

Under Articles 7, 9 and 26 of the Law on Insurance Companies (Official Gazette of the Republic of Srpska, number 17/05) and Article 8, Paragraph 1, point 12 and Article 12 and Article 16, Paragraph 1, point 2 of the Statute of the Insurance Agency of the Republic of Srpska, the Board of Directors of the Insurance Agency of the Republic of Srpska hereby issues the following

DECISION
on the documents enclosed with the request for issuing
a work permit

A-GENERAL PROVISIONS

Article 1

With this Decision are closely defined documents, conditions and procedures related to the issuing of the work permits of the insurance companies and mutual insurance companies in the Republic of Srpska by the insurance agency of the Republic of Srpska (hereinafter called: the Agency).

Article 2

Persons that want to obtain a work permit (hereinafter: the Founders) shall submit to the Agency the request for issuing of the work permit for conducting insurance operations in the written form with the enclosure of documents, that is, data under the provisions of Article 34 of the Law on Insurance Companies (hereinafter: the Law) and this Decision.

Insurance companies that have a seat in the Federation of BiH and want to establish a branch office in the Republic of Srpska shall submit a request from paragraph 1 of this Article under Article 36 of the Law.

Insurance companies that have a seat outside BiH and want to establish a branch office in the Republic of Srpska shall submit a request from Paragraph 1 of this Article under Article 46 of the Law.

Persons that want to obtain a work permit from the mutual insurance company (hereinafter: the Founders) shall submit to the Agency the request for issuing of the work permit for conducting insurance operations in the written form with the enclosure of documents, that is, data under the provisions of Article 50 of the Law on Insurance Companies and this Decision.

I ISSUANCE OF THE WORK PERMIT FOR THE WORK OF INSURANCE COMPANIES

Article 3

It is mandatory to enclose the following documents with the request for issuing of the work permit:

1. Memorandum of Association,
2. Proposal of the statute of the insurance company,
3. Evidence that the cash funds are paid on the temporary account of the bank in the amount of the share capital prescribed by the provisions of Article 49 of the Law on Insurance Companies,
4. Business plan of the insurance company for the following three years of business,
5. Proposal of the acts of the business politics with the opinion of the authorized actuary
6. The list of shareholders with the mentioned names and surnames, addresses, that is, the name of the company and the seat, the total nominal amount of shares and the percentage of the stake in the share capital of the insurance company,
7. For shareholders – legal persons that are the owners of the qualified stake:
 - Excerpt from the court register,
 - if the shareholder is the joint-stock company and the excerpt of shareholders from the book of shareholders,

- financial statements with the auditor's opinion for the last three years and exceptionally, if the company performs its activities during a period shorter than three years, it is necessary to deliver the report for the period from the start of the operation,

8. for shareholders – natural persons who are the owners of the qualified stakes documents per Article 61 of the Law,
9. the list of persons who are connected with the owners of the qualified stakes with the description of the modes of connection,
10. evidence on fulfilment of the conditions for proposed persons on significant positions in the company under Article 60 of the Law,
11. name and surname of the persons that will conduct affairs of the authorized actuary in the insurance company, together with the decision on the permit for conducting actuary affairs,
12. proof of the organizational, staff and technical competence of the insurance companies for conducting affairs from Memorandum of Association and acts of the business politics.

Article 4

The founding document of the insurance company from Article 3, Paragraph 1, point 1 of this decision must contain at least the following elements:

1. name and surname of the company and the address of residence or the seat of the founder,
2. name and seat of the insurance company,
3. goals of the establishment of the insurance company,
4. activity (types of insurance which the company will engage in)
5. the total amount of the founding (share) capital invested by the founders of the company with the description and assessment of values of roles in the items and rights and conditions for its increase;
6. mark of the class, total number and nominal value of the shares,
7. description of rights contained in the share,
8. number of shares entered by each founder of the company,
9. procedure and deadlines to which the founders are obligated to pay the funds into the capital and to ensure other conditions for the establishment and operation of the company,
10. rights and obligations of the founders,
11. method of compensation for founding expenses,
12. consequences of non-performance of obligations of the founders,
13. method of resolving disputes between the founders,
14. administration and management of the company, composition and competence of the bodies of the companies;
15. criteria for division of profits,
16. risk bearing and coverage of the possible losses;
17. name and surname of the person that represents the company in the procedure of establishment.

