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LEGISLATION - PART I

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**The Law on Insurance and Reinsurance Business and Other Related Issues of 2016 is issued by publication in the Official Gazette of the Republic in accordance with Article 52 of the Constitution**

Number 38(I) of 2016

A LAW THAT REGULATES ISSUES CONCERNING THE TAKING-UP, PURSUIT AND SUPERVISION OF INSURANCE AND REINSURANCE BUSINESSES AND THE TAKING-UP, PURSUIT OF THE BUSINESS OF MEDIATION SERVICES AND OTHER RELATED ISSUES

Preamble. Official Journal of the E.U., L.335, 17.12.2009, p. 1	For the purposes of harmonisation with the acts of the European Union entitled 'Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009, on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II); and For the purposes of regulating matters concerning the taking-up, pursuit and supervision of insurance and reinsurance business that do not fall within the regulatory scope of application of Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009, on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II); and
Official Journal of the E.U., L. 35, 11.2.2003, p.1	For the purposes of partial harmonisation with Directive 2002/87/EC of the European Parliament and of the Council, of 16 December 2002, on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate and
Official Journal of the E.U., L. 326, 8.12.2011, p. 1	For the purposes of partial harmonisation with Directive 2011/89/EC of the European Parliament and of the Council, of 16 November 2011, amending Directives 98/78/EC, 2002/87/EC, 2006/48/EC and 2009/138/EC as regards the supplementary supervision of financial entities in a financial conglomerate; and
Official Journal of the E.U. L153, 22.5.2014, p. 1	For the purposes of harmonisation with Directive 2014/51/EC of the European Parliament and of the Council, of 16 April 2014 amending Directives 2003/71/EC and 2009/138/EC and Regulations (EC) number 1060/2009, (EC) number 1094/2010 and (EC) number 1095/2010, in respect of the powers of the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority); and
Official Journal of the E.U., L. 374,	For the purposes of harmonisation with Directive 91/674/EEC of the Council, of 19 December 1991 on the annual and consolidated

<p>31.12.1991, p.7</p> <p>Official Journal of the E.U., L. 158, 10.6.2013, p. 362</p> <p>Official Journal of the E.U., L.009, 15.1.2003, p. 3</p> <p>Official Journal of the E.U., L.173, 12.6.2014, p. 349</p> <p>Official Journal of the E.U., L.341, 18.12.2013, p. 1</p>	<p>accounts of insurance undertakings, as amended or replaced at any given time; and</p> <p>For the purposes of harmonisation with Directive 2013/23/EC of the European Parliament and of the Council, of 13 May 2013, on adapting certain directives in the field of financial services, by reason of the accession of the Republic of Croatia; and</p> <p>For the purpose of harmonisation with Directive 2002/92/EC of the European Parliament and of the Council, of 9 December 2002, on insurance mediation; and</p> <p>For the purposes of partial harmonisation with Directive 2014/65/EC of the European Parliament and of the Council, of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EC (reprint); and</p> <p>For the purposes of partial harmonisation with Directive 2013/58/EC the European Parliament and of the Council, of 11 December 2013 amending Directive 2009/138/EC (Solvency II) as regards the date for its transposition into national law and the date of its application, and the date of repeal of certain Directives (Solvency I).</p> <p>For the purposes of applying any implementing measures or regulatory or implementing technical standards issued under Directive 2009/138/EC, as amended or replaced at any time.</p>
	The House of Representatives votes as follows:
	<p style="text-align: center;">PART I</p> <p style="text-align: center;">DEFINITION AND INTRODUCTORY PROVISIONS</p>
Short title.	1. This Law shall be referred to as the Law on Insurance and Reinsurance Business and Other Related Issues of 2016.
Definition.	<p>2. In this Law, unless the context otherwise requires –</p> <p>‘mutual insurance undertaking’ means an undertaking the sole purpose of which is to mutually insure its members;</p> <p>‘reinsurance’ means either of the following activities:</p> <p>(a) the activity consisting in accepting risks ceded by an insurance undertaking or third country insurance undertaking, or by another reinsurance undertaking or third country reinsurance undertaking; or</p> <p>(b) in the case of the association of underwriters known as Lloyd’s, the activity consisting in accepting risks, ceded by any member of Lloyd’s, by an reinsurance or reinsurance undertaking other than the association of underwriters known as Lloyd’s;</p> <p>‘reinsurance undertaking’ means an undertaking which has received authorisation to pursue reinsurance business from the competent supervisory authority of the member state and includes a Cypriot reinsurance undertaking;</p> <p>‘third country reinsurance undertaking’ means a reinsurance undertaking which has received authorisation to operate and is supervised by a third country competent authority and which, if its head office were situated in the Union, would require authorisation from the supervising authority of the member state of origin;</p> <p>‘reinsurance undertaking in a member state’ means an undertaking that</p>

Third Appendix.	<p>has its head and registered office in a member state other than the Republic and requires to adopt a legal form as specified in the Third Appendix of the Law;</p> <p>'agent' means an agent of an insurance undertaking in a member state within the meaning of section 158 of this Law or an agent of a third country insurance or reinsurance undertaking within the meaning of section 177 of this Law, as the case may be;</p> <p>'diversification effects' means the reduction in the risk exposure of insurance and reinsurance undertakings and groups related to the diversification of their business, resulting from the fact that the adverse outcome from one risk can be offset by a more favourable outcome from another risk, where those risks are not fully correlated;</p>
First Appendix.	<p>'General Insurance' or, an identical meaning 'non-life insurance' means the pursuit of insurance business in the classes included in the First Appendix of this Law;</p> <p>'policy' means the document that proves that an insurance contract has been concluded and is issued by an insurance undertaking or by a third country insurance undertaking;</p> <p>'insurance undertaking' means a direct Life or Non-Life undertaking, which has received authorisation to pursue insurance business by the competent supervisory authority of the member states and includes a Cypriot insurance undertaking, and where reference is made to this term in this Law, unless the context otherwise requires, this term shall also include a mutual insurance undertaking;</p> <p>'insurance undertaking in a member state' means an insurance undertaking that has its registered and head office in a member state other than the Republic and requires a legal form as specified in the Third Appendix of the Law;</p>
Third Appendix.	<p>'third country insurance undertaking' means a direct Life or Non-Life undertaking, which has received authorisation to operate and is supervised by a third country competent authority and which, if its head office were situated in the Union, would require authorisation to pursue insurance business from the supervising authority of the home member state;</p>
Cap. 149 22(I) of 1995 99(I) of 2013. First Appendix Second Appendix.	<p>'contract of insurance' means a contract governed by the Contract Law, entered into between an insurance undertaking and one or more persons, regardless as to whether or not a contract of insurance is issued, with regard to providing insurance cover in one or more classes, which are included in the First and Second Appendix of this Law;</p> <p>'underwriting risk' means the risk of loss or of adverse change in the value of insurance liabilities due to inadequate pricing and provisioning assumptions;</p> <p>'Deputy Superintendent of Insurance' or in brief, an identical meaning, 'Deputy Superintendent', means the public officer appointed under the provisions of subsection (4) of section 30 of this Law who performs the duties of Deputy Superintendent of Insurance;</p> <p>'Permanent Secretary' means the Permanent Secretary of the Ministry of</p>

<p>96(I) of 2000 97(I) of 2003 156(I) of 2003 168(I) of 2006 69(I) of 2007 92(I) of 2010 66(I) of 2012.</p> <p>Official Journal of the EU, L.158, 15.12.2010, p. 12 Official Journal of the EU, L.331, 15.12.2010, p. 48, Official Journal of the E.U, L.</p>	<p>Finance;</p> <p>'captive reinsurance undertaking' means a reinsurance undertaking, owned either by a financial undertaking other than an insurance or reinsurance undertaking or a group of insurance or reinsurance undertakings within the meaning of subsection (1) of section 250 of this Law, or by a non-financial undertaking, the purpose of which is to provide reinsurance cover exclusively for the risks of the undertaking or undertakings to which it belongs or undertakings of the group of which the captive insurance undertaking is a member;</p> <p>'captive insurance undertaking' means an insurance undertaking, owned either by a financial undertaking other than an insurance or reinsurance undertaking or a group of insurance or reinsurance undertakings within the meaning of subsection (1) of section 250 of this Law, or by a non-financial undertaking, the purpose of which is to provide reinsurance cover exclusively for the risks of the undertaking or undertakings to which it belongs or undertakings of the group of which the captive insurance undertaking is a member;</p> <p>'Republic' means the Republic of Cyprus;</p> <p>'beneficiary' means every natural or legal person who has a right under a contract of insurance;</p> <p>'Court' means the legally competent Court of the Republic;</p> <p>'establishment' means the head office or any of the branches of the undertaking;</p> <p>'approved investments' has the meaning attributed to this term in section 353 of this Law;</p> <p>'national insurance bureau' means the national insurance bureau within the meaning of the Motor Vehicles (Third Party Liability Insurance) Law of 2000, as amended or replaced at any given time;</p> <p>'national guarantee bureau' means the Guarantee Fund within the meaning of the Motor Vehicles (Third Party Liability Insurance) Law of 2000, as amended or replaced, at any given time;</p> <p>'special participation' means the direct or indirect control of at least 10% of the capital or voting rights of an undertaking or exercising a significant influence on the management of this undertaking;</p> <p>'implementing technical standards' means the standards drawn up by EIOPA, according to the procedure in article 15 of Regulation (EC) number 1094/2010 and Regulation (EC) number 1095/2010, as the case may be, and which are approved by the European Commission;</p>
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<p>15.10.2010, p. 84.</p> <p>Cap. 113 9 of 1968 76 of 1977 17 of 1979 105 of 1985 198 of 1986 19 of 1990 41(l) of 1994 15(l) of 1995 21(l) of 1997 82(l) of 1999 149(l) of 1999 2(l) of 2000 135(l) of 2000 151(l) of 2000 76(l) of 2001 70(l) of 2003 167(l) of 2003 92(l) of 2004 24(l) of 2005 129(l) of 2005 130(l) of 2005 98(l) of 2006 124(l) of 2006 70(l) of 2007 71(l) of 2007 131(l) of 2007 186(l) of 2007 87(l) of 2008 41(l) of 2009 49(l) of 2009 99(l) of 2009 42(l) of 2010 60(l) of 2010 88(l) of 2010 53(l) of 2011 117(l) of 2011 145(l) of 2011 157(l) of 2011 198(l) of 2011 64(l) of 2012 98(l) of 2012</p>	<p>'probability distribution forecast' means a mathematical function that assigns to an exhaustive set of mutually exclusive future events a probability of realisation;</p> <p>'control' means the relationship between a parent undertaking and a subsidiary undertaking, as set out in section 148 of the Companies Law, or any other similar relationship between any natural or legal person and an undertaking;</p>
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<p>190(l) of 2012  203(l) of 2012  6(l) of 2013  90(l) of 2014  74(l) of 2014  75(l) of 2014  18(l) of 2015  62(l) of 2015  63(l) of 2015  89(l)/2015</p>	
<p>Official Journal  of the EU, L. 302,  17.11.2009 p. 1.</p>	<p>'Union' means the European Union;  'Lloyd's underwriters' association' or briefly, an identical meaning,  'Lloyd's' means the underwriters' association that operates in the United Kingdom;  'outsourcing' or 'externalisation' means an agreement of any form between an insurance or reinsurance undertaking and a service provider whether a supervised entity or not, by which that service provider performs a process, a service or executes an activity, whether directly or by sub-outsourcing, which would otherwise be performed by the insurance or reinsurance undertaking itself;</p>
<p>Official Journal  of the E.U., L. 201,  27.7.2012, p. 1.</p>	<p>'external credit assessment institution' or 'ECAI' means a credit rating agency that is registered or certified in accordance with Regulation (EC) number 1060/2009 of the European Parliament and of the Council, or a central bank issuing credit ratings that are exempt from the application of that Regulation;</p>
<p>144(l) of 2007  106(l) of 2009  141(l) of 2012  154(l) of 2012</p>	<p>'central counterparty' means the central counterparty that has been authorised either under article 14 of Regulation (EC) number 648/2012 of the European Parliament and of the Council, or has been recognised according to article 25 of the said Regulation;  'Investment Services Providers' or 'ISP' means an undertaking that provides investment services within the meaning of the Investment Services and Activities and Regulated Markets Law of 2007, as amended or replaced at any given time;</p>
<p>Cap. 113  9 of 1968  76 of 1977  17 of 1979  105 of 1985  198 of 1986  19 of 1990  41(l) of 1994  15(l) of 1995</p>	<p>'Official Receiver' means the Registrar of Companies and Official Receiver as defined in the Companies Law;  'supervisory authorities' means the national authorities of member states that are competent, under law or other regulations to supervise insurance or reinsurance undertakings in every member state;  'the Companies Law' means the Companies Law, as amended or replaced at any given time;</p>

<p>21(l) of 1997  82(l) of 1999  149(l) of 1999  2(l) of 2000  135(l) of 2000  151(l) of 2000  76(l) of 2001  70(l) of 2003  167(l) of 2003  92(l) of 2004  24(l) of 2005  129(l) of 2005  130(l) of 2005  98(l) of 2006  124(l) of 2006  70(l) of 2007  71(l) of 2007  131(l) of 2007  186(l) of 2007  87(l) of 2008  41(l) of 2009  49(l) of 2009  99(l) of 2009  42(l) of 2010  60(l) of 2010  88(l) of 2010  53(l) of 2011  117(l) of 2011  145(l) of 2011  157(l) of 2011  198(l) of 2011  64(l) of 2012  98(l) of 2012  190(l) of 2012  203(l) of 2012  6(l) of 2013  90(l) of 2014  74(l) of 2014  75(l) of 2014  18(l) of 2015  62(l) of 2015  63(l) of 2015  89(l)/2015</p> <p>Official Journal  of the EU, L.331,  15.12.2010, p. 48.</p>	<p>'head office' means the registered office of the undertaking;  'Euroean Insurance and Occupational Pensions Authority' or 'EIOPA'  means the European Supervisory Authority which is set up in</p>
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<p>Official Journal of the EU, L.331, 15.12.2010, p. 12.</p>	<p>accordance with Regulation (EC) number 1094/2010 of the European Parliament and of the Council to establish a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision number 716/2009/EC and repealing Commission Decision number 2009/79/EC;</p>
<p>Official Journal of the EU, L.331, 15.12.2010, p. 1.</p>	<p>'European Banking Authority' or 'EBA' means the European Supervisory Authority which is set up in accordance with Regulation (EU) number 1093/2010 of the European Parliament and of the Council;</p> <p>'European Commission' means the Commission of the European Union;</p> <p>'European Systemic Risk Board' or 'ESRB' means the body set up under Regulation (EU) number 1092/2010 of the European Parliament and of the Council of 24 November 2010, on European Union macro-prudential oversight of the financial system and establishing a Systemic Risk Board;</p> <p>'Superintendent of Insurance' or identical meaning 'Superintendent' means the public officer performing the duties of the Superintendent of Insurance in accordance with the provisions of section 30 of this Law;</p> <p>'Registrar of Companies' means the Registrar of Companies and Official Receiver, as defined in section 2 of the Companies Law;</p> <p>'subsidiary undertaking' means any subsidiary undertaking within the meaning of section 148 of the Companies Law, including subsidiaries thereof;</p> <p>'fixed fee' means the fee fixed by Regulations issued under the provisions of this Law and are submitted to the House of Representatives for approval;</p> <p>'fixed form' means the form determined by decision of the Superintendent that is published in the Official Gazette of the Republic and applies from its publication;</p>
<p>Official Journal of the EU, L.331, 15.12.2010, p. 48.</p>	<p>'Regulation (EU) number 1094/2010' means Regulation (EU) number 1094/2010 of the European Parliament and of the Council establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision number 716/2009/EC and repealing Commission Decision number 2009/79/EC;</p> <p>'registered office' means the registered office of the undertaking;</p> <p>'authorised acts' means the acts of the European Commission issued under the provisions of article 301a, Directive 2009/13/EC, as amended or replaced, at any given time;</p> <p>'guidelines and recommendations' means the guidelines and recommendations issued by EIOPC under article 16 of Regulation (EC) number 1094/2010 or by the European Systemic Risk Board (ESRB), as the case may be;</p> <p>'market risk' means the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments;</p> <p>'liquidity risk' means the risk that insurance and reinsurance undertakings are unable to realise investments and other assets in order to settle their financial obligations when they fall due;</p>



'concentration risk' means all risk exposures with a loss potential which is large enough to threaten the solvency or the financial position of insurance and reinsurance undertakings;

'capital redemption branch' means the branch regarding the conclusion and performance of contracts of insurance that are based on actuarial calculations on the basis of which obligations are undertaken for a certain period of time and for a certain amount, against a lump sum or periodic predetermined payments;

'member state' means a member state of the European Union or other state that is a contracting party to the Agreement on the European Economic Area, which was signed in Oporto on the 2<sup>nd</sup> May 1992 and was adjusted by the Protocol signed in Brussels on 17 May 1993, as this Agreement may be amended at any given time;

'Member State of the commitment' means the Member State in which either of the following is situated:

(a) the habitual residence of the policy holder;

(b) if the policy holder is a legal person, that policy holder's establishment, to which the contract relates;

'home member state' means any of the following:

(a) for Non-Life insurance, the member state in which the head office of the insurance undertaking covering the risk is situated;

(b) for Life insurance, the member state in which the head office of the insurance undertaking covering the commitment is situated;

(c) For reinsurance, the member state in which the head office of the reinsurance undertaking is situated;

'member state in which the risk is situated' means:

(a) the member state in which the assets are situated, where the insurance relates either to immovable property or immovable properties and their content, in so far as the contents are covered by the same insurance policy; or

(b) the member state of registration, where the insurance relates to every type of means of transportation; or

(c) the member state where the policy holder concluded the contract of insurance, in the case of policies of a duration less than or equal to four months, covering travel or holiday risks, whatever class concerned;

or

(a) in all cases not expressly referred to in paragraphs (a), (b) or (c), the member state in which either of the following is situated:

(i) the habitual residence of the policy holder; or

(ii) if the policy holder is a legal person, that policy holder's establishment to which the contract relates;

'member state providing services' for Life insurance and Non-Life insurance means the member state of the commitment or the member state in which the risk is situated, if the obligation or the risk is covered by an insurance undertaking or branch situated in another member state;

'host member state' means the member state, other than the home member state, in which an insurance or a reinsurance undertaking has a

<p>42(l) of 2009 163(l) of 2013.</p>	<p>branch or provides services;  ‘Cypriot reinsurance undertaking’ means the reinsurance undertaking that has been granted authorisation to pursue reinsurance business by the Superintendent under the provisions of section 14 of this Law;  ‘Cypriot insurance undertaking’ means the insurance undertaking that has been granted authorisation to pursue insurance business by the Superintendent under the provisions of section 14 of this Law;  ‘function’, within a system of governance, means an internal capacity to undertake practical tasks, including the risk-management function, the compliance function, the internal audit function and the actuarial function;  ‘operational risk’ means the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events;  ‘large risks’ means –  (a) the risks classified as railway rolling stock, aircraft, ships, goods in transit, aircraft liability and liability for ships; or  (b) the risks classified as credit and suretyship, where the policy holder is engaged professionally in an industrial or commercial activity or in one of the liberal professions and the risks relate to such activity; or  (c) the risks classified as land vehicles, fire and natural forces, other damage to property, general liability and miscellaneous financial loss, in so far as the policy holder exceeds the limits of at least two of the following criteria:  (i) a balance sheet total of 6.2 million Euro;  (ii) a net turnover within the meaning of the Statutory Audits of Annual and Consolidated Accounts Law of 2009, as amended or replaced: 12,8 million Euro;  (iii) an average number of 250 employees during the financial year:  Provided that, where the policy holder belongs to a group of undertakings for which consolidated accounts within the meaning of the Statutory Audits of Annual and Consolidated Accounts Law of 2009, as amended or replaced at any given time, are drawn up, the criteria set out above shall be applied on the basis of the consolidated accounts;  ‘risk measure’ means a mathematical function which assigns a monetary amount to a given probability distribution forecast and increases monotonically with the level of risk exposure underlying that probability distribution forecast;  ‘parent undertaking’ means a parent undertaking within the meaning of section 148 of the Companies Law;</p>
<p>42(l) of 2009 163(l) of 2013.</p>	<p>‘statutory auditor’ has the meaning attributed to this term in the Statutory Audits of Annual and Consolidated Accounts Law of 2009, as amended or replaced at any given time, and includes a statutory auditing office;  ‘matching of currency’ means that the obligations arising from underwriting liabilities are represented by assets denominated or liquidated in the same currency, in which these obligations are</p>
<p>Fourth Appendix.</p>	

<p>Official Journal of the E.U., L.335, 17.12.2009, p.1.</p> <p>144(l) of 2007 106(l) of 2009 141(l) of 2012 154(l) of 2012 193(l) of 2014.</p> <p>66(l) of 1997 74(l) of 1999 94(l) of 2000 119(l) of 2003 4(l) of 2004 151(l) of 2004 231(l) of 2004 235(l) of 2004 20(l) of 2005 80(l) of 2008 100(l) of 2009 123(l) of 2009 27(l) of 2011 104(l) of 2011 107(l) of 2012 14(l) of 2013 87(l) of 2013 102(l) of 2013 141(l) of 2013</p> <p>22 of 1985 68 of 1987 190 of 1989 8 of 1992 22(l) of 1992 140(l) of 1999 140(l) of 2000 171(l) of 2000 8(l) of 2001 123(l) of 2003</p>	<p>denominated, as specified in Part II of the Fourth Appendix of this Law; 'Directive' means the Directive of the Superintendent issued under this Law; 'Directive 2009/138/EC' means Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009, on the taking-up and pursuit of insurance and reinsurance activities (Solvency II), as amended or replaced; 'financial conglomerate directives' means the directives issued by the Superintendent under section 306 of this Law, to regulate the supplementary supervision of credit institutions, insurance or reinsurance undertakings and I.F. that belong to a financial conglomerate group; 'regulated market' has the meaning attributed to this term in the Investment Services and Activities and Regulated Markets Law of 2007, as amended or replaced at any given time;</p> <p>'credit institution' has the meaning attributed to this term in the Business of Credit Institutions Law of 1997, as amended or replaced at any given time, and cooperative credit institutions as specified in the Cooperative Companies Law of 1985, as amended or replaced, and includes a credit institution that operates under the corresponding law of a member state;</p>
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124(l) of 2003  
144(l) of 2003  
5(l) of 2004  
170(l) of 2004  
230(l) of 2004  
23(l) of 2005  
49(l) of 2005  
76(l) of 2005  
29(l) of 2007  
37(l) of 2007  
177(l) of 2007  
104(l) of 2009  
124(l) of 2009  
85(l) of 2010  
118(l) of 2011  
130(l) of 2012  
204(l) of 2012  
214(l) of 2012  
15(l) of 2013  
39(l) of 2013  
88(l) of 2013  
107(l) of 2013  
185(l) of 2013  
23(l) of 2014.

