minimum guarantee fund	
2.	50% of the minimum guarantee fund	

Certified actuary

Person responsible

Data processed by:

Name – signature

Name – signature

Name – signature