The contract must be signed by all founders of the company or their attorneys and the signatures must be certified under the law.

In the contract must be mentioned the date and time of the conclusion of the contract and the sheets of the contract must be connected in the manner that disables its subsequent exclusion and substitution.

Article 5

The statute of the insurance company from Article 3, Paragraph 1, point 2 of this Decision must contain at least the following elements:

1. Name and seat of the insurance company,

2. Types of insurance which the insurance company will conduct,
3. Provisions on the company's capital, amount, structure and type and the amount of share capital which will be paid in cash with conditions and a method for its increase,
4. Provisions on shares of the company,
5. Provisions on obligations and the rights of the founders,
6. Scheme of the company's organization,
7. Provisions on administration and management of the company,
8. Presentation and representation of the company,
9. General and individual acts of the company,
10. Provisions on the system of internal control of the company,
11. Provisions on the system of internal audit of the company,
12. Method of amendments and supplement of the statute,
13. Manner of publishing announcements (to the shareholders) and the public.

Article 6

Proof of payment of funds of the share (founding) capital prescribed by the provisions of Article 49 of the Law on Insurance Companies and from Article 3, Paragraph 1, point 3 of this Decision:

- Proof represents the bank's certificate of the payment of the founder's capital in cash at the temporary account at the bank,

Article 7

The business plan of the insurance company from Article 3, Paragraph 1, point 4 of this Decision must contain at least the following elements:

1. Basics of business politics,
2. Types of insurance in which the company performs insurance business,
3. Programme of predicted reinsurance with the charts of maximum self-retention by the types of insurance,
4. Calculation of the amount of solvency margin,
5. Assessment of the state of liquidity and financial funds which will be available for the coverage of the obligations and the insurance of the appropriate capital,
6. Study of the expected results of business for at least illegible period with the opinion of the authorized actuary, particularly the expected premium income and expected damages, that is, insured person, expected costs for the commissions and other current expenses and expected amounts of the technical reserves and other reserves under the Law.

If the company intends to conduct insurance operations in the type 18th of the insurance, the operation plan must include also the description of funds available to the company and which are necessary for the execution of the non-monetary obligations – provision of the company's assistance from these insurances.

Article 8

Acts of the business politics of the insurance company from Article 3, Paragraph 1, point 5 of this Decision are:

1. General and special conditions of insurance and premiums' tariffs,
2. Decision on the technical basics of insurance,
3. Decision on the criteria, manner of establishment and the chart of the maximum self-retention in the total amount of the self-retention,
4. Rulebook on the conditions and the method of deposit and investment of the company's funds,

5. Rulebook on the maximum rates of the expense loading,
6. Rulebook on forming and method of calculation of the unearned premium,
7. Rulebook on forming and the method of calculation of the mathematical reserve,
8. Rulebook on forming and method of calculation of damage reservation,
9. Rulebook on forming and use of reserves for participation in the profit (life insurance),
10. Rulebook on forming and use of reserves for risk equalization (only for non-life insurance)
11. Rulebook on conditions and method of coinsurance and reinsurance,
12. Rulebook on conditions and method of recourse realization,
13. Other acts of business politics.

Article 9

Data on the persons in important positions at the company from Article 3, paragraph 1, point 10 of this Decision must contain at least the following elements:

1. Proposal of the decision on the appointment of persons in important positions at the company;
2. Identification document of the person (certified photocopies of ID card or the passport);
3. Evidence of the person's citizenship;
4. Evidence of the qualifications of the candidate and for the foreign document also the translation of that document with the certificate of the competent authority or diplomatic representation of BiH in this country that the document was translated and that the translation was signed by the certified court interpreter.
5. Resume with an emphasis on the acquired education and work experience (duration of education, special knowledge, specializations, published scientific papers, names of the companies in which the candidate has worked until present, work period, description of operations),
6. Evidence of the possession of at least three-year working experiences in managerial positions, on the operations of the authorized representative and actuary in the insurance company, that is, three years of experience in the affairs which may be compared with the affairs of the insurance company,
7. Copy of the employment booklet and for the foreign nationals an appropriate document by which is proven the service years with the present employers, translated and certified document,
8. Criminal Records Office Certificate issued by the competent authority and for the foreign nationals also the certificate of the competent authority of the country of which he/she is a national and also a certified translation of the same,
9. Statement of the person that he/she was not a member of governing or management body in the company, where it was introduced interim administration by the Agency or other competent authority, was initiated liquidation or receivership proceedings within 5 years from introducing those measures;
10. Statement of the person that he/she was not a member of a governing or management body in the legal person where was initiated receivership proceedings within 1 year before the introduction of that measure;
11. Evidence on ownership of persons in the second legal entity, that is, a statement that he/she is not an owner;
12. Evidence of participation in the management authorities of persons in the second legal person, that is, a statement that he is not in that kind of membership, as well as the statement that he is not a member of the supervisory board of the other company (with exception of the company with which there are close connections in the sense of the Law);