'credit risk' means the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance and reinsurance undertakings are exposed, in the form of counterparty default risk, or spread risk, or market risk concentrations;

'regulated market' means either of the following:

(a) in the case of a market situated in a member state, a regulated market, as defined in the Investment Services and Activities and Regulated Markets Law of 2007, as amended or replaced at any given time;

(b) in the case of a market situated in a third country, a financial market which fulfils the following conditions:

(i) it is recognised by the home member state of the insurance undertaking and fulfils the requirements comparable to those laid down in the Investment Services and Activities and Regulated Markets Law of 2007, as amended or replaced at any given time; and

(ii) the financial instruments dealt in on that market are of a quality comparable to that of the instruments dealt in on the regulated markets of the home member state;

'regulated entity' means a credit institution, insurance undertaking, reinsurance undertaking, investment service provider, asset management company or manager of alternative investment funds;

'regulatory technical standards' means the standards prepared by

EIOPC in accordance with the provisions of articles 10 to 14 of Regulation (EU) number 1093/2010, Regulation (EU) number 1094/2010 and of Regulation (EU) number 1095/2010, as the case may be, and which are approved by the European Commission;

'close links' means a situation in which two or more natural or legal persons are linked by control or participation, or a situation in which two or more natural or legal persons are permanently linked to one and the same person by a control relationship;

'Advisory Committee' means the Insurance Advisory Committee provided for in section 142 of this Law;

'participation' means the direct possession or possession through control of at least 20% of the right to vote or the capital of an undertaking;

'intra-group transaction' means any transaction by which an insurance or reinsurance undertaking relies, either directly or indirectly, on other undertakings within the same group or on any natural or legal person linked to the undertakings within that group by close links, for the fulfilment of an obligation, whether or not contractual, and whether or not for payment;

'associated undertaking' means a subsidiary or other undertaking, in which there is participation or undertaking which, without being associated with another undertaking within the meaning of section 148 of the Companies Law, has been placed with this undertaking under a single management by virtue of a contract or in accordance with their articles of association or the administrative bodies and comprise the majority during the use and until the consolidated accounts are prepared by the same persons;

'risk-mitigation techniques' means all the techniques which enable the insurance and reinsurance undertakings to transfer part or all of their risks to another party;

'third country' means the state other than the Republic or other than a member state;

'Service' means the Insurance Companies Control Service of the Ministry of Finance;

'branch' means any agency or branch of an insurance or reinsurance undertaking, which is located in the territory of another member state other than the home member state;

'Minister' means the Minister of Finance of the Republic;

'special purpose vehicle' means any undertaking, other than an existing insurance or reinsurance undertaking, which assumes risks from insurance or reinsurance undertakings and which fully funds its exposure to such risks through the proceeds of a debt issuance or any other financing mechanism where the repayment rights of the providers of such debt or financing mechanism are subordinated to the reinsurance obligations of such an undertaking;

'financial undertaking' means any of the following entities:

(a) a credit institution, a financial institution or an ancillary banking services undertaking within the meaning of the Business of Credit

Official Journal  
of the EU, L.193,  
18.7.1983, p. 1.

Institutions Law of 1997 and the Cooperative Companies Law of 1985, as these Laws are amended or replaced at any given time;

(b) an insurance undertaking, reinsurance undertaking or an insurance holding company within the meaning of this Law;

(c) an investment firm or financial institution within the meaning of the Investment Services and Activities and Regulated Markets Law of 2007, as amended or replaced at any given time;

(d) a mixed financial holding company within the meaning of this Law;

'financial conglomerate' means a group or sub-group, if the head of the group or the sub-group is a regulated entity within the meaning of this Law, or if at least one of the subsidiary companies of the group or the sub-group constitutes a regulated entity and meets the following conditions:

(a) if the head of the group or sub-group is a regulated entity:

(i) is the parent undertaking of an entity in the financial sector, an entity which holds a participation in an entity in the financial sector or an entity linked with an entity in the financial sector by a relationship within the meaning of article 12, paragraph 1, of the Seventh Directive 83/349/EEC of the Council of 13 June 1983 based on article 54 paragraph 3 item g) of the treaty for consolidated accounts, as amended or replaced;

(ii) at least one of the entities in the group or sub-group is within the insurance sector and at least one is within the banking or investment services sector;

(iii) the consolidated or aggregated activities of the entities in the group within the insurance sector and the entities in the group within the banking sector and the investment services sector are both significant within the meaning of the directive on financial conglomerates of the Superintendent, concerning the supplementary supervision on credit institutions, insurance undertakings and financial conglomerates as amended or replaced at any given time;

(b) if there is no head of the group or sub-group of a regulated entity:

(i) the activities of the group or the sub-group are mainly carried out in the financial sector within the meaning of the directive on financial conglomerates of the Superintendent, concerning the supplementary supervision on credit institutions, insurance undertakings and financial conglomerates as amended or replaced at any given time;

(ii) at least one of the entities in the group or sub-group is within the insurance sector and at least one is within the banking or investment services sector; and

(iii) the consolidated or aggregated activities of the entities in the group or sub-group within the insurance sector and the entities in the group within the banking sector and the investment services sector are both significant within the meaning of the directive on financial conglomerates of the Superintendent, concerning the supplementary supervision on credit institutions, insurance undertakings and financial conglomerates as amended or replaced at any given time.

Subject matter of this Law.	3. The subject matter of this Law is to lay down rules concerning: (a) the taking-up and pursuit within the Republic of the self-employed activities of insurance and reinsurance; (b) the supervision of insurance and reinsurance undertakings and groups; (c) the reorganisation and winding-up of direct insurance undertakings; (d) the taking-up and pursuit within the Republic of mediation activities and the supervision of natural or legal persons undertaking mediation activities.
<p>PART II</p> <p>GENERAL RULES ON THE TAKING-UP AND PURSUIT OF DIRECT INSURANCE AND REINSURANCE BUSINESS</p> <p>CHAPTER ONE</p> <p>SCOPE OF APPLICATION AND EXCLUSIONS</p> <p>Section 1</p> <p>Scope of application</p>	
Scope of application with regard to the pursuit of insurance and reinsurance business.	<p>4.-(1) Subject to the provisions in this section and of sections 5 to 13, this Law shall apply with regard to –</p> <p>(a) the pursuit of insurance business from direct Life and Non-Life insurance undertakings which are established in the territory of the Republic or which wish to become established there;</p> <p>(b) the pursuit of insurance or reinsurance business from undertakings which are established in a member state other than the Republic and pursue insurance business in the Republic under the status of free establishment or the provision of free services;</p> <p>(c) the pursuit of insurance or reinsurance business by insurance or reinsurance third country undertakings which are registered in the Republic, by virtue of the Companies Law, as an overseas companies and operate as branches of third country insurance or reinsurance undertakings and pursue insurance or reinsurance business within and/or outside the Republic;</p> <p>(d) the pursuit of reinsurance business, either within or outside the Republic, by reinsurance undertakings pursuing only reinsurance activities and which are established within the Republic or that wish to be established therein, excluding the provisions in Part V of this Law;</p> <p>(2) Where reference is made in this Law to an insurance undertaking or a reinsurance undertaking means reference to a Cypriot insurance undertaking or a Cypriot reinsurance undertaking or to a third country insurance or reinsurance undertaking, as the case may be, unless the Law otherwise provides;</p> <p>(3) With regard to Non-life insurance, this Law shall apply to non-life insurance activities set out in Part A of the First Appendix to this Law.</p> <p>(4) For the purposes of this section, Non-life insurance shall include the activity which consists of assistance provided for persons who get into difficulties while travelling, while away from their home or their habitual residence and it shall comprise an undertaking, against prior payment of a premium, to make aid immediately available to the beneficiary</p>

<p>59(l) of 2010  114(l) of 2010  126(l) of 2010  2(l) of 2012  37(l) of 2012  170(l) of 2012  193(l) of 2012.</p>	<p>under an assistance contract where that person is in difficulties following the occurrence of a chance event, in the cases and under the conditions set out in the contract; the aid may comprise the provision of benefits in cash or in kind, the second of which may also be effected by means of the staff and equipment of the person providing them but shall not cover servicing, maintenance, after-sales service or the mere indication or provision of aid as a sub-agent.</p> <p>(5) With regard to Life insurance in particular, this Law shall apply:</p> <p>(a) to the following life insurance activities, provided that they derive from a contract:</p> <p>(i) life insurance, which includes assurance on survival, assurance on death, mixed insurance, life assurance with return of premiums, marriage assurance, birth assurance;</p> <p>(ii) annuities;</p> <p>(iii) supplementary insurance underwritten in addition to life insurance, in particular insurance against personal injury including incapacity for employment, insurance against death resulting from an accident and insurance against disability resulting from an accident or sickness;</p> <p>(iv) types of permanent health insurance, not subject to cancellation, currently existing in Ireland and the United Kingdom;</p> <p>(v) the following operations, provided that they derive from a contract and are subject to the control of the Superintendent:</p> <p>(i) operations whereby associations of subscribers are set up with a view to capitalising their contributions jointly and subsequently distributing the assets, thus accumulated among the survivors or among the beneficiaries of the deceased (tontines);</p> <p>(ii) in capital redemption operations based on actuarial calculation whereby, in return for single or periodic payments agreed in advance, commitments of specified duration and amount are undertaken;</p> <p>(iii) management of group pension funds, comprising the management of investments, and in particular the assets representing the reserves of bodies that effect payments on death or survival or in the event of discontinuance or curtailment of activity;</p> <p>(iv) the operations referred to in subparagraph (iii) where they are accompanied by insurance covering either conservation of capital or payment of a minimum interest;</p> <p>(v) the operations carried out by Life insurance undertakings such as those referred to in Chapter One, Title 4 of book IV of the French Assurance Code;</p> <p>(c) to operations depending on the length of human life which are prescribed by or provided for in the Social Insurance Law of 2010, as amended or replaced at any given time, in so far as the said Law provides that these are effected or managed by life insurance undertakings at their own risk.</p>
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	Section 2 EXCLUSIONS FROM THE SCOPE OF APPLICATION Subsection 1 General provisions
Exclusions for compulsory social security systems.	5. Without prejudice to the provisions in paragraph (c) of subsection (5) of section 4, this Law shall not apply to insurance forming part of a statutory system of social security.
Exclusions and special provisions due to the size of undertakings	6.-(1) Without prejudice to the provisions in section 5 and the provisions in sections 7 to 11 of this Law and subject to the provisions of Part VII, insurance undertakings which fulfil all of the following conditions are exempt from the statutory authorization under the provisions of section 14 of this Law: <ul style="list-style-type: none"> <li>(a) the undertaking's annual gross written premium income does not exceed five million Euro;</li> <li>(b) the total of the undertaking's technical provisions, gross of the amounts recoverable from reinsurance contracts and special purpose vehicles, as referred to in section 78 of this Law, does not exceed 25 million Euro;</li> <li>(c) where the undertaking belongs to a group, the total of the technical provisions of the group defined as gross of the amounts recoverable from reinsurance contracts and special purpose vehicles, as referred to in section 78 of this Law, does not exceed 25 million Euro;</li> <li>(d) the business of the undertaking does not include insurance or reinsurance activities covering liability, credit and suretyship insurance risks, unless they constitute ancillary risks within the meaning of subsection (1) of section 16 of this Law; and</li> <li>(e) the business of the undertaking does not include reinsurance operations exceeding five hundred thousand Euro of its gross written premium income or 2,5 million Euro of its technical provisions gross of the amounts recoverable from reinsurance contracts and special purpose vehicles, or more than 10 % of its gross written premium income or more than 10 % of its technical provisions gross of the amounts recoverable from reinsurance contracts and special purpose vehicles.</li> </ul> (2) If any of the amounts set out in subsection 1 is exceeded for three consecutive years, the insurance undertakings in subsection (1) shall be subject to the obligation to obtain an insurance authorisation under section 14 of this Law as from the fourth year. (3) By way of derogation from the provisions of subsection (1), the obligation to obtain an insurance authorisation under section 14 of this Law, shall apply to all insurance or reinsurance undertakings seeking authorisation to pursue insurance and reinsurance activities of which the annual gross written premium income or technical provisions gross of the amounts recoverable from reinsurance contracts and special purpose vehicles are expected to exceed any of the amounts set out in subsection (1) within the following five years from the date of submitting

	<p>the relevant application.</p> <p>(4) The obligation to obtain authorisation under the provisions of section 14 shall cease to apply to those insurance undertakings for which the Superintendent has verified that all of the following conditions are met and in such a case the said undertakings are obliged to obtain authorisation under the provisions of Part VII of this Law:</p> <p>(a) none of the thresholds set out in subsection (1) has been exceeded for the three previous consecutive years;</p> <p>(b) none of the thresholds set out in subsection (1) is expected to be exceeded during the following five years:</p> <p>For as long as the insurance undertaking concerned pursues activities in accordance with the provisions of sections 158 to 162 of this Law, subsection (1) of this section shall not apply.</p> <p>(5) Subsections (1) to (4) shall not prevent an undertaking from submitting an application for authorisation under section 14 or continuing to be authorised according to the provisions of section 425 of this Law, provided that it fulfils all the conditions under this Law, for authorisation according to the provisions of section 14. Otherwise from the date of commencement of this Law, the interested undertaking must submit an application for authorisation to pursue insurance or reinsurance business, according to the provisions of Part VII of this Law and is always subject to the provisions of the said Part.</p>
<p>Subsection 2 Non-Life insurance</p>	
<p>Exclusions from the scope of application with regard to Non-Life insurance operations</p>	<p>7. With regard to Non-Life insurance, this Law shall not apply to the following operations:</p> <p>(1) capital redemption operations within the meaning of this Law;</p> <p>(2) operations of provident and mutual benefit institutions whose benefits vary according to the resources available and in which the contributions of the members are determined on a flat-rate basis;</p> <p>(3) operations carried out by organisations not having a legal personality with the purpose of providing mutual cover for their members without there being any payment of premiums and without creating technical reserves; or</p> <p>(4) export credit insurance operations for the account of or guarantee by the Republic or where the Republic is the insurer.</p>
<p>Exclusions from the scope of application with regard to an assistance activity.</p>	<p>8. This Law shall not apply to an assistance activity which fulfils all of the following conditions:</p> <p>(a) the assistance is provided in the event of an accident or breakdown involving a road vehicle when the accident or breakdown occurs in the territory of the Republic;</p> <p>(b) the liability for the assistance is limited to the following operations:</p> <p>(i) an on-the-spot breakdown service for which the undertaking providing cover uses, in most circumstances, its own staff and equipment;</p> <p>(ii) the conveyance of the vehicle to the nearest or the most appropriate location at which repairs may be carried out and the</p>

	<p>possible accompaniment, normally by the same means of assistance, of the driver and passengers to the nearest location from where they may continue their journey by other means; and</p> <p>(iii) where provided for by the home member state of the undertaking providing cover, the conveyance of the vehicle, possibly accompanied by the driver and passengers, to their home, point of departure or original destination within the same State; and</p> <p>(c) the assistance is not carried out by an undertaking subject to this Law.</p> <p>(2) In the cases referred to in subsections (i) and (ii) of paragraph (b) of subsection (1), the condition that the accident or breakdown must have happened in the territory of the Republic shall not apply where the beneficiary is a member of the body providing cover and the breakdown service or conveyance of the vehicle is provided simply on presentation of a membership card, without any additional premium being paid, by a similar body in the Republic on the basis of a reciprocal agreement.</p>
Exclusions with regard to mutual undertakings	<p>9. This Law shall not apply to mutual undertakings which pursue non-life insurance activities and which have concluded with other mutual undertakings an agreement which provides for the full reinsurance of the insurance policies issued by them or under which the accepting undertaking is to meet the liabilities arising under such policies in the place of the ceding undertaking;</p> <p>In such a case the accepting undertaking shall be subject to the provisions of this Law.</p>
<p>Subsection 3 Life Insurance</p>	
Exclusions with regard to Life insurance activities.	<p>10. With regard to life insurance, this Law shall not apply to the following operations and activities:</p> <p>(a) operations of provident and mutual-benefit institutions whose benefits vary according to the resources available and which require each of their members to contribute at the appropriate flat rate;</p> <p>(b) operations carried out by organisations, other than undertakings referred to in section 4 of this Law, whose object is to provide benefits for employed or self-employed persons, belonging to an undertaking or group of undertakings, or a trade or group of trades, in the event of death or survival or of discontinuance or curtailment of activity, whether or not the commitments arising from such operations are fully covered at all times by mathematical provisions.</p>
Exclusions with regard to organisations	<p>11. With regard to Life insurance, this Law shall not apply to organisations which undertake to provide benefits solely in the event of death, where the amount of such benefits does not exceed the average funeral costs for a single death or where the benefits are provided in kind.</p>
<p>Subsection 4 Reinsurance</p>	
Exclusions with regard to	<p>12. With regard to reinsurance, this Law shall not apply to the activity of reinsurance conducted or fully guaranteed by the Republic when it is</p>

reinsurance.	acting, for reasons of substantial public interest, in the capacity of reinsurer of last resort, including in circumstances where such a role is required by a situation in the market in which it is not feasible to obtain adequate commercial cover.
Reinsurance undertakings closing their activity.	13.-(1) This Law shall not apply with regard to reinsurance undertakings, who have ceased to conduct new reinsurance contracts and exclusively administer their existing portfolio, for the purpose of terminating their activities, from 10 December 2007. (2) The Superintendent shall draw up a list of the reinsurance undertakings referred to in subsection (1) and communicate the same to the supervisory authorities of the other member states.
CHAPTER TWO TAKING-UP AND PURSUIT OF INSURANCE AND REINSURANCE BUSINESS	
Authorisation to take-up the business of insurance and reinsurance business.	14.-(1) The taking-up of the business of direct insurance or reinsurance covered by this Law shall be subject to prior authorisation. (2) The authorisation referred to in subsection (1) shall be sought from the Superintendent, according to the provisions of this Law – (a) by any insurance or reinsurance undertaking which is establishing its head office and its registered office within the Republic and is registered under the provisions of this Law and of the Companies Law; (b) by any third country insurance or reinsurance undertaking which is registered under the provisions of the Companies Law in the Republic and intends to pursue insurance or reinsurance business through a branch or representation under this Law; (c) by any insurance or reinsurance undertaking or any third country insurance or reinsurance undertaking, which, having received an authorisation pursuant to paragraphs (a) and (b), as the case may be, wishes to extend its business to an entire insurance Class or to insurance Classes other than those already authorised.
Scope of application of the authorisation.	15.-(1) An authorisation pursuant to the provisions of this Law shall be valid for the entire Union covering also the right of establishment and the freedom to provide services to other member states. (2) Subject to the provisions of paragraph (c) of subsection (2) of section 14 of this Law, authorisation shall be granted for a particular class of direct insurance as listed in Part A of the First Appendix or the Second Appendix of this Law and shall cover the entire class, unless the applicant undertaking wishes to cover only a Part of the risks pertaining to that class. (3) The risks included in a class shall not be included in any other class except in the cases referred to in subsection (1) of section 16 of this Law. (4) Authorisation may be granted for many classes and permits such classes to be pursued simultaneously. (5) With regard to non-life insurance, the Superintendent may grant authorisation for the groups of classes listed in Part B of of the First Appendix of this Law and may limit authorisation requested for one of the classes to the operations set out in the scheme of operations referred to in section 24 of this Law.
First Appendix. Part B.	

	<p>(6) Without prejudice to the provisions of subsection (1) of section 16, undertakings subject to this Law may engage in the assistance activity only if they have received authorisation for the said class and in that event this Law shall apply to the operations in question.</p> <p>(7) With regard to reinsurance, authorisation shall be granted for non-life reinsurance activity, life reinsurance activity or all kinds of reinsurance activity.</p>
<p>Ancillary risks. First Appendix.</p> <p>First Appendix Part A.</p> <p>First Appendix Part A.</p> <p>First Appendix Part A.</p>	<p>16.-(1) An insurance undertaking which has obtained an authorisation for a principal risk belonging to one class or a group of classes as set out in the First Appendix of this Law, may also insure risks included in another class, without the need to obtain authorisation in respect of such risks provided that the risks fulfil all the following conditions:</p> <p>(a) they are connected with the principal risk;</p> <p>(b) they concern the object which is covered against the principal risk;</p> <p>(c) they are covered by the contract insuring the principal risk.</p> <p>(2) By way of derogation from the provisions of subsection (1), the risks included in the classes of credit suretyship and legal protection (classes 14, 15 and 17 in Part A of the First Appendix) shall not be regarded as risks ancillary to other classes:</p> <p>Provided that legal protection insurance as set out in class 17 in Part A of the First Appendix, may be regarded as a risk ancillary to the class of assistance (class 18 in Part A of the First Appendix), where the conditions laid down in paragraph 1 and either of the following conditions are fulfilled:</p> <p>(a) the main risk relates solely to the assistance provided for persons who fall into difficulties while travelling, while away from their home or their habitual residence; or</p> <p>(b) the insurance concerns disputes or risks arising out of, or in connection with, the use of sea-going vessels.</p>
<p>Legal form of the insurance or reinsurance undertaking.</p>	<p>17.-(1) A Cypriot insurance undertaking is a limited liability company, with or without shares, which is registered under the provisions of this Law and the Companies Law, for the sole purpose of pursuing insurance business and/or reinsurance business.</p> <p>(2) A Cypriot reinsurance undertaking is a limited liability company with shares, which is registered under the provisions of this Law and the Companies Law, for the sole purpose of pursuing reinsurance business.</p> <p>(3) A Cypriot mutual undertaking is a limited liability company with guarantee, without a share capital, which is registered under the provisions of this Law and the Companies Law, for the sole purpose of pursuing mutual business.</p> <p>(4) A third country insurance or reinsurance undertaking, which pursues insurance or reinsurance business in the Republic in the form of a branch or representation, is registered as an overseas company under the provisions of the Companies Law, for the sole purpose of pursuing insurance and/or reinsurance business.</p> <p>(5) The insurance and reinsurance undertakings referred to in subsections (1) to (3) are governed by the provisions of this Law and the</p>

Third Appendix.	<p>Companies Law. The provisions of this Law, with regard to insurance and reinsurance undertakings shall be read in conjunction with the provisions of the Companies Law, as if it were a single legislation, however if they conflict and to the extent there is a conflict, the provisions of this Law shall prevail in every case,</p> <p>(6) An insurance or reinsurance undertaking of a member state, which pursues insurance business in the Republic under the status of free establishment or under the provision of free services requires to adopt a legal form as specified in the Third Appendix of this Law.</p> <p>(7) The Republic may permit the creation of public law undertakings of any form in order to pursue insurance or reinsurance business, on condition that these entities carry out insurance or reinsurance businesses under conditions equivalent to those that private law businesses operate, and in a such a case, this is communicated to the Commission in order to update Annex III of Directive 2009/138/EC.</p>
<p>Name of the insurance or reinsurance undertaking.</p> <p>35(I) of 2002 141(I) of 2003 165(I) of 2003 69(I) of 2004 70(I) of 2004 136(I) of 2004 152(I) of 2004 153(I) of 2004 240(I) of 2004 17(I) of 2005 26(I) of 2008 105(I) of 2009 50(I) of 2011 132(I) of 2013.</p>	<p>18.-(1) The name of Cypriot insurance and reinsurance undertakings must include the words 'insurance company' or 'reinsurance company', as the case may be, or grammatical variations of these terms that indicate the purpose the company for which the company was established to pursue insurance or reinsurance or mutual business, with the exception of those undertakings that obtained authorisation under the provisions of the Insurance Business and Other Related Matters Laws of 2002 to 2013, as amended or replaced at any given time, and do not make such a reference in their name. Such wording may also be in a foreign language, other than Greek, provided the company is registered with its name written in this language.</p> <p>(2) The name of Cypriot insurance and reinsurance undertakings is approved by the Superintendent, on condition that it has also been approved by the Registrar of Companies under the relevant provisions of the Companies Law.</p>
Conditions for authorisation to pursue insurance or reinsurance business and the submission of an application.	<p>19.-(1) No authorisation is granted for the pursuit of insurance or reinsurance business to an undertaking by the Superintendent, unless all of the following conditions are fulfilled:</p> <p>(a) With regard to insurance undertakings, they must limit their objects to the business of insurance and operations arising directly there from, to the exclusion of any other commercial business;</p> <p>(b)with regard to reinsurance undertakings, they must limit their objects to the business of reinsurance and related operations, including a</p>

<p>96(l) of 2000  97(l) of 2003  156(l) of 2003  168(l) of 2003  69(l) of 2007  92(l) of 2010.  First Appendix  Part A</p>	<p>holding company function and activities with the function and activities of a holding company in the financial sector, within the meaning of the directives on financial conglomerates which are issued by the Superintendent;</p> <p>(c) a scheme of operations has been submitted in accordance with section 24 of this Law;</p> <p>(d) the undertaking has available basic own funds eligible to cover the absolute floor of the Minimum Capital Requirements, provided for in paragraph (d) of subsection (1) of section 136 of this Law;</p> <p>(e) the undertaking demonstrates that it is in a position to make available own funds eligible to cover the solvency capital requirements, as provided for in Section 4 of Chapter Six of this Part;</p> <p>(f) the undertaking demonstrates that it is in a position to make available basic own funds eligible to cover the minimum capital requirements, as provided for in Section 5 of Chapter Six in this Part;</p> <p>(g) the undertaking demonstrates that it is in a position to comply with the system of governance referred to in Section 2 of Chapter Four of this Part;</p> <p>(h) it satisfies the conditions in section 25 of this Law on special participation;</p> <p>(i) the undertaking maintains both its head office and registered office in the Republic;</p> <p>(j) with regard to non-life insurance, the undertaking must communicate the name and address of all the representatives for the settlement of claims, who are appointed in accordance with the provisions of the Motor Vehicles (Third Party Insurance) Law of 2000, as amended or replaced at any given time, out of the Republic, if the risks covered are classified in the class of civil liability for land vehicles (class 10 in Part A of the First Appendix in this Law), excluding carrier's liability;</p> <p>(k) with regard to undertakings which apply for authorisation for assistance (class 18 in Part A of the First Appendix), the undertaking satisfies the Superintendent, following a relevant check, that the staff, the material and the methods that have directly or indirectly available, including the qualifications of the medical staff and the quality of the equipment at its disposal to respond to the obligations imposed by this class, are appropriate.</p> <p>(2) The application for the pursuit of insurance or reinsurance operations by an undertaking is submitted to the Superintendent in the prescribed form and contains the particulars determined in the application, which include particulars with regard to the identity of the persons who are described in section 44 of this Law and is signed by two directors.</p> <p>(3) With the application referred to in subsection (2), the memorandum of association and articles of association of the undertaking are also submitted, which are approved by the Superintendent, including the other documents that are specified by Regulations issued under this Law</p>
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	<p>and are submitted to the House of Representatives for approval; Provided that any change or amendment to the memorandum or association or articles of association of the undertaking are communicated to the Superintendent.</p> <p>(4) The Superintendent may at any time after submitting the application to request that further particulars are produced, that he deems necessary in order to examine the application.</p> <p>(5) A fixed fee is paid in order to examine the application when it is submitted.</p> <p>(6) The application is examined in light of the scheme of operations which is submitted in accordance with section 24 of this Law, including compliance with all the terms that are provided in this Law for authorisation by the Superintendent.</p>
<p>Conditions for authorisation to extend the business of an insurance or reinsurance undertaking to another or other classes and the submission of an application.</p> <p>First Appendix Part A.</p> <p>First Appendix.</p>	<p>20.-(1) The extension of business of an insurance or reinsurance undertaking is not permitted without the relevant authorisation of the Superintendent, which is granted in accordance with this section and provided that the following conditions are satisfied:</p> <p>(a) An insurance or reinsurance undertaking seeking authorisation to extend its business to other classes or to extend an authorisation covering only some of the risks pertaining to one class shall be required to submit an application in the prescribed form, together with the requisite fee and a scheme of operations in accordance with the provisions of section 24 of this Law and demonstrate that it possesses own funds eligible to cover the solvency capital requirement and minimum capital requirement provided for in sections 107 and 135 of this Law;</p> <p>(b) without prejudice to paragraph (a), an insurance undertaking pursuing life activities, and seeking authorisation to extend its business to the risks in the classes of accident or illness (classes 1 or 2 in Part A of the First Appendix) as referred to in section 75 of this Law, shall demonstrate that it:</p> <p>(i) It possesses basic own funds eligible to cover the absolute floor of the minimum capital requirement for life insurance undertakings and the absolute floor of the minimum capital requirements for Life insurance and the absolute floor of the minimum capital requirements for non-life insurance undertakings, as referred to in paragraph (d) of subsection (1) of section 136 of this Law;</p> <p>(ii) it undertakes to cover the minimum financial obligations referred to in section 76 of this Law;</p> <p>(2) Without prejudice to the provisions of subsection (1) an insurance undertaking pursuing non-life activities for the risks in the classes of accidents or illness (classes 1 or 2 in Part A of the First Appendix) and is seeking authorisation to extend its business to life insurance risks as referred to in section 75 of this Law, shall demonstrate that it:</p> <p>(i) possesses basic own funds eligible to cover the absolute floor of the minimum capital requirements for life insurance undertakings and the absolute floor of the minimum capital requirement for non-life insurance</p>



	<p>undertakings, as referred to in paragraph (d) of subsection (1) of section 136 of this Law; and</p> <p>(ii) undertakes to cover the minimum financial obligations referred to in section 76 of this Law.</p> <p>(3) The Superintendent grants the authorisation to insurance or reinsurance undertakings extend their business provided that the requisite conditions referred to in subsections (2) and (3), as the case may be, are satisfied.</p> <p>(4) Once the authorisation is granted to an insurance or reinsurance undertaking to extend its business, the Superintendent amends the authorisation to pursue insurance business that was granted to the applicant undertaking and issues a new authorisation, in the prescribed form.</p>
Close links	<p>21.-(1) Where close links exist between the insurance undertaking or reinsurance undertaking and other natural or legal persons, the Superintendent shall grant authorisation only if those links do not prevent the effective exercise of his supervisory functions.</p> <p>(2) The Superintendent shall refuse authorisation if the laws, regulations or administrative provisions of a third country governing one or more natural or legal persons with which the insurance or reinsurance undertaking has close links, or difficulties involved in the enforcement of those measures, prevent the effective exercise of his supervisory functions.</p> <p>(3) The Superintendent shall require insurance and reinsurance undertakings to provide him with the information he requires, in order to confirm compliance with the conditions referred to in subsection (1).</p>
Policy conditions and scales of premiums.	<p>22.-(1) The Superintendent shall not require the prior approval or systematic notification of general and special policy conditions, of scales of premiums, of the technical bases, used in particular for calculating scales of premiums and technical provisions, or of forms and other printed documents which an undertaking intends to use in its dealings with policy holders or ceding or retro-ceding undertakings.</p> <p>(2) Regardless of the provisions of subsection (1), in particular for life insurance and for the sole purpose of verifying compliance with provisions concerning actuarial principles, the Superintendent may require systematic notification of the technical bases used for calculating scales of premiums and technical provisions: Provided that this requirement shall not constitute a prior condition for the authorisation of a life insurance undertaking.</p> <p>(3) The Superintendent shall not retain or introduce prior notification or approval of proposed increases in premium rates except as part of general price-control systems.</p>
Economic requirements of the market.	<p>23. The Superintendent shall not require that any application for authorisation be considered in the light of the economic requirements of the market.</p>
Scheme of operations.	<p>24.-(1) The scheme of operations referred to in paragraph (c) of section 19 of this Law, shall include particulars or evidence of the following:</p>

<p>First Appendix.</p>	<p>(a) the nature of the risks or commitments which the insurance or reinsurance undertaking concerned proposes to cover;</p> <p>(b) the kind of reinsurance arrangements which the reinsurance undertaking proposes to make with ceding undertakings;</p> <p>(c) the guiding principles as to reinsurance and to retrocession;</p> <p>(d) the basic own-fund items constituting the absolute floor of the minimum capital requirement;</p> <p>(e) The estimates of the costs of setting up the administrative services and the organisation for securing business; the financial resources intended to meet those costs and, if the risks to be covered are classified in the class of assistance (class 18 in Part A of the First Appendix), the resources at the disposal of the insurance undertaking for the provision of the assistance promised.</p> <p>(2) In addition to the requirements set out in subsection (1), for the first three financial years the scheme shall include the following:</p> <p>(a) a forecast balance sheet;</p> <p>(b) estimates of the future solvency capital requirements, as provided for in Chapter Six, Section 4, Subsection 1 of this Part, on the basis of the forecast balance sheet referred to in paragraph (a), as well as the calculation method used to derive those estimates;</p> <p>(c) estimates of the future minimum capital requirements, as provided for in sections 135 and 136 of this Law, on the basis of the forecast balance sheet referred to in paragraph (a), as well as the calculation method used to derive those estimates;</p> <p>(d) estimates of the financial resources intended to cover technical provisions, the minimum capital requirement and the solvency capital requirements;</p> <p>(e) with regard to non-life insurance and reinsurance, also the following:</p> <p>(i) estimates of management expenses other than installation costs, in particular current general expenses and commissions;</p> <p>(ii) estimates of premiums or contributions and claims;</p> <p>(f) with regard to life insurance, also a plan setting out detailed estimates of income and expenditure in respect of direct business, reinsurance acceptances and reinsurance cessions.</p>
<p>Shareholders and members with qualifying holdings.</p> <p>190(l) of 2007 72(l) of 2009 143(l) of 2012 60(l) of 2013.</p>	<p>25.-(1) The Superintendent shall not grant to an undertaking an authorisation to take up the business of insurance or reinsurance, if –</p> <p>(a) If he has not been informed of the identities of the shareholders or members, direct or indirect, whether natural or legal persons, who have qualifying holdings in that undertaking and of the amounts of those holdings; and</p> <p>(b) taking into account the need to ensure the sound and prudent management of an insurance or reinsurance undertaking, he is not satisfied as to the qualifications of the shareholders or members.</p> <p>(2) For the purposes of subsection (1), the Superintendent shall take into account the voting rights referred to in the Transparency Requirements (Securities Traded on a Regulated Market) Law of 2007, as amended or replaced at any given time, including the conditions regarding</p>

	<p>aggregation thereof laid down by the same aforementioned Law.</p> <p>(3) The Superintendent shall not take into account voting rights or shares which investment firms or credit institutions may hold as a result of providing the underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis, in accordance with paragraph 6, of Part I, of the Third Appendix of the Investment Services and Activities and Regulated Markets Law of 2007, on condition that those rights are, on the one hand, not exercised or otherwise used to intervene in the management of the issuer and, on the other, disposed of within one year of the acquisition.</p>
<p>Authorisation procedure by the Superintendent.</p>	<p>26.-(1) The Superintendent if satisfied that all the conditions for the authorization in this Law have been met, grants the authorization to pursue insurance or reinsurance operations, on condition that the company is registered under the provisions of the Companies law, if it is not already registered.</p> <p>(2) The decision of the Superintendent to grant the authorisation, is final following the registration of the company in accordance with the provisions of the Companies Law and provided that from the time of the final decision, the conditions of this Law to grant the authorisation are still met.</p> <p>(3) The decision of the Superintendent to grant the authorisation under this Law, is published in the Official Gazette of the Republic and communicated at the same time to the undertaking, to the Registrar of Companies and to EIOPC. The authorisation to pursue insurance or reinsurance operations applies from the date determined in the authorisation.</p> <p>(4) Advertising an insurance or reinsurance undertaking or carrying out any professional activity by the undertaking in question, prior to granting the authorisation to pursue insurance or reinsurance operations and its entry into force as set out in this section is prohibited.</p>
<p>Refusal of authorisation.</p>	<p>27.-(1) The Superintendent dismisses the application of an insurance or reinsurance undertaking for authorisation to carry out insurance or reinsurance operations in the Republic, or an authorisation to extend the operations in another or other classes, if he is not satisfied that all the conditions for the authorisation or to extend the authorisation as set out in this Law, as the case may be, are not met.</p> <p>(2) Any decision of the Superintendent in dismissing the application and any refusal in granting the authorisation to pursue insurance or reinsurance operations or to extend the authorisation to other classes, must be duly justified and communicated to the applicants within a time frame of six months from submitting a valid application in accordance with the provisions of this Law, together with the legal remedies they have at their disposal to appeal against the said decision.</p> <p>(3) As a dismissal of the application and refusal to grant an authorisation to pursue insurance or reinsurance operations or to extend the authorisation to other classes, as the case may be, is also the omission of the Superintendent to decide on the application within six months from</p>

	receiving a fully completed application, and in such a case, the undertaking has at its disposal the legal remedies in section 28 of this Law to challenge it.
Right to recourse.	<p>28.-(1) Any decision of the Superintendent for not granting an authorisation to an insurance or reinsurance undertaking may be challenged before the Permanent Secretary, according to the provisions of section 347 of this Law:  Provided that the abovementioned decision of the Superintendent may be challenged directly with a recourse under article 146 of the Constitution.</p> <p>(2) The negative decision of the Permanent Secretary on a recourse according to subsection (1), may be challenged with a recourse in accordance with article 146 of the Constitution.  Provided that pending the decision of the Permanent Secretary, no recourse may be filed under article 146 of the Constitution.</p>
Prior consultation of the authorities of other member states.	<p>29.-(1) Granting authorisation to an insurance or reinsurance undertaking is the subject of prior consultation of the Superintendent with the supervisory authorities of any other member state where it concerns:</p> <ul style="list-style-type: none"> <li>(a) a subsidiary of an insurance or reinsurance undertaking authorised in that other member state;</li> <li>(b) a subsidiary of the parent undertaking of an insurance or reinsurance undertaking authorised in that other member state; or</li> <li>(c) an undertaking controlled by the same person, whether natural or legal, who controls an insurance or reinsurance undertaking authorised in that member state.</li> </ul> <p>(2) Granting authorisation to an insurance or reinsurance undertaking is the subject of prior consultation of the Superintendent with the supervisory authorities of the member state in question, who are responsible for supervising credit institutions or investment firms, where this undertaking is one of the following entities:</p> <ul style="list-style-type: none"> <li>(a) a subsidiary of a credit institution or investment firm authorised by another member state;</li> <li>(b) a subsidiary of the parent undertaking of a credit institution or investment firm authorised by another member state; or</li> <li>(c) an undertaking controlled by the same person, whether natural or legal, who controls a credit institution or investment firm authorised in another member state.</li> </ul> <p>(3) The Superintendent consults with the authorities referred to in subsections (1) and (2), in particular when assessing the suitability of the shareholders and the fit and proper requirements of all persons who effectively run the undertaking or have other key functions involved in the management of another entity of the same group and for this purpose may request the provision of information from the authorities in subsections (1) and (2).</p> <p>(4) The Superintendent shall exchange any information regarding the suitability of shareholders and the fit and proper requirements of all</p>

	persons who effectively run the undertaking or have other key functions which is of relevance to the other competent authorities concerned for the granting of an authorisation as well as for the ongoing assessment of compliance with operating conditions.
CHAPTER THREE SUPERVISORY AUTHORITY AND GENERAL RULES	
Competent Supervisory Authority.	<p>30.-(1) The Superintendent of Insurance is the competent supervisory authority for insurance and reinsurance undertakings in the Republic and carries out all the responsibilities and powers vested in him by this Law for the purpose of protecting policy holders and beneficiaries.</p> <p>(2) The Superintendent of Insurance is head of the Service, which has available on a continued basis all the means to implement this Law, including the requisite experienced and capable staff at all the necessary levels and specialities. In the exercise of its duties, for the purpose of implementing this Law, the Service in every instance acts in the name and on the instructions of the Superintendent.</p> <p>(3) The Superintendent of Insurance in the performance of his responsibilities is assisted by Deputy Superintendents who are under the management of the Superintendent: Provided that the number of posts for Deputy Superintendent is determined by the Budget Law, in the chapter concerning the Service.</p> <p>(4) Following the retirement of the Superintendent and Deputy Superintendent in service, or the vacancy of particular posts, in any other manner, at the date of entry into force of this Law, the filling of posts shall be made by the Public Service Commission in accordance with the provisions of the Public Services Laws of 1990 to 2014 (No. 2), as amended or replaced at any given time, with a five year contract, or lesser period, so that those in service do not exceed the mandatory age of retirement that applies to civil servants.</p> <p>Provided that the contract for the Superintendent and Deputy Superintendent may be renewed, by the Public Service Commission, following the recommendation of the competent authority, for the Superintendent and Deputy Superintendent, in accordance with the provisions of the Public Service Law, for another five year term only, or for a lesser period, so that the holders of such posts do not exceed the mandatory age of retirement that applies to civil servants.</p>
1 of 1990 71 of 1991 211 of 1991 27(l) of 1994 83(l) of 1995 60(l) of 1996 109(l) of 1996 69(l) of 2000 156(l) of 2000 4(l) of 2001 94(l) of 2003 128(l) of 2003 183(l) of 2003 31(l) of 2004 218(l) of 2004 68(l) of 2005 79(l) of 2005 105(l) of 2005 96(l) of 2006 107(l) of 2008 137(l) of 2009 194(l) of 2011	

<p>78(l) of 2013 7(l) of 2014 21(l) of 2014 100(l) of 2015.</p>	<p>(5) In the case of an appointment to the post of Superintendent or to the post of Deputy Superintendent of a permanent government employee, the employee is considered to be absent from his duties with leave without remuneration on the grounds of public interest, for the duration of the contract.</p> <p>Provided that throughout the duration of the contract, the Superintendent and the Deputy Superintendent do not exercise their responsibilities, the powers and the duties of their public post.</p> <p>(6) The appointment of the Superintendent and Deputy Superintendent are published in the Official Gazette of the Republic.</p> <p>(7) In the case where the Superintendent is absent or his post is vacated, and until it is fulfilled, a Deputy Superintendent may be appointed to perform the duties of the Superintendent as a deputy, following the recommendation of the competent authority for the Superintendent, in accordance with the Public Service Law. The appointment of the Superintendent as a deputy is published in the Official Gazette of the Republic.</p> <p>(8) The Superintendent and Deputy Superintendent are employed on a full time basis and, as far as anything else is concerned, are subject to the same terms and obligations that apply to civil servants, according to the Public Service Law and the relevant Regulations.</p> <p>(9) The Superintendent and Deputy Superintendent are not allowed to exercise any other profession or work or to be employed or hold any office in any undertaking of any nature or to accept any other employment with pay in addition to their duties. This prohibition continues to apply in relation to insurance/reinsurance undertakings that are subject to the scope of application of this Law and other entities related to the undertakings, for a period of up to two years following retirement or leaving the post of Superintendent or Deputy Superintendent.</p> <p>(10) The Superintendent, the Deputy Superintendent and officers of the Service, apply this Law with complete independence.</p>
<p>General competencies of the Superintendent and supervisory powers.</p>	<p>31.-(1) The Superintendent, has the following general competencies and powers, which he exercises in accordance with the provisions of this Law or the Regulations issued under the same, which are submitted to the House of Representatives for approval or Directives or the delegated acts or the regulatory or implementing technical standards:</p> <p>(a) grants, suspends or withdraws an authorisation to pursue insurance or reinsurance business to insurance or reinsurance undertakings that fall within his jurisdiction in accordance with the provisions of this Law;</p> <p>(b) supervises the operation of insurance and reinsurance undertakings, to which he grants an authorisation to pursue insurance or reinsurance business, ensures that they adhere to their obligations and generally that</p>

	<p>they adhere to the provisions of this Law and any other delegated acts or regulatory or implementing technical standards that are issued under Directive 2009/138/EC or judgments of the Court with regard to their activities, in the interest of the insured and the beneficiaries;</p> <p>(c) cooperates with the supervisory authorities of other member states or the corresponding third country supervisory authorities for the purpose of applying this Law, Directive 2009/138/EC and any delegated acts or regulatory or implementing technical standards that are issued under Directive 2009/138/EC;</p> <p>(d) participates in the business of the 'European Insurance and Occupational Pensions Authority' (EIOPA) as well as any other bodies or organisations recommended to the European Union with regard to insurance or reinsurance matters or mediation as well as any other international organisations that deal with the said or other matters;</p> <p>(e) exercises any other power or competency granted to him under this or any other law or Regulations that are issued under the same and imposes the administrative sanctions provided for in this Law;</p> <p>(f) takes any other necessary measure in order to –</p> <p>(i) ensure compliance with the legislative regulatory and administrative provisions that apply in the Republic and in other member states, where applicable; and</p> <p>(ii) avoid or eliminate any anomaly that may affect the interests of the insured;</p> <p>(g) issues directives with general specific or particular matters that concern the application of this Law, other than those that are regulated by delegated acts or regulatory or implementing technical standards as well as directives in accordance with the guidelines and recommendations within the meaning of this Law.</p> <p>(2) The supervisory authority of the Superintendent under paragraph (b) of subsection (1) in particular includes the following powers:</p> <p>(a) the power to take any preventative and remedial measures provided for in this Law, in order to ensure the compliance of insurance and reinsurance undertakings with the legislative, regulatory and administrative provisions that apply in the Republic and the Union;</p> <p>(b) the power to take any necessary measure provided for in this Law, including measures of an administrative or financial nature, as well as their members of their board of directors;</p> <p>(c) the power to request all the necessary information in accordance with the provisions of this Law and in particular with the provisions of section 38;</p> <p>(d) the power to adjust, in addition to the calculation of the solvency capital requirement, and where deemed necessary, the necessary quantitative tools, within the context of supervisory examination, in order to assess the ability of insurance or reinsurance undertakings to cope with possible events or future variations to economic conditions that may have an adverse impact on its total financial situation as well as the power to request that the relevant tests are conducted by the</p>
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	<p>undertakings;</p> <p>(e) the power to conduct on-site searches in the areas of the insurance and reinsurance undertakings in accordance with the provisions of sections 37 and 395 of this Law;</p> <p>(f) the power to examine the information that were submitted in accordance with the provisions of section 38 and, provided that he finds that such information contains inaccurate or incomplete particulars, to call upon the insurance or reinsurance undertaking to provide the necessary explanations and to correct or supplement these particulars within the time frame that the Superintendent shall set;</p> <p>(g) the power to impose sanctions in accordance with sections 395 and 399 of this Law, where the insurance or reinsurance undertaking concerned fails to comply within the specified time limit determined in paragraph (f) of subsection (2).</p> <p>(3) The supervisory powers of the Superintendent are exercised at the appropriate time and in accordance with the principle of proportionality.</p> <p>(4) The powers over insurance and reinsurance undertakings, referred to in subsection (2) also apply to the activities of insurance and reinsurance undertakings which have been outsourced.</p>
Maintaining financial stability and pro-cyclicality.	<p>32.-(1) Without prejudice to the main objectives of his general responsibilities, as laid down in section 31 of this Law, the Superintendent in the exercise of his supervisory authorities shall duly consider the potential impact of his decisions on the stability of the financial systems concerned in the Republic and the Union, in particular in emergency situations, taking into account the information available at the relevant time.</p> <p>(2) In times of exceptional movements in the financial markets, the Superintendent shall take into account the potential pro-cyclical effects of their actions.</p>
General principles of supervision.	<p>33.-(1) The supervision exercised by the Superintendent is based on a prospective and risk-based approach and it shall include the verification on a continuous basis of the proper operation of the insurance and reinsurance activities and of the compliance with supervisory provisions by insurance and reinsurance undertakings.</p> <p>(2) Supervision of insurance and reinsurance undertakings shall comprise an appropriate combination of off-site activities and on-site inspections.</p> <p>(3) The Superintendent shall ensure that the requirements laid down in this Law are applied in a manner which is proportionate to the nature, scale and complexity of the risks inherent in the business of an insurance or reinsurance undertaking.</p> <p>(4) The Superintendent shall exercise his supervisory responsibility in accordance with the implementing measures, the regulatory technical standards and implementing technical standards.</p>
The Superintendent	<p>34.-(1) The financial supervision of insurance and reinsurance undertakings, including that of the activities they pursue either through</p>



<p>and scope of supervision.</p> <p>First Appendix</p>	<p>branches or under the freedom to provide services, shall be the sole responsibility of the Superintendent.</p> <p>(2) The financial supervision pursuant to subsection (1) shall include verification, with respect to the entire activities of the insurance or reinsurance undertaking, of its state of solvency, of the establishment of technical provisions, of its assets and of the eligible own funds, in accordance with sound insurance principles, as laid down in subsection (3), and in accordance with the provisions of this Law and in accordance with the provisions adopted at Community level under Directive 2009/138/EC.</p> <p>(3) For the purposes of subsection (2), 'sound insurance principles' means those principles which have by custom or otherwise been established in relation to insurance or reinsurance and concern as a consequence the professionalism that must be demonstrated by an insurance or reinsurance undertaking in its transactions with the insurance beneficiaries, its associates and the public in general, and in particular when fulfilling its obligations and in satisfying the claims of the beneficiaries.</p> <p>(4) Where the insurance undertaking concerned is authorised to cover the risks classified in the class of assistance (class 18 in Part A of the First Appendix), supervision shall also extend to monitoring of the technical resources which the insurance undertaking has at its disposal for the purpose of carrying out the assistance operations it has undertaken to perform, where the law of the home Member State provides for the monitoring of such resources.</p> <p>(5) In the case where the risk or the commitment is located in the Republic or, the case of a reinsurance undertaking where the Republic is the host member state, the Superintendent has reason to consider that the activities of an insurance or reinsurance undertaking might affect its financial soundness, he shall inform the supervisory authorities of the home Member State of that undertaking.</p> <p>(6) In the case where the Superintendent has been informed by the supervisory authorities of another member state or by any other means, that the conditions laid down in subsection (3) with regard to insurance or reinsurance undertakings that are subject to his supervision are satisfied, the Superintendent shall determine whether the undertaking is complying with the prudential principles laid down in this Law.</p>
<p>Transparency and accountability.</p>	<p>35.-(1) The Superintendent conducts his duties in a transparent and accountable manner with due respect for the protection of confidential information.</p> <p>(2) The Superintendent shall ensure that the following information is disclosed:</p> <p>(a) the texts of laws, regulations, administrative rules and general guidance in the field of insurance regulation;</p> <p>(b) the general criteria and methods used, including the tools developed in accordance with section 39 of this Law, including the means that have been developed in accordance with paragraph (b)</p>