13. Proposal of the employment contract between the persons and company, without stating the data which are considered a trade secret.

If the company's director is a foreign national, in addition to the mentioned evidence and documents, he/she needs to enclose along with the request:

1. Approval of the competent authority of internal affairs for permanent, that is, temporary residence in the Republic of Srpska;
2. Work permit of the competent authority for employment;
3. Evidence of the knowledge of one language in the official use in the Republic of Srpska or the evidence that the company has an employed interpreter;

II ISSUING OF THE WORK PERMIT OF THE COMPANY FOR MUTUAL INSURANCE

Article 10

Along with the request for issuing the work permit of the company for mutual insurance, it is mandatory to enclose the following documents:

1. Memorandum of Association,
2. Proposal of the statute of the mutual insurance company,
3. Evidence that the cash funds are paid to the temporary account of the bank in the amount of the principal capital prescribed by the provisions of Article 49 of the Law on Insurance Companies,
4. Proposal of acts of business politics with the opinion of the authorized actuary,
5. Evidence on payment of contributions (premiums) of the members (insured persons) with the list of those members,
6. Evidence that the founders meet the conditions from Article 50 of the Law,
7. Business plan of the company.

Article 11

Memorandum of Association of the mutual insurance company from Article 7, Paragraph 1, point 1 of this Decision must at least contain the following elements:

1. Name and seat of the mutual insurance company,
2. Name and address, that is, to the firms and the seat of the founders,
3. Insurance operations, that is, the type of insurance and the number of the same risks,
4. Amount of the monetary part of the principal capital and other funds,
5. Number of founders and the amount of deposit of each founder,
6. Conditions, terms and method of returning the paid deposits of the founders, with interest from the surplus of incomes over expenditures,
7. Consequences of the change of status, general conditions of insurance and the decision on cessation of concluded insurance contracts,
8. Consequences of failure of payment of contributions, minimum contribution, mutual relations in the case of failure to meet prescribed conditions regarding the minimum number of members (insured persons), that is, the same risks.

A Memorandum of Association for the mutual insurance company may also contain other provisions which are important for the establishment and business operations of the company.

Article 12

The statute of the mutual insurance company from Article 7, Paragraph 1, point 2 of this decision must contain at least the following elements:

1. Name and seat of the insurance company,
2. Types of insurance which the insurance company will conduct,
3. Amount of the monetary part of the principal capital of the company and other funds and payments of contributions of the members (insured persons),
4. Number and the amount of the capital contributions of the individual members (insured persons),
5. Method of establishing the members' contributions (insured persons) and conditions and deadlines of payment of the contributions,
6. Rights of the members (insured persons) for damage compensation,
7. Limited, that is, unlimited contribution,
8. The obligation of payment of the additional contribution for coverage of the deficit or the possibility that the deficit is covered by the proportional reduction of the compensation to all members (insured persons),
9. Start and cessation of membership in the company,
10. Rights and obligations of the members (insured persons) that exit the company,
11. Method of signing the firm and representation of the company,
12. Bodies of the company and its composition, selection, revocation, scope and method of work and decision-making,
13. Funds and reserves,
14. Conditions and method of surplus disposition, that is, coverage of the deficit,
15. The procedure of the statute's amendment,
16. Method of the change of the form of organization of the company,
17. Cessation of the company,
18. Other issues which are important for the company's business operations.

Article 13

The business plan of the mutual insurance company from Article 10, Paragraph 1, point 7 shall contain the same elements as the business plan of the insurance company from Article 5 of this Decision.

Article 14

Acts of the business politics of mutual insurance company from Article 10, Paragraph 1, point 4 are the same as the business plan of the insurance company from Article 6 of this decision.