	<p>of subsection (2) of section 31 of this Law;</p> <p>(c) aggregate statistical data on key aspects of the application of the prudential framework;</p> <p>(d) the manner of exercise of the options provided for in this Law;</p> <p>(e) the objectives of the supervision and its main functions and activities.</p> <p>(3) The disclosure provided for in subsection (1) shall be sufficient to enable a comparison of the supervisory approaches adopted by the supervisory authorities of the other member states.</p> <p>(4) The information in subsection (1) shall be updated regularly, published and made available in a concentrated manner at the e-mail address of the Superintendent according to the basic parameters for disclosing aggregate data that are determined by implementing measures and implemented technical standards for determining the format and structure of the disclosures.</p>
<p>Prohibition of refusal of reinsurance or retrocession contracts.</p>	<p>36.-(1) The Superintendent shall not refuse a reinsurance contract concluded with a reinsurance undertaking or another insurance undertaking which is subject to his supervision and another reinsurance or insurance undertaking authorised in another member state, on grounds directly related to the financial soundness of that reinsurance or that insurance undertaking.</p> <p>(2) The Superintendent shall not refuse a retrocession contract concluded by a reinsurance undertaking which is subject to his supervision with a reinsurance undertaking or an insurance undertaking authorised in another member state on grounds directly related to the financial soundness of that reinsurance undertaking or that insurance undertaking.</p>
<p>Supervision of branches established in another member state.</p>	<p>37.-(1) Where an insurance or reinsurance undertaking authorised by another member state pursues its activities through a branch in the Republic, the supervisory authorities of the home member state, after having informed the Superintendent, may carry out themselves or through persons appointed for that purpose, on-site verifications of the information necessary to ensure the financial supervision of the undertaking and the Superintendent may participate in these verifications.</p> <p>Provided that EIOPA may also participate in such joint verifications.</p> <p>(2) The Superintendent, after having informed the supervisory authorities of the host member state, may carry out himself or through persons appointed for that purpose, on-site verifications of the information necessary to ensure the financial supervision of the undertakings that are subject to his supervision under the provisions of this Law and which carry out activities through a branch in another member state, and in such a case the supervisory authorities of the host member state may participate in these verifications:</p> <p>Provided that EIOPA may also participate in such joint verifications.</p> <p>(3) Where the Superintendent has informed the supervisory authorities of the host member state, in accordance with the provisions of subsection (2) that he intends to carry out on-site verifications and he is prohibited</p>

<p>Official Journal of the EU: L331, p. 48.</p>	<p>from exercising his right to carry out such on-site verifications, or where the supervisory authorities of the host member state are not in a position to exercise their right to participate in accordance with the provisions of subsection (2) in practice, the Superintendent may refer the matter to EIOPA and seek its assistance in accordance with section 19 of regulation (EU) no. 1094/201.</p>
<p>Information to be provided for supervisory purposes.</p>	<p>38.-(1) The Superintendent, taking into account the purposes of supervision as laid down in sections 30 and 32 of this Law, shall require the insurance and reinsurance undertakings to submit the information which is necessary for the purposes of supervision, when performing the process referred to in section 39 of this Law, which shall include at least the information necessary for the following:</p> <ul style="list-style-type: none"> <li>(a) to assess the system of governance applied by the undertakings, the business they are pursuing, the valuation principles applied for solvency purposes, the risks faced and the risk-management systems, and their capital structure, needs and management;</li> <li>(b) to make any appropriate decisions resulting from the exercise of their supervisory rights and duties.</li> </ul> <p>(2) The Superintendent has the power to:</p> <ul style="list-style-type: none"> <li>(a) to determine the nature, the scope and the format of the information referred to in subsection (1) which require that insurance and reinsurance undertakings to submit at the following points in time: <ul style="list-style-type: none"> <li>(i) at predefined periods;</li> <li>(ii) upon occurrence of predefined events;</li> <li>(iii) during enquiries regarding the situation of an insurance or reinsurance undertaking;</li> </ul> </li> <li>(c) to obtain any information regarding contracts which are held by sub-agents or regarding contracts which are entered into with third parties; and</li> <li>(d) to require information from external experts, such as auditors and actuaries.</li> </ul> <p>(3) The information referred to in subsections (1) and (2) shall comprise the following:</p> <ul style="list-style-type: none"> <li>(a) a qualitative or quantitative elements, or any appropriate combination thereof;</li> <li>(b) historic, current or prospective elements, or any appropriate combination thereof; and</li> <li>(c) data from internal or external sources, or any appropriate combination thereof.</li> </ul> <p>(4) The information referred to in subsections (1) and (2) shall comply with the following principles:</p> <ul style="list-style-type: none"> <li>(a) it must reflect the nature, scale and complexity of the activities of the undertaking concerned, and in particular the risks inherent in that business;</li> <li>(b) it must be accessible, complete in all material respects, comparable and consistent over time; and</li> <li>(c) it must be relevant, reliable and comprehensible.</li> </ul>

<p>61(l) of 1996  25(l) of 1997  41(l) of 1998  120(l) of 1999  152(l) of 2000  118(l) of 2003  185(l) of 2004.</p>	<p>(5) Insurance and reinsurance undertakings are required to have appropriate systems and structures in place to fulfil the requirements laid down in subsections (1) to (4) as well as a written policy, approved by their administrative body, ensuring the ongoing appropriateness of the information submitted.</p> <p>(6) The Superintendent requires from the insurance and reinsurance undertakings to submit a confirmation that they have fully complied with the provisions of the Prevention and Suppression of Money Laundering Activities Law of 1996, as amended or replaced at any given time, with regard to the appointment of a compliance officer and every other measure they are obliged to take in applying the said Law.</p> <p>(7) Subject to the provisions of subsection (5) of section 136 of this Law, when the predefined periods in subparagraph (i) of paragraph (a) of subsection (2) are less than one year, the Superintendent may limit supervisory reporting, in the following cases:</p> <p>(a) when the submission of such information would be onerous in relation to the nature, scale and complexity of the risks inherent of those activities of the undertaking;</p> <p>(b) when the information is submitted at least on an annual basis.</p> <p>(8) The Superintendent shall not limit the frequency of supervisory reporting that is carried out more than once a year for insurance and reinsurance undertakings that belong to a group within the meaning of subsection (1) of section 250 of this Law, unless the undertaking can convince the Superintendent that supervisory reporting more than once a year is contraindicated given the nature, scale and complexity of the inherent risks of the activities of the group concerned.</p> <p>(9) The limitation of the frequency of supervisory reporting is only for undertakings that do not represent over 20% in the market on Life and Non-life insurance and reinsurance activities in the Republic respectively, where the market share in the class for Non-life is based on registered gross premiums and the share in the class for Life is based on gross technical projections.</p> <p>(10) The Superintendent shall give priority to the smaller undertakings when determining the eligibility of undertakings with regard to the abovementioned limitations.</p> <p>(11) The Superintendent may limit the frequency of supervisory reporting or to exclude insurance and reinsurance undertakings from submitting information per element, in the following cases:</p> <p>(a) the submission of such information would be contraindicated in relation to the nature, scale and complexity of the inherent risks of the activities of the undertaking concerned;</p> <p>(b) the submission of such information is not necessary for the effective supervision of the undertaking;</p> <p>(c) the exception does not undermine the stability of respective</p>
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financial systems in the Union; and

(d) the undertaking is in a position to provide the information whenever requested.

(12) Regardless of the provisions of subsection (11), the Superintendent does not exclude insurance and reinsurance undertakings from submitting analytical information per element that belong to a group within the meaning of subsection (1) of section 250 of this Law, unless the undertaking can convince the supervisory authority that the submission of information per element is contraindicated given the nature, scale and complexity of the inherent risks of the activities of the group concerned, and taking into account the object of financial stability.

(13) The exception under subsection (11) from submitting analytical information per element is only for undertakings that do not represent over 20% in the market on Life and Non-life insurance and reinsurance activities in the Republic respectively, where the market share in the class for Non-life is based on registered gross premiums and the share in the class for Life is based on gross technical projections.

(14) The Superintendent shall give priority to the smaller undertakings when determining the eligibility of undertakings with regard to such exceptions.

(15) For the purposes of subsections (7) to (14), when applying supervisory reporting, the Superintendent shall examine whether the submission of information is contraindicated in relation to the nature, scale and complexity of the inherent risks of the undertaking, taking into account at least the following:

- (a) the volume of premiums, technical projections and the assets of the undertaking;
- (b) the variation of requirements and benefits covered by the undertaking;
- (c) the risks associated with the investments of the undertaking;
- (d) the level of the aggregate risk;
- (e) the total number of categories for Life and Non-life insurance for which authorisation has been granted;
- (f) the potential impact on managing the assets of the undertaking in the financial stability;
- (g) the systems and structures of the undertaking in providing information for the purposes of supervision and the written policy referred to in subsection (5);
- (h) the suitability of the system of governance of the undertaking;
- (i) the level of own capital to cover the minimum capital requirement and the solvency capital requirements;
- (j) whether the undertaking is a dependent insurance or reinsurance undertaking that only covers risks associated of the industrial or commercial group to which it belongs.

(k) The Superintendent exercises his supervisory responsibility under this section, in accordance with implementing measures, implementing technical standards on supervisory reporting in relation to the models for

	<p>submitting information to the supervisory authorities and the guidelines and recommendations for the further clarification of the methods used in determining the shares in the market referred to in subsections (9) and (13) of this section.</p> <p>(17) Every insurance or reinsurance undertaking shall keep complete accounts and supporting documentation and records and other information on the basis of which the information referred to in this section are prepared for a period of at least seven years, which are at the disposal of the Superintendent to inspect and monitor whenever he shall request.</p> <p>(18) Regulations, which are submitted to the House of Representatives for approval, determine the fees payable by undertakings when submitting the particulars under this section, for supervision by the Superintendent.</p>
Supervisory review process.	<p>39.-(1) The Superintendent reviews and evaluates the strategies, processes and reporting procedures which are established by the insurance and reinsurance undertakings to comply with the laws, regulations and administrative provisions adopted pursuant to this Law.</p> <p>(2) That review and evaluation in subsection (1) shall comprise the assessment of the qualitative requirements relating to the system of governance, the assessment of the risks which the undertakings concerned face or may face and the assessment of the ability of those undertakings to assess those risks taking into account the environment in which the undertakings are operating.</p> <p>(3) The Superintendent reviews and evaluates compliance to the requirements with the following:</p> <p>(a) the system of governance, including the own-risk and solvency assessment, as set out in the Fourth Chapter, Section 2 of this Part;</p> <p>(b) the technical provisions as set out in the Sixth Chapter, Section 2 of this Part;</p> <p>(c) the capital requirements as set out in the Sixth Chapter, Sections 4 and 5 of this Part;</p> <p>(d) the investment rules as set out in the Sixth Chapter, Section 6 of this Part;</p> <p>(e) the quality and quantity of own funds as set out in the Sixth Chapter, Section 3 of this Part;</p> <p>(f) where the insurance or reinsurance undertaking uses a full or partial internal model, on-going compliance with the requirements for full and partial internal models set out in the Sixth Chapter, Section 4, Subsection 3 of this Part.</p> <p>(4) The Superintendent shall have in place appropriate monitoring tools that enable him to identify deteriorating financial conditions in an insurance or reinsurance undertaking and to monitor how that deterioration is remedied.</p> <p>(5) The Superintendent shall assess the adequacy of the methods and practices of the insurance and reinsurance undertakings designed to identify possible events or future changes in economic conditions that</p>

	<p>could have adverse effects on the overall financial standing of the undertaking concerned and to assess the ability of insurance or reinsurance undertakings to withstand those possible events or future changes in economic conditions.</p> <p>(6) The Superintendent may require insurance and reinsurance undertakings to remedy weaknesses or deficiencies identified in the supervisory review process.</p> <p>(7) The evaluations and assessments by the Superintendent referred to in subsections (1), (3) and (4) shall be conducted regularly and at the frequency determined by the Superintendent, as the case may be, who also determines the scope of those reviews and assessments having regard to the nature, scale and complexity of the activities of the insurance or reinsurance undertaking concerned.</p>
Capital add-on.	<p>40.-(1) Following the supervisory review process, the Superintendent may, in exceptional circumstances and with a justified decision, impose a capital add-on for an insurance or reinsurance undertaking and only in the following cases:</p> <p>(a) When he concludes that the risk profile of the insurance or reinsurance undertaking deviates significantly from the assumptions underlying the Solvency Capital Requirement, as calculated using the standard formula in accordance with the Sixth Chapter, Section 4, Subsection 2 of this Part and:</p> <p>(i) the requirement to use an internal model in accordance with section 126 of this Law is inappropriate or has been ineffective; or</p> <p>(ii) while a partial or full internal model is being developed in accordance with section 126;</p> <p>(b) when he concludes that the risk profile of the insurance or reinsurance undertaking deviates significantly from the assumptions underlying the Solvency Capital Requirement, as calculated using an internal model or partial internal model in accordance with the Sixth Chapter, Section 4, Subsection 3 of this Part, because certain quantifiable risks are captured insufficiently and the adaptation of the model to better reflect the given risk profile has failed within an appropriate timeframe; or</p> <p>(c) when he concludes that the system of governance of an insurance or reinsurance undertaking deviates significantly from the standards laid down in the Sixth Chapter, Section 2 of this Part, that those deviations prevent it from being able to properly identify, measure, monitor, manage and report the risks that it is or could be exposed to and that the application of other measures is in itself unlikely to improve the deficiencies sufficiently within an appropriate timeframe;</p> <p>(d) when the insurance or reinsurance undertaking applies the rate adjustment for matching assets and liabilities referred to in section 81, adjustment due to volatility referred to in section 83 or the transitional measures referred to in sections 422 and 423 of this Law, and the Superintendent concludes that the risk profile of the particular undertaking deviates significantly from the assumptions the aforesaid</p>

	<p>adjustments and transitional measures are based on.</p> <p>(2)(a) In the circumstances set out in paragraphs (a) and (b) of subsection (1), the capital add-on shall be calculated in such a way as to ensure that the undertaking complies with the provisions of paragraphs (b) and (c) of subsection (1) of section 107 of this Law;</p> <p>(b) In the circumstances set out in subsection (1), the capital add-on shall be proportionate to the material risks arising from the deficiencies which gave rise to the decision of the supervisory authority to set the add-on.</p> <p>(3) In the cases referred to in paragraphs (b) and (c) of subsection (1), the Superintendent shall ensure that the insurance or reinsurance undertaking makes every effort to remedy the deficiencies that led to imposing the capital add-on.</p> <p>(4) The Superintendent shall review at least once a year the capital add-on referred to in subsection (1), and decides on whether it shall be removed when the undertaking has remedied the deficiencies which led to its imposition.</p> <p>(5) The Solvency Capital Requirement including the capital add-on imposed shall replace the inadequate Solvency Capital Requirement.</p> <p>(6) Provided that regardless of the provisions in subsection (1), the Solvency Capital Requirement shall not include the capital add-on imposed in accordance with paragraph (c), of subsection (1) for the purposes of the calculation of the risk margin referred to in subsection (9) of section 79 of this Law.</p> <p>(6) The Superintendent exercises his supervisory responsibility under this section in accordance with implementing measures with regard to the particulars in relation to the circumstances under which he may impose a capital add-on and the methodologies for the calculation of the capital add-on and implementing technical standards that determine the process for taking decisions with regard to the determination, the calculation and repealing capital add-on requirements.</p>
Supervision of outsourced functions and activities.	<p>41.-(1) Without prejudice to the provisions in section 50 of this Law, insurance and reinsurance undertakings which outsource a function or an insurance or reinsurance activity shall take the necessary steps to ensure that the following conditions are satisfied:</p> <p>(a) the service provider must cooperate with the Superintendent in connection with the outsourced function or activity;</p> <p>(b) the insurance and reinsurance undertakings and their auditors demonstrate to the Superintendent that they have effective access to data related to the outsourced functions or activities and the Superintendent also has effective access;</p> <p>(c) the Superintendent must have effective access to the business premises of the service provider in the same manner that he has access to the premises of an insurance and reinsurance undertaking in accordance with the provisions of this Law.</p> <p>(2) Where the service provider is located in another member state, the Superintendent shall carry out himself, or through persons they appoint</p>



<p>Official Journal of the EU, L.335, 17.12.2009, p. 1.</p>	<p>for that purpose, on-site inspections at the premises of the service provider, after having first inform the competent authority of the member state of the service provider prior to conducting the on-site inspection.</p> <p>Provided that, in the case of a non-supervised entity, the competent authority shall be the supervisory authority of the member state of the service provider.</p> <p>Provided further that the Superintendent may delegate the responsibility for carrying out on-site inspections to the supervisory authorities of the member state where the service provider is located.</p> <p>(3) In the cases of on-site inspections under subsection (2), if the Superintendent, despite the fact that he has informed the appropriate authority of the member state of the service provider that he intends to carry out an on-site inspection or is carrying out an on-site inspection and is unable in practice to exercise his rights to carry out this on-site inspection, he may refer the matter to EIOPC and seek its assistance in accordance with the provisions of section 19 of regulation (EU) number 1094/2010.</p> <p>(4) In the case of insurance and reinsurance undertakings that are subject to the supervisory authority of another member state and which outsource a responsibility or an insurance or reinsurance activity to a service provider located in the Republic, the Superintendent may carry out an on-site inspection of the service provider, provided this has been delegated by the supervisory authority of the home member state of the insurance and reinsurance undertaking:</p> <p>Provided that, in the case of an entity that is not subject to supervision, the Superintendent is the competent authority.</p> <p>(5) In cases of on-site inspections that are carried out jointly between the Superintendent and the supervisory authority of another member state under the provisions of this section, EIOPC is entitled to participate.</p>
<p>CHAPTER FOUR CONDITIONS GOVERNING ACTIVITIES SECTION 1 BOARD OF DIRECTORS AND ITS RESPONSIBILITY</p>	
<p>Responsibility of Board of Directors.</p>	<p>42. The board of directors of an insurance or reinsurance undertaking has the ultimate responsibility for the compliance, by the undertaking concerned, with the provisions of this Law and the Regulations issued there under, that are submitted to the House of Representatives for approval, and with any other legislative, regulatory and administrative provisions issued with on a national or European level with regard to the pursuit of insurance or reinsurance operations.</p>
<p>SECTION 2 SYSTEM OF GOVERNANCE</p>	
<p>General governance requirements.</p>	<p>43.-(1) Insurance and reinsurance undertakings shall have in place an effective system of governance which provides for sound and prudent management of the business, with a clear allocation and appropriate segregation of responsibilities and an effective system for ensuring the</p>

	<p>transmission of information, including compliance with the requirements laid down in sections 44 to 49 of this Law, including the procedures followed so that the system of governance is subject to regular internal review by the undertaking.</p> <p>(2) The system of governance in subsection (1) shall be proportionate to the nature, scale and complexity of the operations of the insurance or reinsurance undertaking.</p> <p>(3) Insurance and reinsurance undertakings shall have written policies in relation to at least risk management, internal control, internal audit and, where relevant, outsourcing and shall take the appropriate measures to implement such policies.</p> <p>(4) Those written policies in subsection (3) shall be reviewed at least annually and they shall be subject to prior approval by the board of directors and be adapted in view of any significant change in the system or area concerned.</p> <p>(5) Insurance and reinsurance undertakings shall take reasonable steps to ensure continuity and regularity in the performance of their activities, including the development of contingency plans and for this purpose, the undertaking shall employ appropriate and proportionate systems, resources and procedures.</p> <p>(6) The Superintendent shall verify the system of governance of insurance and reinsurance undertakings and shall assess the emerging risks identified by those undertakings which may affect their financial soundness and may request from the undertakings, and they shall comply, to review or amend the system of governance so that it is improved and strengthened to ensure compliance with the requirements laid down in sections 51 to 57 of this Law.</p> <p>(7) The Superintendent may, when deemed necessary, request the insurance or reinsurance undertakings to submit any particulars referred to in subsections (1) to (5) for the purpose of exercising his powers under subsection (6).</p> <p>(8) No insurance or reinsurance undertaking is permitted to grant any loans or temporary benefits, excluding loans granted by an insurance undertaking with regard to life policies within the scope of their acquisition value, even if these are secured with a mortgage, personal guarantee or otherwise, to any member of the board of directors of the undertaking, manager, representative, actuary, auditor, or employee of the undertaking or to any other person who has effective control of the undertaking, or to any parent, spouse, child, brother or sister of the above or to any other company or organisation in which any of the abovementioned persons holds a post of director, manager, representative, actuary, auditor, employee or otherwise exercises effective control:</p> <p>Provided that for the purposes of this subsection 'child' includes a stepchild and adopted child:</p> <p>Provided further that anything provided in this subsection does not apply:</p>
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	<p>(i) in relation to loans granted by an insurance or reinsurance undertaking to any employee of the undertaking, for the purposes and according to the terms laid down in Regulations issued under this Law and are submitted to the House of Representatives for approval, or</p> <p>(ii) in relation to loans granted by an insurance or reinsurance undertaking to its subsidiary company or to any other company that belongs to the same group, provided that the said loans shall not be granted, directly or indirectly, to any of the natural persons referred to in this subsection and in relation to which under this subsection the granting of loans by an insurance or reinsurance undertaking is prohibited.</p>
<p>Fit and proper requirements for persons who effectively run the undertaking or have other key functions.</p>	<p>44.-(1) Insurance and reinsurance undertakings shall ensure that all persons on the board of directors and any other persons who effectively run the undertaking or have other key functions at all times fulfil the following requirements:</p> <p>(a) their professional qualifications, knowledge and experience are adequate to enable sound and prudent management (fit); and</p> <p>(b) they are of good repute and integrity (ethos).</p> <p>(2) The Superintendent shall consider in every case if and to what extent the conditions in subsection (1) are being met, taking into particular account whether the said persons are honest, of good repute, have specialised knowledge and experience in their field and are of good financial standing:</p> <p>Provided that, in every case, a person in subsection (1):</p> <p>(a) is not considered to have ethics where he has been convicted for forgery, theft, fraud, unlawful misappropriation, usury, avarice, blackmail, bribery, smuggling, extortion under false pretences, premeditated murder, manslaughter, rape, moral turpitude offenses or other related offences;</p> <p>(b) is not considered of good financial standing if he has been declared bankrupt:</p> <p>Provided further that a person in subsection (1) is not considered to meet the conditions in the said subsection if he previously held a qualifying holding or a managerial position in an insurance undertaking or other related undertaking in the financial sector, which undertaking had its authorisation withdrawn by any law for a serious breach of its obligations, unless it is proven that it did not consent to or collaborated in the breach.</p> <p>(3) Regulations that are submitted to the House of Representatives for approval, determine the supporting documentation that insurance and reinsurance undertakings must produce to prove the ability and suitability of the persons in subsection (1).</p> <p>(4) Except for directors of an insurance undertaking that do not have an executive role, the other members of the board of directors of the undertaking are obliged to have their habitual residence in the Republic:</p> <p>Provided that the Superintendent may permit that certain members of</p>

the board of directors have the habitual residence outside the Republic, if it is deemed that this does not adversely affect the proper functioning of the undertaking.

(5) The Superintendent shall be notified of the identity of the persons in subsection (1) of the undertaking in the prescribed form, for approval, when submitting the application for authorisation to pursue insurance business.

(6)(a) The Superintendent shall also be notified for approval, in the prescribed form, of every subsequent additional appointment or replacement, every voluntary withdrawal or termination of services or replacement and generally of any change of the persons in subsection (1), within one month of the occurrence of the appointment, withdrawal, termination of services or any other change. Where the Superintendent objects to the appointment of any person on the grounds that such person does not meet the requisite qualifications, he is obliged to communicate the same in a justified decision to the insurance or reinsurance undertaking, within one month from the date such appointment was notified:

Provided that the decision of the Superintendent may be challenged before the Permanent Secretary, in accordance with the provisions of section 347 of this Law:

Provided further that the abovementioned decision of the Superintendent may be challenged directly with a recourse in accordance with article 146 of the Constitution.

(b) The negative decision of the Permanent Secretary on the recourse exercised in accordance with paragraph (a), may be challenged with a recourse under article 146 of the Constitution:

Provided that pending the decision of the Permanent Secretary, no recourse, in accordance with article 146 of the Constitution, may be exercised.

(7) Insurance and reinsurance undertakings shall notify the Superintendent if any person in subsection (1) has withdrawn, resigned, ceased or replaced, and at the same time shall communicate any other information that is necessary for the Superintendent to assess whether the new persons who have been appointed to run the management of the undertaking meet the requirements as to ability and ethos in this section.

(8) For the purposes of this section, the persons referred to in subsection (1), are:

(a) the directors of the undertaking, including the executive chairman and managing director;

(b) the senior executive officer of the undertaking, who is responsible for managing its entire insurance business, within the scope of the decisions of its board of directors;

(c) the general manager of the undertaking, provided his duties are not carried out by one of the persons referred to in paragraphs (a) and (b) above; and

	(d) any other person who in the opinion of the Superintendent, due to the nature of the duties performed in the undertaking, is in a position to influence the taking of decisions or the entire policy of the undertaking.
Risk management.	<p>45.-(1) Insurance and reinsurance undertakings shall have in place an effective risk-management system comprising strategies, processes and reporting procedures necessary to identify, measure, monitor, manage and report, on a continuous basis the risks, at an individual and at an aggregated level, to which they are or could be exposed, and their interdependencies.</p> <p>(2) That risk-management system shall be effective and well integrated into the organisational structure and in the decision-making processes of the insurance or reinsurance undertaking with proper consideration of the persons who effectively run the undertaking or have other key functions.</p> <p>(3) The risk-management system shall cover the risks to be included in the calculation of the solvency capital requirement as set out in paragraph (d) of subsection (1) of section 107 of this Law, as well as the risks which are not or not fully included in the calculation thereof and shall cover at least the following areas:</p> <ul style="list-style-type: none"> <li>(a) underwriting and reserving;</li> <li>(b) asset-liability management;</li> <li>(c) investment, in particular derivatives and similar commitments;</li> <li>(d) liquidity and concentration risk management;</li> <li>(e) operational risk management;</li> <li>(f) reinsurance and other risk-mitigation techniques.</li> </ul> <p>(4) The written policy on risk management referred to in subsection (3) of section 43 of this Law, shall comprise policies relating to points (a) to (f) of the said subsection.</p> <p>(5) When the insurance or reinsurance undertaking applies the rate adjustment for matching assets and liabilities referred to in section 81, or the adjustment due to volatility referred to in section 83 of this Law, they prepare a liquidity plan with projections of incoming and outgoing cash flows with regard to the assets and liabilities that are subject to these adjustments.</p> <p>(6) With regard to the asset-liability management, the insurance and reinsurance undertakings shall regularly assess –</p> <ul style="list-style-type: none"> <li>(a) the sensitivity of technical provisions and their eligible own funds to the assumptions underlying the extrapolation of the risk-free interest rate term structure referred to in section 80 of this Law;</li> <li>(b) when applying the rate adjustment for matching assets and liabilities referred to in section 81 of this Law – <ul style="list-style-type: none"> <li>(i) the sensitivity of technical provisions and their eligible own funds to the assumptions on which the calculation of the rate adjustment for matching assets and liabilities, including the calculation of the basic credit margin referred to in paragraph (b) of subsection (1) of section 82 and the potential impact a forced sale of assets may have on their eligible own funds;</li> </ul> </li> </ul>

(ii) the sensitivity of technical provisions and their eligible own funds to changes to the composition of bound portfolio assets;

(iii) the impact of a reduction in the adjustment due to the adjustment for matching assets and liabilities to zero;

(c) When applying the adjustment due to the volatility referred to in section 83 of this Law -

(i) the sensitivity of technical provisions and their eligible own funds to the assumptions on which the calculation of the rate adjustment for variations and the potential impact a forced sale of assets may have on their eligible own funds;

(ii) the impact of a reduction in the adjustment due to volatility to zero;

(7) Insurance and reinsurance undertakings submit the assessments in paragraphs (a), (b) and (c) of subsection (6) on an annual basis to the Superintendent, as Part of the information they submit under section 38 of this Law.

(8) In cases where the reduction to the adjustment rate, due to matching assets and liabilities or to the adjustment rate due to volatility to zero, would result in the non-compliance to the solvency capital requirement, the undertaking also submits an analysis of the measures that it could apply in such a case to recover the level of eligible own funds that cover the solvency capital requirement or to reduce its risk profile to restore compliance to the solvency capital requirement.

(9) When applying the adjustment rate due to volatility referred to in section 83 of this Law, the written risk management policy referred to in subsection (3) of section 43 of this Law, shall include a policy with regard to the criteria in applying the adjustment rate due to volatility.

(10) With regard to the investment risk, insurance and reinsurance undertakings shall demonstrate that they comply with the Sixth Chapter, Section 6, of this Law.

(11) Insurance and reinsurance undertakings shall provide for a risk-management function which shall be structured in such a way as to facilitate the implementation of the risk-management system.

(12) Insurance and reinsurance undertakings using external credit ratings in the calculation of technical provisions and the solvency capital requirement, to avoid excessive dependence on external credit rating agencies, rate the suitability of such external ratings in the scope of their risk management, by using additional ratings where practical, in order to avoid any automatic dependence on external ratings. The aforesaid rating is carried out in accordance with implementing technical standards issued by the European Commission.

(13) For insurance and reinsurance undertakings using a partial or full internal model approved in accordance with sections 119 and 120 of this Law, the risk-management function shall cover the following additional tasks:

(a) to design and implement the internal model;

(b) to test and validate the internal model;

(c) to document the internal model and any subsequent changes

	<p>made to it;</p> <p>(d) to analyse the performance of the internal model and to produce summary reports thereof;</p> <p>(e) to inform the administrative, management or supervisory body about the performance of the internal model, suggesting areas needing improvement, and up-dating that body on the status of efforts to improve previously identified weaknesses.</p>
<p>Own risk and solvency assessment.</p>	<p>46.-(1) As part of its risk-management system every insurance undertaking and reinsurance undertaking shall conduct its own risk and solvency assessment, which shall include at least the following:</p> <p>(a) the overall solvency needs taking into account the specific risk profile, approved risk tolerance limits and the business strategy of the undertaking;</p> <p>(b) the compliance, on a continuous basis, with the capital requirements, as laid down in the Sixth Chapter, Sections 4 and 5 of this Part and with the requirements regarding technical provisions, as laid down in the Sixth Chapter, Section 2 of this Part;</p> <p>(c) the significance with which the risk profile of the undertaking concerned deviates from the assumptions underlying the solvency capital requirement as laid down in paragraphs (b) and (c) of subsection (1) of section 107 of this Law, calculated with the standard formula in accordance with the Sixth Chapter, Section 4, Subsection 2 of this Part or with its partial or full internal model in accordance with the Sixth Chapter, Section 4, Subsection 3 of this Part.</p> <p>(2) For the purposes of paragraph (a) of subsection (1), the undertaking concerned shall have in place processes which are proportionate to the nature, scale and complexity of the risks inherent in its business and which enable it to properly identify and assess the risks it faces in the short and long term and to which it is or could be exposed and shall demonstrate the methods used in that assessment.</p> <p>(3) When an insurance or reinsurance undertaking applies the adjustment rate due to matching assets and liabilities referred to in section 81, the adjustment rate due to volatility referred to in section 83 or the transitional measures referred to in sections 422 and 423 in this Law, it conducts an assessment of compliance with capital requirements referred to in paragraph (b) of subsection (1) taking into account and not taking into account these adjustments and transitional measures.</p> <p>(4) In the case referred to in paragraph (c) of subsection (1), when an internal model is used, the assessment shall be performed together with the recalibration that transforms the internal risk numbers into the solvency capital requirement risk measure and calibration of the solvency capital requirement.</p> <p>(5) The own-risk and solvency assessment shall be an integral part of the business strategy and shall be taken into account on an ongoing basis in the strategic decisions of the undertaking.</p> <p>(6) Insurance and reinsurance undertakings shall perform the assessment</p>

	<p>referred to in subsection (1) regularly and without any delay following any significant change in their risk profile.</p> <p>(7) The insurance and reinsurance undertakings shall inform the Superintendent of the results of each own-risk and solvency assessment as part of the information reported under section 38 of this Law.</p> <p>(8) The own-risk and solvency assessment shall not serve to calculate a capital requirement:  Provided that the solvency capital requirements shall be adjusted only in accordance with sections 40, 270 to 272 and 277 of this Law.</p>
Internal control systems.	<p>47.-(1) Insurance and reinsurance undertakings shall have in place an effective internal control system which shall at least include administrative and accounting procedures, an internal control framework, appropriate reporting arrangements at all levels of the undertaking and a compliance function.</p> <p>(2) The compliance function shall include advising the board of directors of the undertaking on compliance with the laws, regulations and administrative provisions issued under this Law, including an assessment of the possible impact of any changes in the legal environment on the operations of the undertaking concerned and the identification and assessment of compliance risk.</p>
Internal audit.	<p>48.-(1) Insurance and reinsurance undertakings shall provide for an effective internal audit function, which shall include an evaluation of the adequacy and effectiveness of the internal control system and other elements of the system of governance.</p> <p>(2) The internal audit function shall be objective and independent from the operational functions.</p> <p>(3) Any findings and recommendations of the internal audit shall be reported to the board of directors of the undertaking, which shall determine what actions are to be taken with respect to each of the internal audit findings and recommendations and shall ensure that those actions are carried out.</p>
Actuarial function.	<p>49.-(1) Insurance and reinsurance undertakings shall provide for an effective actuarial function to:</p> <ul style="list-style-type: none"> <li>(a) coordinate the calculation of technical provisions;</li> <li>(b) ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;</li> <li>(c) assess the sufficiency and quality of the data used in the calculation of technical provisions;</li> <li>(d) compare best estimates against experience;</li> <li>(e) inform the board of directors of the reliability and adequacy of the calculation of technical provisions;</li> <li>(f) oversee the calculation of technical provisions in the cases referred to in section 88 of this Law;</li> <li>(g) express an opinion on the overall underwriting policy;</li> <li>(h) express an opinion on the adequacy of reinsurance arrangements;</li> </ul> <p>and</p>



(i) contribute to the effective implementation of the risk-management system referred to in section 45, in particular with respect to the risk modelling underlying the calculation of the capital requirements set out in the Sixth Chapter, Sections 4 and 5 of this Part, and to the assessment referred to in section 46 of this Law.

(2) The actuarial function shall be carried out by persons who have knowledge of actuarial and financial mathematics, commensurate with the nature, scale and complexity of the risks inherent in the business of the insurance or reinsurance undertaking, and who are able to demonstrate their relevant experience with applicable professional and other standards that are determined with Regulations submitted to the House of Representatives for approval.

(3) The appointment of the person carrying out the actuarial function according to the provisions of the section is announced in writing to the Superintendent within fifteen days of the appointment. The document regarding the announcement states the day of the appointment, the name and qualifications of the person appointed and that they meet the requirements in subsection (2).

(4) In the case where the appointment of the person who carries out the actuarial function is terminated for whatever reason, the insurance or reinsurance undertaking, within sixty days, shall appoint another person, as a replacement.

(5) The termination of the appointment of the person carrying out the actuarial function is announced in writing to the Superintendent, by the insurance or reinsurance undertaking and by the person themselves, within fifteen days, from the termination. In the document the reasons why the appointment was terminated shall be stated and the Superintendent may request further clarifications for such reasons, either by the person themselves or by the insurance or reinsurance undertaking concerned.

(6) Where the Superintendent objects to the appointment of the person carrying out the actuarial function he shall notify his decision in writing to the insurance or reinsurance undertaking and in such a case the insurance or reinsurance undertaking shall within thirty days appoint a new person.

(7) The insurance or reinsurance undertaking that fails, without reasonable cause, to appoint a person to carry out the actuarial function within the time frame determined in this section, is not permitted to pursue new insurance business, until such an appointment is made and any breach of the provisions of this subsection enforces the imposition of an administrative fine by the Superintendent.

(8)(a) The decision of the Superintendent not approving the person who shall be carrying out the actuarial function may be challenged before the Permanent Secretary according to the provisions of section 347 of this Law:

Provided that the above decision may be challenged directly with a recourse in accordance with Article 146 of the Constitution.

	<p>(b) The negative decision of the Permanent Secretary that is challenged with a recourse in accordance with paragraph (a) may be challenged with a recourse in accordance with article 146 of the Constitution: Provided that pending the decision of the Permanent Secretary, no recourse may be exercised in accordance with article 146 of the Constitution.</p>
Outsourcing	<p>50.-(1) Regardless as to whether insurance and reinsurance undertakings outsource operational functions or other types of insurance or reinsurance activities, these remain fully responsible for discharging all of their obligations under this Law and under the Regulations that are submitted to the House of Representatives for approval or any other implementing measures issued by the European Commission.</p> <p>(2) Insurance and reinsurance undertakings shall ensure that any outsourcing of critical or important operational functions or activities shall not be undertaken in such a way as to lead to any of the following:</p> <p>(a) materially impairing the quality of the system of governance of the undertaking concerned;</p> <p>(b) unduly increasing the operational risk;</p> <p>(c) impairing the ability of the Superintendent to monitor the compliance of the undertaking with its obligations;</p> <p>(d) undermining continuous and satisfactory service to policy holders.</p> <p>(3) Insurance and reinsurance undertakings shall, in a timely manner, notify the Superintendent prior to the outsourcing of critical or important functions or activities as well as of any subsequent material developments with respect to those functions or activities.</p> <p>(4) The Superintendent may, in the case where he deems that the outsourcing of critical or important functions or activities shall lead to the situations referred to in subsection (2), not permit the outsourcing and to request the undertaking to cancel any outsourcing agreement. Failure to comply with the decision of the Superintendent that is taken under this subsection, enforces the imposition of an administrative fine by the Superintendent.</p>
Delegated acts of the Commission and regulatory technical standards.	<p>51.-(1) The Superintendent, in the exercise of his supervisory control, under this Section, implements delegated acts with regard to –</p> <p>(a) the elements of the systems referred to in sections 43, 45, 47 and 49 of this Law, and in particular the areas to be covered by the asset-liability management and investment policy, as referred to in subsection of section 45, of insurance and reinsurance undertakings;</p> <p>(b) the functions referred to in sections 45, 47, 48 and 49 of this Law.</p> <p>(2) The Superintendent, in the exercise of his supervisory control under this Section, implements regulatory technical standards, with regard to –</p> <p>(a) the requirements set out in section 44 of this law and the functions subject thereto;</p> <p>(b) the conditions under which outsourcing, in particular to service providers located in third countries, may be performed.</p> <p>(3) The Superintendent, when exercising supervision with regard to the internal risk assessment and solvency that insurance and reinsurance</p>

		undertakings must carry out in accordance with the provisions of paragraph (a) of subsection (1) of section 46, implements the regulatory technical standards.
SECTION 3 PUBLIC DISCLOSURE		
Report on solvency and financial condition: contents.	on and	<p>52.-(1) Insurance and reinsurance undertakings shall disclose publicly, on an annual basis, a report on their solvency and financial condition, taking into account the information required in subsection (3) and the authorities set out in section 38 of this Law.</p> <p>(2) The report referred to in subsection (1) shall contain the following information, either in full or by way of references to equivalent information, both in nature and scope, disclosed publicly under other provisions of this Law:</p> <p>(a) a description of the business and the performance of the undertaking;</p> <p>(b) a description of the system of governance and an assessment of its adequacy for the risk profile of the undertaking;</p> <p>(c) a description, separately for each category of risk, of the risk exposure, concentration, mitigation and sensitivity;</p> <p>(d) a description, separately for assets, technical provisions, and other liabilities, of the bases and methods used for their valuation, together with an explanation of any major differences in the bases and methods used for their valuation in financial statements;</p> <p>(e) a description of the capital management, including at least the following:</p> <p>(i) the structure and amount of own funds, and their quality;</p> <p>(ii) the amounts of the minimum capital requirements and solvency capital requirement;</p> <p>(iii) the option set out in section 417 of this Law used for the calculation of the solvency capital requirement;</p> <p>(iv) information allowing a proper understanding of the main differences between the underlying assumptions of the standard formula and those of any internal model used by the undertaking for the calculation of its solvency capital requirement;</p> <p>(v) the amount of any non-compliance with the minimum capital requirement or any significant non-compliance with the solvency capital requirement during the reporting period, even if subsequently resolved, with an explanation of its origin and consequences as well as any remedial measures taken.</p> <p>(3) When applying the rate of adjustment for matching assets and liabilities referred to in section 81 of this Law, the description referred to in paragraph (d) of subsection (2) includes a description of the rate of adjustment due to matching and the portfolio of liabilities and bound assets to which the rate of adjustment applies due to matching, and the quantification of the impact that the variation of the rate of adjustment would have on the financial situation of the undertaking quantification of the impact for matching assets and liabilities to zero including the</p>

	<p>statement as to whether the undertaking uses the rate of adjustment due to volatility referred to in section 83 and the quantification of the impact the variation of the rate of adjustment due to volatility to zero would have had on the financial situation of the undertaking.</p> <p>(4) The description referred to in subparagraph (i) of paragraph (e) of subsection (2) shall include an analysis of any significant changes as compared to the previous reporting period and an explanation of any major differences in relation to the value of such elements in financial statements, and a brief description of the capital transferability.</p> <p>(5) The disclosure of the solvency capital requirement referred to in subparagraph (ii) of paragraph (e) of subsection (2) shall show separately the amount calculated in accordance with the Sixth Chapter, Section 4, Subsections 2 and 3 of this Part and any capital add-on imposed in accordance with section 40 or the impact of the specific parameters the insurance or reinsurance undertaking is required to use in accordance with section 117 of this Law, together with concise information on its justification by the Superintendent:</p> <p>Provided that, without prejudice to any provisions of this Law or under any Regulations issued there under that are submitted to the House of Representatives for approval, or any other implementing measures or regulatory or implementing technical provisions taken on a national or European level with regard to any disclosure that is mandatory and regardless of the provisions of subparagraph (ii) of paragraph (e) of subsection (2), the capital add-on or the impact of the specific parameters the insurance or reinsurance undertaking is required to use in accordance with section 117 need not be separately disclosed during a transitional period ending no later than 31 December 2020.</p> <p>(6) The disclosure of the solvency capital requirement shall be accompanied, where applicable, by an indication that its final amount is still subject to supervisory assessment by the Superintendent.</p>
<p>Information by EIOPA.</p>	<p>53. Without prejudice to article 35 of Regulation (EU) no. 1094/2010, the Superintendent shall provide the following information to EIOPA on an annual basis:</p> <p>(a) the average capital add-on per undertaking and the distribution of capital add-ons imposed by the supervisory authority during the previous year, measured as a percentage of the solvency capital requirement, shown separately as follows:</p> <ul style="list-style-type: none"> <li>(i) for all insurance and reinsurance undertakings;</li> <li>(ii) for life insurance undertakings;</li> <li>(iii) for non-life insurance undertakings;</li> <li>(iii) for insurance undertakings pursuing both life and non-life activities;</li> <li>(iv) for reinsurance undertakings;</li> </ul> <p>(b) for each of the disclosures set out in paragraph (a) of this section, the proportion of capital add-ons imposed under paragraphs (a), (b) and (c) respectively of subsection (1) of section 40 of this Law.</p> <p>(c) the number of insurance and reinsurance undertakings that benefit from the limitation of the supervisory reporting and the number of</p>

		<p>insurance and reinsurance undertakings that are exempt from submitting analytical information per element referred to in subsection (6) and (7) of section 38 of this Law, together with the volume of their capital requirements, their premiums, the technical provisions and their assets calculated respectively as percentages of the total volume of their capital requirements, the premiums, the technical provisions and the assets of insurance and reinsurance undertakings in the member state.</p> <p>(d) The number of groups that benefit from the limitation of the supervisory reporting and the number of groups that are exempt from submitting analytical information per element referred to in subsection (2) of section 293 of this Law, together with the volume of their capital requirements, their premiums, the technical provisions and their assets calculated respectively as percentages of the total volume of their capital requirements, the premiums, the technical provisions and the assets of all the groups.</p>
Report on solvency and financial condition: applicable principles.	on and	<p>54.-(1) The Superintendent shall permit insurance or reinsurance undertakings not to disclose information where:</p> <p>(a) by disclosing such information, the competitors of the undertaking would gain significant undue advantage;</p> <p>(b) there are obligations to policy holders or other counterparty relationships binding an undertaking to secrecy or confidentiality.</p> <p>(2) Where non-disclosure of information is permitted by the Superintendent, undertakings shall make a statement to this effect in their report on solvency and financial condition and shall state the reasons.</p> <p>(3) The Superintendent shall permit insurance and reinsurance undertakings, to make use of – or refer to – public disclosures made under other provisions in this Law or under the Regulations issued under the same, that were submitted to the House of Representatives for approval or other regulatory requirements of European law, to the extent that those disclosures are equivalent to the information required under Section 52 of this Law, in both their nature and scope.</p> <p>(4) The provisions in subsections (1) and (2) shall not apply to the information referred to in paragraph (e) of subsection (2) of section 52 of this Law.</p>
Report on solvency and financial condition: updates and additional voluntary information	on and	<p>55.-(1) In the event of any major development affecting significantly the relevance of the information disclosed in accordance with articles 51 and 54 of this Law, insurance and reinsurance undertakings shall disclose appropriate information on the nature and effects of that major development.</p> <p>(2) For the purposes of the subsection (1), at least the following shall be regarded as major developments:</p> <p>(a) non-compliance with the Minimum Capital Requirement is observed and the Superintendent either considers that the undertaking will not be able to submit a realistic short-term finance scheme or does not obtain such a scheme within one month of the date when non-compliance</p>

		<p>was observed, and in such a case the Superintendent shall require the undertaking concerned to disclose immediately the amount of non-compliance, together with an explanation of its origin and consequences, including any remedial measure taken. Where, in spite of a short-term finance scheme initially considered to be realistic, non-compliance with the Minimum Capital Requirement has not been resolved three months after its observation, it shall be disclosed at the end of that period, together with an explanation of its origin and consequences, including any remedial measures taken as well as any further remedial measures planned.</p> <p>(b) significant non-compliance with the Solvency Capital Requirement is observed and the Superintendent does not obtain a realistic recovery plan within two months of the date when non-compliance was observed, and in such a case the Superintendent shall require the undertaking concerned to disclose immediately the amount of non-compliance, together with an explanation of its origin and consequences, including any remedial measure taken. Where, in spite of a short-term finance scheme initially considered to be realistic, non-compliance with the Minimum Capital Requirement has not been resolved within six months after its observation, it shall be disclosed at the end of that period, together with an explanation of its origin and consequences, including any remedial measures taken as well as any further remedial measures planned.</p> <p>(3) Insurance and reinsurance undertakings may disclose, on a voluntary basis, any information or explanation related to their solvency and financial condition which is not already required to be disclosed in accordance with the provisions of articles 52 and 54 of this Law.</p>
Report on solvency and financial condition: policy and approval.	on and	<p>56.-(1) Insurance or reinsurance undertakings are required to have appropriate systems and structures in place to fulfil the requirements laid down in articles 59 and 61 and in subsection (1) of section 62 of this Law, as well as to have a written policy ensuring the ongoing appropriateness of any information disclosed in accordance with articles 59, 61 and 62.</p> <p>2. The solvency and financial condition report shall be subject to approval by the board of directors of the insurance or reinsurance undertaking and be published only after that approval.</p>
Report on solvency and financial condition.	on and	<p>57. In the exercise of his supervisory competency under this Section, the Superintendant shall implement the relevant implementing measures and implementing technical standards.</p>
<p>SECTION 4 QUALIFYING HOLDINGS</p>		
Acquisition or termination or reduction of holdings.	or or of	<p>58.-(1) Any natural or legal person (hereinafter, the 'proposed acquirer'), or such persons acting in concert, who have taken a decision either to acquire, directly or indirectly, a qualifying holding, within the meaning of this Law, in the capital or the voting rights in an insurance or reinsurance undertaking or to further increase, directly or indirectly, such a qualifying holding in an insurance or reinsurance undertaking as a result of which</p>