III ISSUING THE APPROVAL FOR ESTABLISHMENT OF A BRANCH OFFICE OF INSURANCE COMPANY FROM THE FEDERATION OF BiH IN THE REPUBLIC OF SRPSKA

Article 15

Insurance company with a seat in the Federation of BiH may establish a branch office in the Republic of Srpska if the Agency for Insurance Supervision of the Federation of BiH submits a request for the opening of a branch office in the Republic of Srpska and encloses the documents determined in Article 39 of point a) up to the point e) of the Law on Insurance Companies in the private insurance (Official Gazette of the Federation of BiH, number 24/05).

After the verification of the business plan and under the condition that the administrative structure and the financial situation of the company as the general and professional qualifications and the experience of the director and the authorized representatives are adequate, the Agency for Insurance Supervision of the FBiH shall forward the documents provided in Article 39 of the Law together with the solvency certificate to the Insurance Agency within 60 days.

A branch office of the insurance company with a seat in the Federation of BiH may start with business operations in the Republic of Srpska after the submission of the documents to the Insurance Agency of RS, issuing of the approval to the Agency and the registration into the court register.

IV ESTABLISHMENT OF A BRANCH OFFICE OF THE INSURANCE COMPANY FROM THE REPUBLIC OF SRPSKA IN THE FEDERATION OF BiH

Article 16

Insurance company with a seat in the Republic of Srpska may establish a branch office in the Federation of BiH if it submits to the Insurance Agency of the Republic of Srpska a request for the opening of a branch office in the Federation of BiH and if the same encloses the documents established in Article 38 from point a) to point g) of the Law on Insurance Companies (Official Gazette of the Republic of Srpska, number 17/05).

The Insurance Agency of the Republic of Srpska shall forward the documents provided in Article 38 of the Law together with the solvency certificate to the Agency for Insurance Supervision of the Federation of BiH within 60 days, after the verification of the business plan and under the condition that the administrative structure and financial situation of the company and also the general and professional qualifications and experience of the directors and authorized representatives are adequate.

V ISSUING A WORK PERMIT FOR A BRANCH OFFICE OF AN INSURANCE COMPANY IN THE REPUBLIC OF SRPSKA WHICH DOES NOT HAVE A SEAT IN BOSNIA AND HERZEGOVINA

Article 17

A foreign insurance company with a seat outside Bosnia and Herzegovina may perform insurance activities in the Republic of Srpska in the form of a branch office after it obtains a work permit from the Insurance Agency of the Republic of Srpska and conducts entry into the court register. Along with the request for issuing of the work permit for a branch office in the Republic of Srpska must also be enclosed documents established in Article 46, Paragraph 2 from point a) to point d) of the Law on Insurance Companies (Official Gazette of the Republic of Srpska, number 17/05).

B) DOCUMENTS AND THE PROCEDURE

Article 18

Requests may be submitted by domestic and foreign natural and legal persons.

Acts which are delivered with the request must be in the original or certified photocopy.

If the acts of the company are in question, they must be in the original or as certified photocopy, adopted, signed and certified by the competent authorities of the company, that is, persons.

If the company submits the act in a foreign language, it is also necessary to submit its official certified translation with the same.

Article 19

After the submission of the request, the Agency shall conduct a review of the documents and it also may:

1. Include the conversation with the representatives of the company or the founder,
2. Perform the control on the site,
3. Request for the verification and/or confirmation of the financial data based on the current and previous state.

Article 20

The Agency shall decide on the request with the decision or a conclusion.

The applicant shall pay the fee for issuing of the decision, established by the Decision on compensations and tariffs of the Insurance Agency of the Republic of Srpska.

Article 21

The Agency may request from the applicant additional documents or information in case when all necessary documents or information are not submitted with the request. Documents must be submitted within the time determined by the Agency.

If the requested document or information is not submitted in a certain time, the Agency shall reject that request as disorderly.

Article 22

All acts of the Agency which are adopted shall be final and against the same may be initiated an administrative dispute at the competent court.

C – FINAL PROVISIONS

Article 23

This Decision shall be applied also to the existing organizations for insurance and reinsurance that operate in the Republic of Srpska and its obligation of alignment of operations and issuing of the general acts under the provisions of Article 81 of the Law on Insurance Companies (Official Gazette of the Republic of Srpska, number 17/05).

Article 24

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

Number: UO: 31/06
Date: 26 September 2006

CHAIRPERSON OF THE
BOARD OF DIRECTORS

Zdravko Marinković, duly signed

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