	<p>the proportion of the voting rights or of the capital held would reach or exceed 20%, 30% or 50% or so that the insurance or reinsurance undertaking would become its subsidiary (the proposed acquisition), first to notify in writing the Superintendent for approval, indicating the size of the intended holding and relevant information, as referred to in subsection (4) of section 60 of this Law.</p> <p>(2) Any natural or legal person who has taken a decision to dispose, directly or indirectly, of a qualifying holding in an insurance or reinsurance undertaking, first to notify in writing the Superintendent, indicating the size of his holding after the intended disposal by the person concerned.</p> <p>(3) Any natural or legal person referred to in subsection (2) and who has taken a decision to reduce his qualifying notice so that the proportion of the voting rights or of the capital held would fall below 20%, 30% or 50% or so that the insurance or reinsurance undertaking would cease to be a subsidiary of that person, shall likewise notify in writing the Superintendent of his decision indicating the size of his holding after the intended disposal by the person concerned.</p>
Assessment period.	<p>59.-(1) The Superintendent shall, promptly and in any event within two working days following receipt of the notification required under subsection (1) of section 58 of this Law, as well as following the possible subsequent receipt of the information referred to in the said section, notify in writing receipt thereof in writing to the proposed acquirer as well as with regard to the date the the assessment period expires as provided for in subsection (2).</p> <p>(2) The Superintendent shall have a maximum of sixty working days ('assessment period') as from the date of the written acknowledgement of receipt of the notification and all documents required to be attached to the notification on the basis of the list referred to in subsection (4) of section 60 of this Law, to carry out the assessment provided for in subsection (1) of the same section 60 ('the assessment').</p> <p>Provided that in the event that the holder of the qualifying holding is a legal person, the Superintendent has the following powers:</p> <p>(a) to request information as to the identity of natural persons, who directly or indirectly control, within the meaning of section 2 of this Law, the legal person; and</p> <p>(b) to request a notification of its financial statements, at the time of acquiring the qualifying holding and subsequently, if this is deemed necessary by the Superintendent, as well as when he makes the insurance or reinsurance undertaking his subsidiary, for the purpose of inspecting his financial situation:</p> <p>Provided further that, for the more effective inspection of the identity of natural persons, who have a qualifying holding in insurance or reinsurance undertakings, the Superintendent may request that certain percentages of the total of shares with voting rights belong to one or more natural persons, who have the prior approval of the Superintendent:</p>

<p>78(l) of 2012.  144(l) of 2007  106(l) of 2009  141(l) of 2012  154(l) of 2012  193(l) of 2014  74(l) of 1999  94(l) of 2000  119(l) of 2003  4(l) of 2004  151(l) of 2004  23(l) of 2004  235(l) of 2004  20(l) of 2005  80(l) of 2008  100(l) of 2009  123(l) of 2009  27(l) of 2011  104(l) of 2011  107(l) of 2012  19(l) of 2013  87(l) of 2013  102(l) of 2013  191(l) of 2013.</p>	<p>Provided even further that, within a period of sixty days, the Superintendent is entitled to carry out an investigation as to the suitability or to verify the suitability of the persons, who intend to acquire a holding, including the natural persons, who control the holding legal persons, to ensure the proper management of the insurance or reinsurance undertaking and for this purpose the Superintendent may liaise with other competent authorities within and outside the Republic.</p> <p>(3) The Superintendent may, during the assessment period, if necessary, and no later than on the fiftieth working day of the assessment period, request in writing any further information that is necessary to complete the assessment:</p> <p>Provided that, for the period between the date of request for information by the Superintendent and the receipt of a response thereto by the proposed acquirer, the assessment period shall be interrupted, for a period that shall not exceed twenty working days.</p> <p>Provided further that the Superintendent has the discretion to request further information or clarifications, but shall not result in an interruption of the assessment period.</p> <p>(4) The Superintendent may extend the interruption of the assessment period referred to in the first proviso of subsection (3) up to thirty working days if the proposed acquirer is:</p> <p>(a) is situated or regulated in a third country; or</p> <p>(b) is a natural or legal person not subject to supervision under this Law or under the Open-Ended Undertakings for Collective Investment Law of 2012 or the Investment Services and Activities and Regulated Markets Law of 2007 or the Business of Credit Institutions Law of 2007, as such Laws are amended or replaced.</p>
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	<p>(5)(a) If the Superintendent, upon completion of the assessment, decides to oppose the proposed acquisition, he shall, within two working days, and not exceeding the assessment period referred to in subsection (2), inform the proposed acquirer in writing stating the reasons:          Provided that, the reasons behind the decision may be made accessible to the public at the request of the proposed acquirer, whereas the Superintendent may, regardless of the request of the proposed acquirer, to make such disclosure of his refusal to grant his approval.</p> <p>(b) The decision of the Superintendent not to approve the proposed acquisition may be challenged before the Permanent Secretary in accordance with the provisions of section 347 of this Law:          Provided that the above decision of the Superintendent may be challenged directly with a recourse in accordance with article 146 of the Constitution.</p> <p>(c) The negative decision of the Permanent Secretary on a recourse according to paragraph (b), may be challenged with a recourse in accordance with article 146 of the Constitution:          Provided that pending the decision of the Permanent Secretary, no recourse may be filed under article 146 of the Constitution.</p> <p>(6) If the Superintendent does not oppose the proposed acquisition within the assessment period in writing, it shall be deemed to be approved.</p> <p>(7) The Superintendent having approved the acquisition for a qualifying holding may fix a maximum period for concluding the proposed acquisition and extend the period, if deemed necessary.</p> <p>(8) The Superintendent shall not impose requirements for the notification to and approval by of direct or indirect acquisitions of voting rights or capital that are more stringent than those set out in this Law.</p> <p>(9) Subject to the provisions in subsection (3), the proposed acquirers are obliged to include in their notification the information determined in subsection (4) of section 60 of this Law, according to the relevant regulatory standards.</p> <p>(10) When implementing this section, the relevant regulatory standards with regard to the adjustments of the criteria set out in subsection (1) of section 60 shall apply and the implementing technical provisions regarding the procedures, the format and templates, for consultation purposes between the competent authorities concerned as determined in section 61 of this Law.</p>
Assessment.	60.-(1) In assessing the notification provided for in subsection (1) of section 58 and the information referred to in subsection (2) of section 59 of this Law, the Superintendent shall, in order to ensure the sound and prudent management of the insurance or reinsurance undertaking in which an acquisition is proposed, and having regard to the likely influence of the proposed acquirer on the insurance or reinsurance undertaking, appraises the suitability of the proposed acquirer and the

<p>188(l) of 2007 58(l) of 2010 80(l) of 2012 192(l) of 2012 101(l) of 2013 184(l) of 2014.</p>	<p>financial soundness of the proposed acquisition against all of the following criteria:</p> <p>(a) the reputation of the proposed acquirer;</p> <p>(b) the reputation and experience of any person who will direct the business of the insurance or reinsurance undertaking as a result of the proposed acquisition;</p> <p>(c) the financial soundness of the proposed acquirer, in particular in relation to the type of business pursued or envisaged in the insurance or reinsurance undertaking in which the acquisition is proposed;</p> <p>(d) the ability of the insurance or reinsurance undertaking to comply and continue to comply with the prudential requirements under this Law, and, where applicable, other laws or directives issued by the Superintendent, and in particular, directives that regulate issues regarding the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate, in particular as to whether the group of which it will become part has a structure that makes it possible to exercise effective supervision, effectively exchange information among the supervisory authorities and determine the allocation of responsibilities among the supervisory authorities;</p> <p>(e) Whether there are reasonable grounds to suspect that, in connection with the proposed acquisition, money laundering or terrorist financing within the meaning of the Prevention and Suppression of Money Laundering and Unlawful Activities Laws of 2007 to 2014, as amended or replaced at any given time is being or has been committed or attempted, or that the proposed acquisition could increase the risk thereof.</p> <p>(2) The Superintendent may oppose the proposed acquisition only if there are reasonable grounds for doing so on the basis of the criteria set out in subsection (1) or if the information provided by the proposed acquirer is incomplete.</p> <p>(3) The Superintendent shall neither impose any prior conditions in respect of the level of holding that must be acquired nor allow the examination of the proposed acquisition in terms of the economic needs of the market.</p> <p>(4) The Superintendent shall make publicly available a list specifying the information that is necessary to carry out the assessment and that must be provided to the Superintendent at the time of notification referred to in subsection (1) of section 58 of this Law, which cannot include information that is not relevant with the prudential assessment and which shall be proportionate and adapted to the nature of the proposed acquirer and the proposed acquisition.</p> <p>(5) Notwithstanding the provisions in subsections (1) to (4) of section 59 of this Law, where two or more proposals to acquire or increase qualifying holdings in the same insurance or reinsurance undertaking have been notified to the Superintendent, the Superintendent shall treat the proposed acquirers in a non-discriminatory manner.</p>
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<p>Acquisition of holdings regulated by financial institutions.</p>	<p>61.-(1) The Superintendent shall work in full consultation with each other when carrying out the assessment if the proposed acquirer is one of the following:</p> <p>(a) a credit institution, insurance or reinsurance undertaking, an investment firm or a management company within the meaning of the Open-Ended Undertakings for Collective Investment Law of 2012, as amended or replaced at any given time, authorised in another Member State or in a sector other than that in which the acquisition is proposed;</p> <p>(b) the parent undertaking of a credit institution, insurance or reinsurance undertaking, investment firm or UCITS management company authorised in another Member State or in a sector other than that in which the acquisition is proposed; or</p> <p>(c) a natural or legal person controlling a credit institution, insurance or reinsurance undertaking, investment firm or UCITS management company authorised in another Member State or in a sector other than that in which the acquisition is proposed.</p> <p>(2) Where the supervisory authority of another member state requests consultations with regard to the notification for a qualifying holdings in an insurance or reinsurance undertaking that is subject to its supervision and the proposed acquirer is subject to the supervision of the Superintendent or the financial supervision of another authority in the Republic, the Superintendent shall provide, without undue delay, every essential or relevant information for the assessment for the acquisition, transmits, following the request of the other supervisory authority, every relevant information and notifies, at his own initiative, all the essential information, pointing out his views or reservations.</p>
<p>Information to the Superintendent by the insurance or reinsurance undertakings.</p>	<p>62.-(1) On becoming aware of them, the insurance or reinsurance undertaking that are subject to the supervision of the Superintendent, shall inform the Superintendent of any acquisitions or disposals of holdings in its capital that cause those holdings to exceed or fall below any of the thresholds referred to in section 58 and subsections (1) to (7) of section 59 of this Law.</p> <p>(2) The insurance or reinsurance undertaking that are subject to the supervision of the Superintendent shall also, at least once a year, inform the Superintendent of the names of shareholders or members possessing qualifying holdings and the sizes of such holdings as shown, for example, by the information received at annual general meetings of shareholders or members or as a result of compliance with the regulations relating to companies listed on stock exchanges.</p>
<p>63. Qualifying holdings and powers of the Superintendent.</p>	<p>63.-(1) If in the opinion of the Superintendent the influence exercised by the persons referred to in section 58 of this Law is likely to operate against the sound and prudent management of an insurance or reinsurance undertaking in which a qualifying holding is sought or increased, the Superintendent shall take appropriate measures to put an end to that situation and for this purpose, the Superintendent notifies the affected persons of their specific measures or omissions or the parallel activities in other sections that in his opinion is likely to operate</p>

against the sound and prudent management of an insurance or reinsurance undertaking and having heard their views, take appropriate corrective measures within a fixed time frame.

(2) Where a qualifying holding has been implemented or an existing qualifying holding has increased beyond the thresholds established in section 58 of this Law, either without prior notification to the Superintendent or without the approval for its implementation, beyond any other measures that may be taken by the Superintendent under subsection (5), ceases automatically to have any effect in exercising the voting rights arising from such qualification.

(3) The Superintendent, in his decision, may impose on those in possession of qualifying holdings who infringe the provisions of this section on qualifying holdings, the following sanctions individually or cumulatively –

(a) an administrative fine up to 10% of the value of the shares that were transferred, without complying with the provisions of the previous sections in this Section;

(b) the exclusion of such persons from the Board of Directors of the insurance or reinsurance undertaking, as well as from any managerial post in the company for a certain or indefinite period of time, in the case of natural persons.

(4) Where the notification of the change in the identity of a natural person who controls a legal person with a qualifying holding in an insurance company has omitted to be sent to the Superintendent, the exercise of the voting rights arising from the qualification of the legal person ceases to have any effect and with regard to the natural person the Superintendent may impose the sanction provided for in paragraph (b) of subsection (3).

(5) Where the obligation to notify under this section has been infringed, the Superintendent may impose an administrative fine up to 5% of the value of the shares that were transferred without the prior notification.

(6) In the case of non-compliance of a natural or legal person, who possesses a qualifying holding directly or indirectly in an insurance undertaking, with the provisions of subsection (1) the Superintendent may take the necessary measures to terminate the adverse influence that these persons exercise in directing the company and in particular –

(a) order their removal from the board of directors of the insurance undertaking and from any managerial post therein;

(b) suspend the exercise of voting rights arising from the shares such persons hold, until the conditions which determined the imposition of the particular measures are lifted;

(c) prohibit any new insurance undertaking transaction with such persons as well as to declare the loans that all the above persons have been granted by the insurance company as due and immediately payable.

(7)(a) Any decision of the Superintendent taken under this section may be challenged before the Permanent Secretary in accordance with the

	<p>provisions of section 347 of this Law:          Provided that the decision of the Superintendent may be challenged directly with a recourse in accordance with article 146 of the Constitution.</p> <p>(b) The negative decision of the Permanent Secretary on the recourse exercised in accordance with paragraph (a) may be challenged with a recourse in accordance with article 146 of the Constitution:          Provided that pending the decision of the Permanent Secretary, no recourse may be filed under article 146 of the Constitution.</p>
<p>Voting rights.          190(l) of 2007          72(l) of 2009          143(l) of 2012          60(l) of 2013          163(l) of 2014          164(l) of 2014.</p>	<p>64.-(1) For the purposes of this Section, the voting rights laid down in sections 28 and 30 of the Transparency Requirements (Traded Securities in a Regulated Market) Laws of 2007 to (No. 2) of 2014, as amended or replaced at any given time, as well as the conditions regarding aggregation thereof laid down in subsection (4) of section 32 and subsection (1) of section 345 of the said Laws shall be taken into account.</p> <p>(2) For the purposes of this Section, voting rights or shares which investment firms or credit institutions may hold as a result of providing the underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis included under point 6 of Section I of the Third Appendix of the Investment Services and Activities and Regulated Markets Law of 2007 to 2014, as amended re replaced at any given time, on condition that those rights are, on the one hand, not exercised or otherwise used to intervene in the management of the issuer and, on the other, disposed of within one year of acquisition shall not be taken into account.</p>
<p><b>SECTION 5</b>  <b>PROFESSIONAL SECRECY, EXCHANGE OF INFORMATION AND CONVERGENCE OF SUPERVISORY PRACTICES</b></p>	
<p>Obligation to be bound by professional secrecy.</p>	<p>65.-(1) Subject to the investigative powers of the European Council under article 226 of the Treaty on the Functioning of the European Union (TFEU), the Superintendent, the Deputy Superintendents as well as every person in the Service or any other person who has worked for the Superintendent, as well as auditors or experts acting on behalf of the Superintendent, are bound by the obligation of professional secrecy.</p> <p>(2) Without prejudice to the provisions of section 135 of the Criminal Code, any confidential information received by such persons referred to in subsection (1), whilst performing their duties shall not be divulged to any person or authority whatsoever, except in summary or aggregate form, such that individual insurance and reinsurance undertakings cannot be identified.</p> <p>(3) Regardless of the provisions of subsections (1) and (2), where an insurance or reinsurance undertaking has been wound-up or under winding-up, confidential information which does not concern third parties involved in attempts to rescue that undertaking may be divulged in civil proceedings.</p>
<p>Exchange of</p>	<p>66.-(1) The provisions in section 65 of this Law shall not preclude the</p>

<p>information between the Superintendent and the supervisory authorities of other member states and EIOPA.</p>	<p>exchange of information between the Superintendent and the supervisory authorities of other Member States but they are subject to the obligation of professional secrecy laid down in section 65.  (2) The Superintendent shall cooperate with EIOPA for the purposes of implementing this Law and provides EIOPA, without delay, all the information that is necessary for it to perform its work in accordance with Regulation (EU) no. 1094/2010.</p>
<p>Cooperation agreements with third countries.</p>	<p>67.-(1) The Republic may conclude cooperation agreements with third countries providing for the exchange of information with the Superintendent and the supervisory authorities of third countries or with authorities or bodies of third countries as defined in subsections (1) and (2) of section 69 of this Law, only if the information to be disclosed is subject to guarantees of professional secrecy at least equivalent to those referred to in this Section and provided that such exchange of information must be intended for the performance of the supervisory task of those authorities or bodies.  (2) Where the information to be disclosed by the Superintendent to a third country originates in another Member State, it shall not be disclosed without the express agreement of the supervisory authority of that Member State and, where appropriate, solely for the purposes for which that authority gave its agreement.  (3) The Superintendent exchanges information with supervisory authorities of third countries, with which EIOPA concludes agreements in accordance with what is included in such agreements.</p>
<p>Use of confidential information.</p>	<p>68.-(1) Subject to the investigative powers of the European Council under article 226 of the Treaty on the Functioning of the European Union (TFEU), the Superintendent when he receives confidential information under sections 65 or 66 of this Law, may use it only in the course of his duties and for the following purposes:  (a) to check that the conditions governing the taking-up of the business of insurance or reinsurance are met and to facilitate the monitoring of the conduct of such business, especially with regard to the monitoring of the technical provisions, the Solvency Capital Requirement, the Minimum Capital Requirement, and the system of governance;  (b) to impose sanctions, including charges by the Superintendent, to any other competent authorities, associations, organisations or bodies in the Republic or abroad when exercising his supervisory duties and his obligations to cooperate with other supervisory authorities in accordance with the provisions of this Law;  (c) for the purposes of any administrative, civil or criminal proceedings in which the Superintendent is involved, either as a party or in any other manner;  (2) Regardless of the provisions of subsection (1), the disclosure of confidential information is permitted by the Superintendent and of any person acting of his behalf and under his instructions, if the</p>

	<p>Superintendent decides that for reasons of public interest or to protect the insured or transparency, any decisions or findings of the Superintendent should be made public either in full text or a summary of the same, including any decisions imposing administrative fines, that he receives or makes respectively under the provisions of this Law, the Regulations issued there under that are submitted to the House of Representatives for approval and instructions and under the existing legislation.</p>
<p>Exchange of information with other authorities.</p> <p>42(I) of 2009 163(I) of 2013.</p>	<p>69.-(1) Sections 65 and 68 of this Law shall not preclude any of the following –</p> <p>(a) the exchange of information between the Superintendent and the Deputy Superintendents or any other person or expert in the Service in the discharge of their supervisory functions;</p> <p>(b) the exchange of information, in the discharge of their supervisory functions, between the Superintendent and Deputy Superintendents or any other person and expert who contracts with the Superintendent;</p> <p>(c) the exchange of information, for the performance of their supervisory duties, between the Superintendent and the following authorities in the Republic:</p> <p>(i) the Central Bank of Cyprus, the Cyprus Securities and Exchange Commission and the Supervisory Authority of Funds for Occupational Retirement Provision;</p> <p>(ii) the liquidators or any other persons involved in the liquidation of insurance undertakings or reinsurance undertakings and in other similar procedures;</p> <p>(iii) the auditors, for carrying out statutory audits of the accounts of insurance and reinsurance undertakings and other financial institutions;</p> <p>(d) the disclosure, to bodies which administer compulsory winding-up proceedings or guarantee funds, of information necessary for the performance of their duties.</p> <p>(2) The exchange of information referred to in paragraphs (b) and (c) of subsection (1) may also take place between different Member States and in every case the information received by those authorities, bodies and persons shall be subject to the obligation of professional secrecy laid down in section 65 of this Law.</p> <p>(3) Subject to the provisions of subsection (4) and regardless of the provisions of sections 65 to 68 of this Law, the exchange of information between the Superintendent and the following authorities or persons is permitted:</p> <p>(a) the Registrar of Companies and Official Receiver, as the competent authority for the liquidation of insurance undertakings, reinsurance undertakings and in relation to other similar procedures; and other similar procedures;</p> <p>(b) the Public Supervisory Commission within the meaning of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, as amended or replaced at any given time, responsible for overseeing the persons charged with carrying out statutory audits of the</p>

	<p>accounts of insurance undertakings, reinsurance undertakings, credit institutions, investment firms and other financial institutions;</p> <p>(c) independent actuaries of insurance or reinsurance undertakings carrying out legal supervision of those undertakings and the bodies responsible for overseeing such actuaries.</p> <p>(4) The exchange of information in subsection (3) is permitted, if, in the opinion of the Superintendent, at least the following conditions are met:</p> <p>(a) the information must be for the purpose of carrying out the overseeing or legal supervision referred to in subsection (3);</p> <p>(b) the information received must be subject to the obligation of professional secrecy laid down in section 65 of this Law;</p> <p>(c) where the information originates in another Member State, it must not be disclosed without the express agreement of the supervisory authorities from which it originates and, where appropriate, solely for the purposes for which those authorities gave their agreement.</p> <p>(5) The Superintendent shall communicate to the Commission and to the other supervisory authorities of the other Member States the names of the authorities, persons or bodies which may receive information pursuant to subsections (3) and (4).</p> <p>(6) Regardless of the provisions of sections 65 to 68 of this Law, and with the aim of strengthening the stability, and integrity, of the financial system, the exchange of information between the Superintendent and the Registrar of Companies is permitted, provided the following conditions are met:</p> <p>(a) the information must be intended for the purpose of detection and investigation as referred to in this subparagraph;</p> <p>(b) the information received must be subject to the obligation of professional secrecy laid down in section 65 of this Law</p> <p>(c) where the information originates in another Member State, it shall not be disclosed without the express agreement of the supervisory authorities from which it originates and, where appropriate, solely for the purposes for which those authorities gave their agreement:</p> <p>Provided that where the Registrar of Companies and Official Receiver or the Superintendent perform their task of detection or investigation with the aid of persons appointed, in view of their specific competence, who do not belong to their Service, the possibility of exchanging information provided for under this subsection may be extended to such persons under the conditions set out in paragraphs (a) to (c):</p> <p>Provided further that, in order to implement this subsection, the Registrar of Companies and Official Receiver shall communicate to the Superintendent and vice versa, the names and the precise responsibilities of the persons to whom such information is to be sent.</p> <p>(7) The Superintendent shall communicate to the Commission and the supervisory authorities of the other member states the names of the authorities, persons or bodies which may receive information pursuant to subsection (6).</p>
Disclosure of	70.-(1) Regardless of the provisions in sections 65 and 68 of this Law, and



<p>information to public authorities responsible for financial legislation.</p>	<p>subject to the provisions of subsection (2), the disclosure of certain information by the Superintendent to other departments of the public service, that are responsible for legislation on the supervision of credit institutions, financial institutions, investment services and insurance or reinsurance undertakings and to any officers or persons acting in the name of those services is permitted.</p> <p>(2) The disclosure laid down in subsection (1) shall be made only where necessary for reasons of prudential control:</p> <p>Provided that such information received under section 66 and under subsection (1) of section 69, and information obtained by means of on-site verification referred to in section 37 may only be disclosed with the express consent of the supervisory authorities in which the on-site verification was carried out.</p>
<p>Transmission of information to central banks and monetary authorities.</p>	<p>71.-(1) Without prejudice to the provisions in sections 65 to 70 of this Law, the Superintendent may transmit information intended for the performance of their tasks to the following bodies:</p> <p>(a) central Banks of the European System of Central Banks (ESCB), including the European Central Bank (ECB), and to other bodies with a similar function in their capacity as monetary authorities, when such information is important in the exercise of their statutory duties, including the conduct of monetary policy and related liquidity provision, overseeing payment systems, liquidation and compromising, and to ensure the stability of the financial system;</p> <p>(b) where appropriate, to other public authorities in the Republic charged with the supervision of payments systems; and</p> <p>(c) to the European Systemic Risk Board (ESRB), if such information is important to perform its duties.</p> <p>(2) In emergency situations, including emergency situations within the meaning of article 18 of regulation (EU) no. 1094/2010, the Superintendent may promptly communicate information to the central banks of the ESRB, including the ECB, if such information is important in the exercise of their statutory duties, including the conduct of monetary policy and related liquidity provision, overseeing payment systems, liquidation and compromising, and to ensure the stability of the financial system and to the ESRB, if such information is important in the exercise of its duty.</p> <p>(3) The Superintendent may request information for the purpose of implementing section 68 of this Law, from the authorities or entities in subsections (1) and (2):</p> <p>Provided that information received from the Superintendent under this subsection, is subject to the provisions with regard to professional secrecy paid down in this Section.</p>
<p>Professional secrecy.</p>	<p>72.-(1) With regard to complying with the duty of professional secrecy pursuant to the provisions of section 345 of this Law, the Superintendent, the Deputy Superintendents and every member of the Service, or any other person carrying out or has carried out any activity on behalf of the Superintendent, are considered, for the purposes of the Criminal Code as public officers:</p>

<p>Cap. 44  37 of 1982  84 of 1983  119(l) of 2011  147(l) of 2012  22(l) of 2013.  Cap. 155.  93 of 1972  2 of 1975  12 of 1975  41 of 1978  162 of 1989  142 of 1991  9(l) of 1992  10(l) of 1996  89(l) of 1997  54(l) of 1998  96(l) of 1998  14(l) of 2001  185(l) of 2003  219(l) of 2004  57(l) of 2007  9(l) of 2009  111(l) of 2011  165(l) of 2011  7(l) of 2012  21(l) of 2012  160(l) of 2012  23(l) of 2013  16(l) of 2014  42(l) of 2014.</p> <p>188(l) of 2007  58(l) of 2010  80(l) of 2012  192(l) of 2012  19(l) of 2012  188(l) of 2014.</p> <p>21 of 1985  12(l) of 1993.</p>	<p>Provided that secrecy does not apply with regard to the Court, Commissions of Inquiry that was appointed and acts under the Commissions of Inquiry Law, investigating officers conducting an investigation pursuant to section 4 of the Criminal Procedure Law, the Unit for Combating Money Laundering (MOKAS), pursuant to the Prevention and Suppression of Money Laundering Activities Laws of 2007 to 2014, and the Parliamentary Committee pursuant to the Submission of Data and Information to the House of Representatives and to the Parliamentary Committees Law, provided that this section shall not be interpreted as providing any other additional power.</p>
<p>Supervisory convergence.</p>	<p>73.-(1) The Superintendent, in the exercise of his supervisory responsibilities, shall take into account, in an appropriate way, a European Union dimension.</p> <p>(2) The Superintendent, in the exercise of his supervisory responsibilities, shall have regard to the convergence in respect of supervisory tools and supervisory practices in the application of the laws, regulations and</p>

	<p>administrative requirements, that have been enacted pursuant to Directive 2009/138/EU and that these have been incorporated in this Law; and for this purpose-</p> <p>(a) Participates in person or by a representative in the activities of EIOPA;</p> <p>(b) shall endeavour to comply with the guidelines and recommendations of EIOPC pursuant to article 16 of regulation (EU) no. 1094/2010 and state the reasons where he does not do so;</p> <p>(c) ensures that the exercise of his responsibilities under this Law does not prevent the exercise of his duties as a member of EIOPA or on the basis of Directive 2009/138/EU.</p>
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**SECTION 6**  
**AUDITING ACCOUNTS AND DUTIES OF AUDITORS**

<p>Duties of auditors. 42(l) of 2009.</p>	<p>74.-(1) The Annual and Consolidated Accounts of insurance or reinsurance undertakings are audited by auditors pursuant to the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, as amended or replaced at any given time, and of the provisions of this Law.</p> <p>(2) Auditors in the framework of their audit under subsection (1), verify the information required under section 38 of this Law, which is determined by Directives of the Superintendent, following a consultation with the bodies involved, excluding the information with regard to the system of governance applied by businesses, the risks they face and the management systems and submit a separate report with regard to the same.</p> <p>(3) The assets that are included in the information submitted by insurance or reinsurance undertakings according to subparagraph (i) of paragraph (a) of subsection (2) of section 38 of this Law, for the second and third quarter in a financial year shall be verified by the auditors, who submit the relevant report.</p> <p>(4) The auditors, who, pursuant to subsection (1) carry out audits on the annual and consolidated accounts of insurance or reinsurance undertakings or any other statutory tasks as part of their duties, shall have a duty to report promptly to the Superintendent any fact or decision concerning the insurance or reinsurance undertaking of which they have become aware while carrying out that task and which is liable to bring about any of the following:</p> <p>(a) a material breach of the laws, regulations or administrative provisions which lay down the conditions governing authorisation or which specifically govern pursuit of the activities of insurance and reinsurance undertakings;</p> <p>(b) the impairment of the continuous functioning of the insurance or reinsurance undertaking;</p> <p>(c) a refusal to certify the accounts or to the expression of reservations;</p> <p>(d) non-compliance with the Solvency Capital Requirement;</p> <p>(e) non-compliance with the Minimum Capital Requirement.</p> <p>(5) The auditors also have the same obligation laid down in subsection (1), with regard to actual facts and decisions of which they have become</p>
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	<p>aware in the course of carrying out a task in an undertaking which has close links resulting from a control relationship with the insurance or reinsurance undertaking within which they are carrying out that task.</p> <p>(6) The disclosure in good faith to the Superintendent, of any fact or decision referred to in subsections (1) and (4) by the auditors of insurance or reinsurance undertakings shall not constitute a breach of any restriction on disclosure of information imposed by contract or by any legislative, regulatory or administrative provision and shall not involve such persons in liability of any kind.</p> <p>(7)(a) In the case of a serious breach of duty of the auditor, the Superintendent, in his duly justified decision, may request the insurance or reinsurance undertaking to immediately terminate the appointment of the auditor and the undertaking is obliged to comply:          Provided that the decision of the Superintendent may be challenged before the Permanent Secretary in accordance with the provisions of section 347 of this Law:          Provided further that the abovementioned decision of the Superintendent may be challenged directly with a recourse in accordance with article 146 of the Constitution.</p> <p>(b) The negative decision of the Permanent Secretary on a recourse according to paragraph (a), may be challenged with a recourse in accordance with article 146 of the Constitution.          Provided that pending the decision of the Permanent Secretary, no recourse may be filed under article 146 of the Constitution.</p> <p>(8) A breach of the provisions of this section by any person is liable to the imposition of an administrative fine by the Superintendent in accordance with the provisions of Part IX of this Law.</p>
<p><b>CHAPTER FIVE</b>  <b>PURSUIT OF LIFE AND NON-LIFE INSURANCE ACTIVITIES</b></p>	
<p>Pursuit of Life and Non-life insurance activities.</p> <p>First Appendix, Part A</p> <p>First Appendix, Part A</p>	<p>75.-(1) Subject to the provisions of subsection (5), the authorisation to pursue insurance business is solely granted for the pursuit of either non-life or life insurance activities.</p> <p>(2) By way of derogation from the provisions of subsection (1) –</p> <p>(a) undertakings authorised to pursue life insurance business may also obtain authorisation for non-life insurance activities for the risks listed in the classes of accidents or illness (classes 1 and 2 in Part A of the First Appendix of this Law);</p> <p>(b) undertakings authorised solely for the risks listed in the classes of accidents and illness (classes 1 and 2 in Part A of the First Appendix) may obtain authorisation to pursue life insurance business.</p> <p>Provided that each activity shall be separately managed in accordance with the provisions of section 76 of this Law.</p> <p>(3) Regardless of any provisions in this Law to the contrary, the undertakings referred to in subsection (2) shall comply with the accounting rules governing life insurance undertakings for all of their activities and pending coordination in this respect between member states on this issue, the said undertakings shall be governed by the same</p>

<p>First Appendix, Part A</p>	<p>rules applicable to life insurance activities for their activities related to accidents and illness (Classes 1 and 2 of Part A of the First Appendix).</p> <p>(4) Where a non-life insurance undertaking has financial, commercial or administrative links with a life insurance undertaking, the Superintendent shall ensure through the exercise of their supervision that the accounts of the undertakings concerned are not distorted by agreements between those undertakings or by any arrangement which could affect the apportionment of expenses and income.</p> <p>(5) Undertakings which on the 1<sup>st</sup> May 2004 pursued simultaneously both life and non-life insurance activities covered by this Law and continue to pursue the said activities on the date that this Law comes into effect, are entitled to continue to pursue those activities simultaneously, provided that each activity is separately managed in accordance with section 76 of this Law.</p>
<p>Separation of Life and Non-life Insurance.</p>	<p>76.-(1) The separate management referred to in section 75 of this Law shall be organised in such a way that the life insurance activity is distinct from non-life insurance activity and the respective interests of life and non-life policy holders shall not be prejudiced and, in particular, profits from life insurance shall benefit life policy holders as if the life insurance undertaking only pursued the activity of life insurance.</p> <p>(2) Without prejudice to the provisions of sections 106 and 135 of this Law, the insurance undertakings referred to in subsections (2) and (5) of section 3 shall calculate:</p> <p>(a) a notional life Minimum Capital Requirement with respect to their life insurance or reinsurance activity, calculated as if the undertaking concerned only pursued that activity, on the basis of the separate accounts referred to in subsection (6); and</p> <p>(b) a notional non-life Minimum Capital Requirement with respect to their non-life insurance or reinsurance activity, calculated as if the undertaking concerned only pursued that activity, on the basis of the separate accounts referred to in subsection (6).</p> <p>(3) As a minimum, the insurance undertakings referred to in subsections (2) and (5) of section 75 of this Law shall cover the following by an equivalent amount of eligible basic own-fund items:</p> <p>(a) the notional life Minimum Capital Requirement, in respect of the life activity;</p> <p>(b) the notional non-life Minimum Capital Requirement, in respect of the non-life activity:</p> <p>Provided that the minimum financial obligations referred to in this subsection, in respect of the life insurance activity and the non-life insurance activity, shall not be borne by the other activity.</p> <p>(4) As long as the minimum financial obligations referred to in subsection (3) are fulfilled and provided the Superintendent is informed, the undertaking may use to cover the Solvency Capital Requirement referred to in section 106 of this Law, the explicit eligible own-fund items which are still available for one or the other activity.</p> <p>(5) The Superintendent shall analyse the results in both life and non-</p>

	<p>life insurance activities so as to ensure that the requirements of subsections (1) to (4) are fulfilled.</p> <p>(6) Insurance undertakings are obliged to draw up their accounts so as to show the sources of the results for life and non-life insurance separately and all income, in particular premiums, payments by reinsurers and investment income, and expenditure, in particular insurance settlements, additions to technical provisions, reinsurance premiums and operating expenses in respect of insurance business, shall be broken down according to origin. Items common to both activities shall be entered in the accounts in accordance with methods of apportionment to be accepted by the Superintendent.</p> <p>(7) All Insurance undertakings shall, on the basis of the accounts, prepare a statement identifying, according to subsection (4) of section 104 of this Law, the eligible basic own-fund items covering each notional Minimum Capital Requirement as referred to in subsection (2).</p> <p>(8) If the amount of eligible basic own-fund items with respect to one of the activities is insufficient to cover the minimum financial obligations referred to in paragraphs (a) and (b) of subsection (3), the Superintendent shall apply to the deficient activity the measures provided for in this Law, whatever the results in the other activity. By way of derogation from the proviso in subsection (3), those measures may involve the authorisation of a transfer of explicit eligible basic own-fund items from one activity to the other.</p>
<p><b>CHAPTER SIX</b></p> <p><b>RULES RELATING TO THE VALUATION OF ASSETS AND LIABILITIES, TECHNICAL PROVISIONS, OWN FUNDS, SOLVENCY AND CAPITAL REQUIREMENTS, MINIMUM CAPITAL REQUIREMENTS AND INVESTMENT RULES</b></p> <p><b>SECTION 1</b></p> <p><b>VALUATION OF ASSETS AND LIABILITIES</b></p>	
<p>Valuation of assets and liabilities.</p> <p>Official Journal</p>	<p>77.-(1) Insurance and reinsurance undertakings value assets and liabilities as follows:</p> <p>(a) assets shall be valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction;</p> <p>(b) liabilities shall be valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction and when valuing liabilities no adjustment to take account of the own credit standing of the insurance or reinsurance undertaking shall be made.</p> <p>(2) Implementing measures identify the methods and the assumptions to be used in the valuation of assets and liabilities as laid down in subsection (1).</p> <p>(3) Regulatory technical standards shall determine –</p> <p>(a) the extent to which implementing measures in subsection (2) require the use of international accounting standards as approved by the Committee in accordance with Regulation (EC) no. 1606/2002 on the</p>

<p>of the EU L: 243 11.09.2002, p.1</p>	<p>application of international accounting standards, the impact thereof on accounting standards with the approach of valuating the assets and liabilities as determined in subsections (1) and (2);  (b) the methods and assumptions to be used either when they are no quoted values or the international accounting standards of regulation (EC) no. 1606/2002 are temporarily or permanently incompatible with the valuation approach of assets and liabilities determined in subsections (1) and (2);  (c) the methods and assumptions to be used in valuing the assets and the liabilities, as laid down in subsection (1), when the implementing measures in subsection (2) provide for the use of alternative valuation methods.</p>
<p><b>SECTION 2</b> <b>RULES RELATING TO TECHNICAL PROVISIONS</b></p>	
<p>General provisions.</p>	<p>78.-(1) Insurance and reinsurance undertakings shall establish technical provisions with respect to all of their insurance and reinsurance obligations towards policy holders and beneficiaries of insurance or reinsurance contracts.  (2) The value of technical provisions shall correspond to the current amount insurance and reinsurance undertakings would have to pay if they were to transfer their insurance and reinsurance obligations immediately to another insurance or reinsurance undertaking.  (3) The calculation of technical provisions shall make use of and be consistent with information provided by the financial markets and generally available data on underwriting risks (market consistency).  (4) Technical provisions shall be calculated in a prudent, reliable and objective manner.  (5) Following the principles set out in subsections (2), (3) and (4) and taking into account the principles set out in subsection (1) of section 77 of this Law, the calculation of technical provisions shall be carried out in accordance with sections 79 to 92 of this Law.</p>
<p>Calculation of technical provisions.</p>	<p>79.-(1) The value of technical provisions shall be equal to the sum of a best estimate and a risk margin as set out in paragraphs (a) to (d) and subsection (2):  (a) The best estimate shall correspond to the probability-weighted average of future cash-flows, taking account of the time value of money (expected present value of future cash-flows), using the relevant risk-free interest rate term structure.  (b) The calculation of the best estimate shall be based upon up-to-date and credible information and realistic assumptions and be performed using adequate, applicable and relevant actuarial and statistical methods.  (c) The cash-flow projection used in the calculation of the best estimate shall take account of all the cash in- and out-flows required to settle the insurance and reinsurance obligations over the lifetime thereof.  (d) The best estimate shall be calculated gross, without deduction of the amounts recoverable from reinsurance contracts and special purpose</p>

	<p>vehicles. Those amounts shall be calculated separately, in accordance with section 87 of this Law.</p> <p>(2) The risk margin shall be such as to ensure that the value of the technical provisions is equivalent to the amount that insurance and reinsurance undertakings would be expected to require in order to take over and meet the insurance and reinsurance obligations.</p> <p>(3) Insurance and reinsurance undertakings shall value the best estimate and the risk margin separately. However, where future cash flows associated with insurance or reinsurance obligations can be replicated reliably using financial instruments for which a reliable market value is observable, the value of technical provisions associated with those future cash flows shall be determined on the basis of the market value of those financial instruments. In this case, separate calculations of the best estimate and the risk margin shall not be required.</p> <p>(4) Where insurance and reinsurance undertakings value the best estimate and the risk margin separately, the risk margin shall be calculated by determining the cost of providing an amount of eligible own funds equal to the Solvency Capital Requirement necessary to support the insurance and reinsurance obligations over the lifetime thereof.</p> <p>(5) The rate used in the determination of the cost of providing that amount of eligible own funds (Cost-of-Capital rate) shall be the same for all insurance and reinsurance undertakings and shall be reviewed periodically.</p> <p>(6) The Cost-of-Capital rate used shall be equal to the additional rate, above the relevant risk-free interest rate, that an insurance or reinsurance undertaking would incur holding an amount of eligible own funds, as set out in Section 3, equal to the Solvency Capital Requirement necessary to support insurance and reinsurance obligations over the lifetime of those obligations.</p>
<p>Extrapolation of the relevant risk-free interest rate term structure.</p>	<p>80.-(1) The determination of the relevant risk-free interest rate term structure referred to in subsection (2) of section 79 of this Law, is made by using the information deduced from the relevant financial instruments and is consistent with such information. When determining this, the relevant financial means for maturity are taken into account for which the markets of the specific financial instruments and bonds that may be considered to have depth, liquidity and transparency. For maturities for which the markets of the relevant financial instruments or bonds no longer have depth, liquidity and transparency, the relevant risk-free interest rate term structure is reached by extrapolation.</p> <p>(2) For every currency, the extrapolation section of the relevant risk-free interest rate terms structure is based on forward interest rates that converge smoothly from an initial forward rate or rates set forward in relation to the longer maturities in respect of which the relevant financial instruments and bonds may be observed in a market with depth and liquidity up to a final forward interest rate.</p>



<p>Adjustment to the interest rate due to matching adjustment on assets and liabilities to the relevant risk-free interest rate term structure.</p>	<p>81.-(1) Insurance and reinsurance undertakings may adjust the risk-free interest rate term structure due to matching adjustment in calculating the best estimate of an insurance or Life reinsurance liabilities portfolio, including proceeds from insurance or reinsurance non-life contracts on condition that there is prior approval from the Superintendent, when the following conditions are met:</p> <p>(a) the insurance or reinsurance undertaking has assigned a portfolio of assets consisting of bonds and other assets with similar cash flow characteristics, to cover the best estimate of the insurance or reinsurance obligations portfolio and to retain this commitment for the entire duration of the obligations, unless it concerned retaining the matching expected cash flows between the assets and liabilities in the case of a material variation of the cash flows;</p> <p>(b) the determination, the organisation and management of an insurance and reinsurance obligations portfolio to which the matching adjustment applies and of the assigned portfolio are made separately from the other activities of the undertaking; the said assigned assets portfolio cannot be used to cover damages from other activities of the undertaking;</p> <p>(c) the expected cash flows of the assigned assets portfolio cover each expected insurance or reinsurance portfolio in the same currency, and any matching does not cause significant risks with regard to the inherent risks of the insurance or reinsurance class in which the matching adjustment applies;</p> <p>(d) the contracts that cover the insurance or reinsurance obligations portfolio do not imply future premiums payments;</p> <p>(e) the only covered risks that are linked to the insurance or reinsurance obligations portfolio is the longevity risk, the expense risk, the review risk and the risk of death;</p> <p>(f) when the covered risk that is linked to the insurance or reinsurance obligations portfolio, the best estimate of the insurance or reinsurance obligations portfolio does not increase more than 5% in the event of a sudden variation in the risk of death graduated in accordance with section 107 of this Law;</p> <p>(g) the contracts that cover the insurance or reinsurance obligations portfolio do not include alternative possibilities for the insured or only include a redemption possibility, where the redemption price does not exceed the price of the assets, calculated in accordance with section 77 of this Law to cover the insurance or reinsurance obligations from the time of exercising the possibility of redemption;</p> <p>(h) the cash flows of the assigned portfolio of assets are fixed and cannot be varied by the issuers of the assets or by third persons;</p> <p>(i) the insurance or reinsurance obligations from an insurance or reinsurance contract are not divided into separate sections when they make up the insurance or reinsurance obligations portfolio for the purposes of this paragraph.</p> <p>(2) Regardless of the provisions in paragraph (h) of subsection (1),</p>
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	<p>insurance or reinsurance undertakings may use assets with a stable cash flow, with the exception of dependence on inflation, on condition that the specific assets cover the cash flows of the insurance or reinsurance obligations that depend on inflation.</p> <p>(3) Where the issuers or third persons have the right to vary the cash flows of an asset in such a manner that the investor receives adequate compensation in order to achieve the same cash flows by reinvesting in equivalent or better credit quality assets, this right to vary the cash flows does not preclude the specific asset from eligibility in committing the portfolio in accordance with paragraph (h) of subsection (1).</p> <p>(4) Insurance or reinsurance undertakings that apply the adjustment due to matching insurance or reinsurance obligations portfolio cannot return to an approach that does not include matching adjustment. When an insurance or reinsurance undertaking that applies the adjustment due to matching can no longer comply with the terms in subsection (1), it shall immediately notify the supervisory authority and takes the necessary measures to restore compliance to such terms. If the undertaking is not in a position to restore compliance to these terms within two months from the date of non-compliance, it ceases to apply the adjustment to any of the insurance or reinsurance obligations and does not apply the same for a further period of twenty four months.</p> <p>(5) The adjustment due to matching applies to insurance or reinsurance obligations in respect of which the relevant risk-free interest rate term structure that applies to the calculation of the best estimate of such obligations includes an adjustment due to volatility under section 83 or a transitional measure for risk-free interest rates under section 422 of this Law.</p>
<p>Calculation of the adjustment to the interest rate due to matching adjustment on assets and liabilities.</p>	<p>82.-(1) For every currency, the adjustment due to matching adjustment referred to in section 81 of this Law is calculated in accordance with the following principles:</p> <p>(a) the adjustment due to matching adjustment shall be equal to the difference of the following sizes:</p> <p>(i) annual percentage rate calculated as a single discounted rate which when applied to cash flows of the insurance or reinsurance obligations portfolio, gives a value equal to the value of the assigned assets portfolio in accordance with section 77 of this Law;</p> <p>(ii) annual percentage rate calculated as the single discounted rate which, when applied to cash flows of the insurance or reinsurance obligations portfolio, gives a value equal to the value of the best estimate of the assigned assets portfolio, where the time value of money is taken into account by using the basic longitudinal structure of risk-free interest rate;</p> <p>(b) the adjustment due to matching adjustment must not include the basic credit margin that reflects the risks undertaken by the insurance or reinsurance undertaking;</p> <p>(c) Regardless of the provisions in paragraph (a), the basic credit margin must increase where this is required to ensure that the adjustment due to</p>

	<p>the matching adjustment for assets with credit quality ('sub investment grade') does not exceed the adjustments due to matching adjustment for credit quality ('investment grade') for the same duration and category for assets;</p> <p>(d) the use of external credit ratings in calculating the adjustment due to matching adjustment must be in agreement with the provisions in paragraph (o), of subsection (1) of section 118 of this Law.</p> <p>(2) For the purposes of paragraph (b) of subsection (1) the basic credit margin:</p> <p>(a) is equal to the aggregate of the following sizes:</p> <p>(i) credit margin that corresponds to the probability of default for assets;</p> <p>(ii) credit margin that corresponds to the anticipated losses from the devaluation of assets;</p> <p>(b) for exposures to central governments and central banks of member states, it cannot be less than 30% of the long-term average of the difference over the risk-free interest rate for assets of the same duration, credit quality and category as in the financial markets;</p> <p>(c) for assets but from exposures to central governments and central banks of member states, it cannot be less than 35% of the long-term average of the difference above the risk-free interest rate for assets of the same duration, credit quality and category as in the financial markets.</p> <p>(3) the probability of default referred to in subparagraph (i) of paragraph (a) of subsection (1) is based on long-term default statistics relevant to the particular asset with regard to its duration, credit quality and category.</p> <p>(4) When the credit margin cannot be drawn in a credible manner from the default statistics referred to in subsection (2), the basic margin rate is equal to the long-term average of the difference above the risk-free rate referred to in paragraphs (b) and (c).</p>
<p>Volatility adjustment to the relevant risk-free interest rate term structure.</p>	<p>83.-(1) The Superintendent may request from insurance and reinsurance undertakings to request the previous approval, to apply the volatility adjustment to the relevant risk-free interest rate term structure in order to calculate the best estimate referred to in subsection (1) of section 79 of this Law.</p> <p>(2) For every relevant currency, the adjustment due to volatility to the relevant risk-free interest rate structure is based on the difference between the rate that could have been achieved from assets included in a reference portfolio for the specific currency and the risk-free interest rate term structure for the same currency. The reference portfolio for a currency must be representative of the assets that are in this currency and in which the insurance and reinsurance undertakings invest in to cover the best estimate of the insurance and reinsurance obligations in this currency.</p> <p>(3)(a) The amount of the adjustment due to volatility in the risk-free interest rates corresponds to 65% of the exchange difference corrected for the risk.</p> <p>(b) The exchange difference corrected for the risk is calculated as the difference between the credit margin referred to in subsection (2) and in</p>

	<p>this section of the credit margin based on a realistic valuation of the anticipated losses or the unforeseen credit risk or other risk of the specific assets.</p> <p>(c) The adjustment due to volatility is applied only to the relevant risk-free interest rate term structure that does not arise from extrapolation pursuant to section 80 of this Law. The extrapolation of the relevant risk-free interest rate term structure is based on the said adjusted risk-free interest rates.</p> <p>(4) The adjustment due to volatility in the risk-free interest rates in subsection (3) for the currency of the Republic, increases, prior to applying the 65% coefficient, by the difference between the corrected credit margin for the risk in the Republic and the twice corrected exchange rate for the risk whereupon this difference is positive and the corrected credit margin for the risk in the Republic is higher than 100 base units. The increased adjustment due to volatility is applied in the calculation of the best estimate for the insurance and reinsurance obligations of products sold in the insurance market in the Republic. The corrected credit margin for the risk in the Republic is calculated in the same way as the corrected exchange difference for the risk in the Republic, but based on a reference portfolio representative of the assets in which insurance and reinsurance undertakings have invested to cover the best estimate of the insurance and reinsurance obligations, of products sold in the insurance market in the Republic and is in the currency of the Republic.</p> <p>(5) The adjustment due to volatility does not apply to insurance obligations when the relevant risk-free interest rate term structure to calculate the best estimate for such obligations includes adjustment due to matching under section 81 of this Law.</p> <p>(6) By way of deviation of the provisions in section 107 of this Law, the solvency capital requirement does not cover the risk for loss of basic own funds from changes to the adjustment due to volatility.</p>
<p>Other elements to be taken into account in the calculation of technical provisions.</p>	<p>84. In addition to whatever is determined in section 79 of this Law, when calculating technical provisions, insurance and reinsurance undertakings shall take account of the following:</p> <p>(a) all expenses that will be incurred in servicing insurance and reinsurance obligations;</p> <p>(b) inflation, including expenses and claims inflation;</p> <p>(c) all payments to policy holders and beneficiaries, including future discretionary bonuses, which insurance and reinsurance undertakings expect to make, whether or not those payments are contractually guaranteed, unless those payments fall under subsection (2) of section 97.</p>
<p>Valuation of financial guarantees and contractual options included in insurance and reinsurance</p>	<p>85.-(1) When calculating technical provisions, insurance and reinsurance undertakings shall take account of the value of financial guarantees and any contractual options included in insurance and reinsurance policies.</p> <p>(2) Any assumptions made by insurance and reinsurance undertakings with respect to the likelihood that policy holders will exercise contractual options, including lapses and surrenders, shall be realistic and based on current and credible information; the assumptions shall take account,</p>

contracts.	either explicitly or implicitly, of the impact that future changes in financial and non-financial conditions may have on the exercise of those options.
Segmentation.	86. Insurance and reinsurance undertakings shall segment their insurance and reinsurance obligations into homogeneous risk groups, and as a minimum by lines of business, when calculating their technical provisions.
Recoverables from reinsurance contracts and special purpose vehicles.	87.-(1) The calculation by insurance and reinsurance undertakings of amounts recoverable from reinsurance contracts and special purpose vehicles shall comply with the provisions in sections 78 to 86 of this Law. (2) When calculating amounts recoverable from reinsurance contracts and special purpose vehicles, insurance and reinsurance undertakings shall take account of the time difference between recoveries and direct payments. (3) The result from that calculation shall be adjusted to take account of expected losses due to default of the counterparty based on an assessment of the probability of default of the counterparty and the average loss resulting therefrom (loss-given-default).
Data quality and application of approximations, including case-by-case approaches, for technical provisions.	88.-(1) Insurance and reinsurance undertakings shall have internal processes and procedures in place to ensure the appropriateness, completeness and accuracy of the data used in the calculation of their technical provisions. (2) Where, in specific circumstances, insurance and reinsurance undertakings have insufficient data of appropriate quality to apply a reliable actuarial method to a set or subset of their insurance and reinsurance obligations, or amounts recoverable from reinsurance contracts and special purpose vehicles, appropriate approximations, including case-by-case approaches, may be used in the calculation of the best estimate.
Comparison against experience.	89.-(1) Insurance and reinsurance undertakings shall have processes and procedures in place to ensure that best estimates, and the assumptions underlying the calculation of best estimates, are regularly compared against experience. (2) Where the comparison identifies systematic deviation between experience and the best estimate calculations of insurance or reinsurance undertakings, the undertaking concerned shall make appropriate adjustments to the actuarial methods being used and/or the assumptions being made.
Appropriateness of the level of technical provisions.	90.-(1) Upon request from the Superintendent, insurance and reinsurance undertakings shall demonstrate the appropriateness of the level of their technical provisions, as well as the applicability and relevance of the methods applied, and the adequacy of the underlying statistical data used. (2) Without prejudice to the powers of the Superintendent to request, in the scope of his supervisory control, full particulars to prove the obligations referred to in subsection (1), the appropriateness of the level of the technical provisions, the applicability and relevance of the methods used and the adequacy of the underlying statistical data, is presumed by submitting certificates, at least once a year, by an actuary.

	(3) Regulations submitted to the House of Representatives for approval, may determine the qualifications, the conditions for the appointment of and cessation of the actuary referred to in subsection (2), as well as his obligations at the time that the certificate was drawn up and submitted as laid down in the same subsection.
Increase of technical provisions.	91. To the extent that the calculation of technical provisions of insurance and reinsurance undertakings does not comply with sections 84 to 95 of this Law, the Superintendent may require insurance and reinsurance undertakings to increase the amount of technical provisions so that they correspond to the level determined pursuant to those sections.
Delegated acts and regulatory and implementing technical standards.	92.-(1) Delegated acts are defined as follows: (a) actuarial and statistical methodologies to calculate the best estimate referred to in subsection (1) of section 79 of this Law; (b) the methods, the principles and techniques to determine the relevant risk-free interest rate term structure to be used to calculate the best estimate referred to in subsection (1) of section 79; (c) the circumstances in which technical provisions shall be calculated as a whole, or as a sum of a best estimate and a risk margin, and the methods to be used in the case where technical provisions are calculated as a whole, as referred to in subsection (2) of section 79; (d) the methods and assumptions to be used in the calculation of the risk margin including the determination of the amount of eligible own funds necessary to support the insurance and reinsurance obligations and the calibration of the Cost-of-Capital rate, as referred to in subsection (4) of section 79 of this Law; (e) the lines of business on the basis of which insurance and reinsurance obligations are to be segmented in order to calculate technical provisions referred to in section 86 of this Law; (f) the standards to be met with respect to ensuring the appropriateness, completeness and accuracy of the data used in the calculation of technical provisions, and the specific circumstances in which it would be appropriate to use approximations, including case-by-case approaches, to calculate the best estimate, as referred to in section 88; (g) the specifications for the requirements determined in subsection (1) of section 81, including the methods and assumptions and standard parameters to be used in calculating the impact of a sudden change in the risk of death referred to in paragraph (e) of section 81 of this Law; (h) the specifications for the requirements determined in section 82 of this Law, including the assumptions and the methods to be used in calculating the adjustment due to the corresponding basic credit margin; (i) the methods and the assumptions to calculate the adjustment due to volatility referred to in section 83 of this Law, including the form to calculate the credit margin referred to in paragraph (2) of the said section; (2) Regulatory technical provisions determine: (a) the methods to be used in calculating the adjustment due to default of the counterparty, referred to in section 87, to capture expected losses

	<p>due to default of the counterparty;</p> <p>(b) where necessary, simplified methods and techniques to calculate technical provisions, in order to ensure the actuarial and statistical methods referred to in paragraphs (a) and (d) are proportionate to the nature, scale and complexity of the risks supported by insurance and reinsurance undertakings including captive insurance and reinsurance undertakings, including the dependant insurance and reinsurance undertakings.</p> <p>(3) Implementing technical standards specifying the relevant procedures for the approval of the application due to matching referred to in subsection (1) of section 81.</p>
<p><b>SECTION 3</b>  <b>OWN FUNDS</b>  <b>SUBSECTION 1</b>  <b>DETERMINATION OF OWN FUNDS</b></p>	
Own funds.	93. Own funds shall comprise the sum of basic own funds, referred to in section 94 and ancillary own funds referred to in section 95 of this Law.
Basic own funds.	<p>94.-(1) Basic own funds shall consist of the following items:</p> <p>(a) the excess of assets over liabilities, valued in accordance with section 77 and Section 2 of this Chapter;</p> <p>(b) subordinated liabilities.</p> <p>(2) The excess amount referred to in paragraph (a) of subsection (1) shall be reduced by the amount of own shares held by the insurance or reinsurance undertaking.</p>
Ancillary own funds.	<p>95.-(1) Ancillary own funds shall consist of items other than basic own funds which can be called up to absorb losses and may comprise the following items to the extent that they are not basic own-fund items:</p> <p>(a) unpaid share capital or initial fund that has not been called up;</p> <p>(b) letters of credit and guarantees;</p> <p>(c) any other legally binding commitments received by insurance and reinsurance undertakings.</p> <p>(2) In the case of a mutual or mutual-type association with variable contributions, ancillary own funds may also comprise any future claims which that association may have against its members by way of a call for supplementary contribution, within the following twelve months.</p> <p>(3) Where an ancillary own-fund item has been paid in or called up, it shall be treated as an asset and cease to form part of ancillary own-fund items.</p>
Approval of ancillary own funds by the Superintendent	<p>96.-(1) Insurance and reinsurance undertakings submit the amounts of ancillary own funds items to be taken into account when determining own funds shall be subject to the prior approval of the Superintendent.</p> <p>(2) The amount ascribed to each ancillary own-fund item shall reflect the loss-absorbency of the item and shall be based upon prudent and realistic assumptions and where an ancillary own-fund item has a fixed nominal value, the amount of that item shall be equal to its nominal value, where it appropriately reflects its loss-absorbency.(3) The Superintendent shall approve either of the following:</p>

	<p>(a) a monetary amount for each ancillary own-fund item;</p> <p>(b) a method by which to determine the amount of each ancillary own-fund item, in which case the approval of the Superintendent of the amount determined in accordance with that method shall be granted for a specified period of time.</p> <p>(4) For each ancillary own-fund item, the Superintendent shall base his approval on an assessment of the following factors:</p> <p>(a) the status of the counterparties concerned, in relation to their ability and willingness to pay;</p> <p>(b) the recoverability of the funds, taking account of the legal form of the item, as well as any conditions which would prevent the item from being successfully paid in or called up;</p> <p>(c) any information on the outcome of past calls which insurance and reinsurance undertakings have made for such ancillary own funds, to the extent that information can be reliably used to assess the expected outcome of future calls.</p>
Surplus funds	<p>97.-(1) Surplus funds shall be deemed to be accumulated profits which have not been made available for distribution to policy holders and beneficiaries.</p> <p>(2) Surplus funds shall not be considered as insurance and reinsurance liabilities to the extent that they fulfil the criteria set out in subsection (1) of section 100 of this Law.</p>
<p>Delegated acts and regulatory and implementing technical standards.</p> <p>74(I) of 1999 94(I) of 2000 119(I) of 2003 4(I) of 2004 151(I) of 2004 231(I) of 2004 235(I) of 2004 20(I) of 2005 80(I) of 2008 100(I) of 2009 123(I) of 2009 27(I) of 2011 104(I) of 2011 107(I) of 2012 14(I) of 2013</p>	<p>98.-(1) Implementing technical standards determine the criteria on the basis of which ancillary own funds are approved in accordance with section 96 of this Law.</p> <p>(2) Delegated acts determine the handling the treatment of participations, within the meaning of subsection (2) of section 250, in financial and credit institutions with respect to the determination of own funds.</p> <p>(3) Participations in financial and credit institutions as referred to in subsection (2) shall comprise the following:</p> <p>(a) Participations which insurance and reinsurance undertakings hold in:</p> <p>(i) credit institutions and financial institutions within the meaning of the Business of Credit Institutions Laws of 1997 to (No. 4) of 2013, as amended or replaced at any given time;</p>



<p>87(l) of 2013 102(l) of 2013 141(l) of 2013.</p>	<p>(ii) in investment firms within the meaning of the Investment Services and Activities and Regulated Markets Law of 2007, as amended or replaced at any given time; (b) subordinated claims and instruments referred to in the Business of Credit Institutions Law of 1997, as amended or replaced at any given time, which insurance and reinsurance undertakings hold in respect of the entities defined in paragraph (a) of this subsection in which they hold a participation. (4) Implemented technical standards determine the procedures for the Superintendent to grant approval to use ancillary own funds.</p>
<p>SUBSECTION 2 CLASSIFICATION OF OWN FUNDS</p>	
<p>Characteristics and features used to classify own funds into tiers</p>	<p>99.-(1) Own-fund items shall be classified into three tiers; the classification of those items shall depend upon whether they are basic own fund or ancillary own-fund items and the extent to which they possess the following characteristics: (a) the item is available, or can be called up on demand, to fully absorb losses on a going-concern basis, as well as in the case of winding-up (permanent availability); (b) in the case of winding-up, the total amount of the item is available to absorb losses and the repayment of the item is refused to its holder until all other obligations, including insurance and reinsurance obligations towards policy holders and beneficiaries of insurance and reinsurance contracts, have been met (subordination). (2) When assessing the extent to which own-fund items possess the characteristics set out in paragraphs (a) and (b) of subsection (1), currently and in the future, due consideration shall be given to the duration of the item, in particular whether the item is dated or not and where an own-fund item is dated, the relative duration of the item as compared to the duration of the insurance and reinsurance obligations of the undertaking shall be considered (sufficient duration) considering in addition the following features: (a) whether the item is free from requirements or incentives to redeem the nominal sum (absence of incentives to redeem); (b) whether the item is free from mandatory fixed charges (absence of mandatory servicing costs); (c) whether the item is clear of encumbrances (absence of encumbrance).</p>
<p>Main criteria for the classification into tiers</p>	<p>100.-(1) Basic own-fund items shall be classified in Tier 1 where they substantially possess the characteristics set out in paragraphs (a) and (b) of subsection (1) of section 102, taking into consideration the features set out in subsection (2) of section 99 of this Law. (2) Basic own-fund items shall be classified in Tier 2 where they substantially possess the characteristic set out in paragraph (b) of subsection (1) of section 99, taking into consideration the features set out</p>

	<p>in subsection (2) of section 99 of this Law.</p> <p>(3) Ancillary own-fund items shall be classified in Tier 2 where they substantially possess the characteristics set out in paragraphs (a) and (b) of subsection (1) of section 99, taking into consideration the features set out in subsection (2) of the same section 99.</p> <p>(4) Any basic and ancillary own-fund items which do not fall under paragraphs 1 and 2 shall be classified in Tier 3.</p>
Classification of own funds into tiers	<p>101.-(1) Insurance and reinsurance undertakings classify their own-fund items on the basis of the criteria laid down in section 100 of this Law and for this purpose, insurance and insurance undertakings shall refer to the list of own-fund items according to the provisions of subsection (1) of section 103 of this Law, where applicable.</p> <p>(2) Where an own-fund item is not covered by the list in subsection (1), it shall be assessed and classified by insurance and reinsurance undertakings, in accordance with the subsection (1).</p>
Classification of specific insurance own-fund items	<p>102.-(1) Without prejudice to the provisions in section 101 and subsection (1) of section 103, for the purposes of this Law the following classifications shall be applied:</p> <p>(a) surplus funds falling under subsection (2) of section 97 of this Law shall be classified in Tier 1;</p> <p>(b) letters of credit and guarantees which are held in trust for the benefit of insurance creditors by an independent trustee and provided by credit institutions authorised in accordance with the Credit Institutions Law of 1997, as amended or replaced at any given time, shall be classified in Tier 2;</p> <p>(c) any future claims which mutual or mutual-type associations of shipowners with variable contributions solely insuring risks listed in the Classes of ships, liability for ships and Legal Expenses (classes 6, 12 and 17 in Part A of the First Appendix) may have against their members by way of a call for supplementary contributions, within the following twelve months, shall be classified in Tier 2.</p> <p>(2) In accordance with subsection (2) of section 100 of this Law, any future claims which mutual or mutual-type associations with variable contributions may have against their members by way of a call for supplementary contributions, within the following twelve months, not falling under the provisions of paragraph (c) of subsection (1), shall be classified in Tier 2 where they substantially possess the characteristics set out in paragraphs(a) and (b) of subsection (1) of section 99, taking into consideration the features set out in subsection (2) of section 99 of this Law.</p>
Delegated acts and regulatory technical standards	<p>103.-(1) Delegated acts determine the list of own-fund items, including those referred to in section 102 of this Law, that are deemed to satisfy the criteria laid down in section 100, which contains for each own-fund item a precise description of the features which determined its classification.</p> <p>(2) Regulatory technical standards determine the methods to be used by supervisory authorities, when approving the assessment and classification of own-fund items which are not covered by the list referred to in</p>

	subsection (1).
<p>SUBSECTION 3 ELIGIBLE OWN FUNDS</p>	
Eligibility and limits applicable to Tiers 1, 2 and 3	<p>104.-(1) As far as the compliance with the Solvency Capital Requirement is concerned, the eligible amounts of Tier 2 and Tier 3 items shall be subject to quantitative limits which shall be such as to ensure that at least the following conditions are met:</p> <p>(a) the proportion of Tier 1 items in the eligible own funds is higher than one third of the total amount of eligible own funds;</p> <p>(b) the eligible amount of Tier 3 items is less than one third of the total amount of eligible own funds.</p> <p>(2) As far as compliance with the Minimum Capital Requirement is concerned, the amount of basic own-fund items eligible to cover the Minimum Capital Requirement which are classified in Tier 2 shall be subject to quantitative limits, which shall be such as to ensure, as a minimum, that the proportion of Tier 1 item, in the eligible basic own funds is higher than one half of the total amount of eligible basic own funds.</p> <p>(3) The eligible amount of own funds to cover the Solvency Capital Requirement set out in section 106 of this Law shall be equal to the sum of the amount of Tier 1, the eligible amount of Tier 2 and the eligible amount of Tier 3.</p> <p>(4) The eligible amount of basic own funds to cover the Minimum Capital Requirement set out in section 135 of this Law shall be equal to the sum of the amount of Tier 1 and the eligible amount of basic own-fund items classified in Tier 2.</p>
Delegated acts concerning eligibility of own funds	<p>105. Delegated acts determine:</p> <p>(a) the quantitative limits referred to in subsection (1) and (2) of section 104 of this Law.</p> <p>(b) the adjustments that should be made to reflect the lack of transferability of those own-fund items that can only be used to cover losses arising from a particular segment of liabilities or from particular risks (ring-fenced funds).</p>
<p>SECTION 4 SOLVENCY CAPITAL REQUIREMENT SUBSECTION 1 GENERAL PROVISIONS FOR THE SOLVENCY CAPITAL REQUIREMENT USING THE STANDARD FORMULA OR AN INTERNAL MODEL</p>	
General provisions	<p>106.-(1) Insurance and reinsurance undertakings shall hold eligible own funds covering the Solvency Capital Requirement.</p> <p>(2) The Solvency Capital Requirement shall be calculated, either in accordance with the standard formula in Subsection 2 or using an internal model, as set out in Subsection 3.</p>
Calculation of the Solvency Capital Requirement.	<p>107.-(1) The Solvency Capital Requirement shall be calculated as follows:</p> <p>(a) it shall be calculated on the presumption that the undertaking will pursue its business as a going concern;</p> <p>(b) it shall be calibrated so as to ensure that all quantifiable risks to which</p>

	<p>an insurance or reinsurance undertaking is exposed are taken into account and it shall cover existing business, as well as the new business expected to be written over the following twelve months and with respect to existing business, it shall cover only unexpected losses;</p> <p>(c) it shall correspond to the Value-at-Risk of the basic own funds of an insurance or reinsurance undertaking subject to a confidence level of 99,5% over a one-year period;</p> <p>(d) it shall cover at least the following risks:</p> <p>(i) non-life underwriting risk;</p> <p>(ii) life underwriting risk;</p> <p>(iii) health underwriting risk;</p> <p>(iv) market risk;</p> <p>(v) credit risk;</p> <p>(vi) operational risk, which shall include legal risks, and exclude risks arising from strategic decisions, as well as reputation risks.</p> <p>(2) When calculating the Solvency Capital Requirement, insurance and reinsurance undertakings shall take account of the effect of risk-mitigation techniques, provided that credit risk and other risks arising from the use of such techniques are properly reflected in the Solvency Capital Requirement.</p>
Frequency of calculation.	<p>108.-(1) Insurance and reinsurance undertakings shall –</p> <p>(a) calculate the Solvency Capital Requirement at least once a year and report the result of that calculation to the Superintendent;</p> <p>(b) ensure that they hold eligible own funds which cover the last reported Solvency Capital Requirement;</p> <p>(c) monitor on a continuous basis the amount of eligible own funds and the Solvency Capital Requirement;</p> <p>(d) If the risk profile of an insurance or reinsurance undertaking deviates significantly from the assumptions underlying the last reported Solvency Capital Requirement, the undertaking concerned shall recalculate the Solvency Capital Requirement without delay and report it to the Superintendent.</p> <p>(2) Where there is evidence to suggest that the risk profile of the insurance or reinsurance undertaking has altered significantly since the date on which the Solvency Capital Requirement was last reported, the Superintendent may require the undertaking concerned to recalculate the Solvency Capital Requirement.</p>
<p>SUBSECTION 2</p> <p>SOLVENCY CAPITAL REQUIREMENT STANDARD FORMULA</p>	
Structure of the standard formula.	<p>109. The Solvency Capital Requirement calculated on the basis of the standard formula shall be the sum of the following items:</p> <p>(a) the Basic Solvency Capital Requirement, as laid down in section 110 of this Law;</p> <p>(b) the capital requirement for operational risk, as laid down in section 113 of this Law;</p> <p>(c) the adjustment for the loss-absorbing capacity of technical provisions and deferred taxes, as laid down in section 114 of this Law.</p>

<p>Design of the Basic Solvency Capital Requirement. Fourth Appendix</p>	<p>110.-(1) The Basic Solvency Capital Requirement shall comprise individual risk modules, which are aggregated in accordance with paragraph 1 of the Fourth Appendix of this Law and in every case shall consist of at least the following risk modules:</p> <ul style="list-style-type: none"> <li>(a) non-life underwriting risk;</li> <li>(b) life underwriting risk;</li> <li>(c) health underwriting risk;</li> <li>(d) market risk;</li> <li>(e) counterparty default risk.</li> </ul> <p>(2) For the purposes of paragraphs (a), (b) and (c) of subsection (1), insurance or reinsurance operations shall be allocated to the underwriting risk module that best reflects the technical nature of the underlying risks.</p> <p>(3) The correlation coefficients for the aggregation of the risk modules referred to in subsection (1), as well as the calibration of the capital requirements for each risk module, shall result in an overall Solvency Capital Requirement which complies with the principles set out in section 107 of this Law.</p> <p>(4) Each of the risk modules referred to in subsection (1) shall be calibrated using a Value-at-Risk measure, with a 99,5% confidence level, over a one-year period and where appropriate, diversification effects shall be taken into account in the design of each risk module.</p> <p>(5) The same design and specifications for the risk modules shall be used for all insurance and reinsurance undertakings, both with respect to the Basic Solvency Capital Requirement and to any simplified calculations as laid down in section 115 of this Law.</p> <p>(6) With regard to risks arising from catastrophes, geographical specifications may, where appropriate, be used for the calculation of the life, non-life and health underwriting risk modules.</p> <p>(7) Subject to approval by the Superintendent, insurance and reinsurance undertakings may, within the design of the standard formula, replace a subset of its parameters by parameters specific to the undertaking concerned when calculating the life, non-life and health underwriting risk modules and such parameters shall be calibrated on the basis of the internal data of the undertaking concerned, or of data which is directly relevant for the operations of that undertaking using standardised methods. When granting supervisory approval, the Superintendent shall verify the completeness, accuracy and appropriateness of the data used.</p>
<p>Calculation of the Basic Solvency Capital Requirement.</p>	<p>111.-(1) The Basic Solvency Capital Requirement shall be calculated in accordance with subsections (2) to (6).</p> <p>(2) The non-life underwriting risk module shall reflect the risk arising from non-life insurance obligations, in relation to the perils covered and the processes used in the conduct of business, taking account of the uncertainty in the results of insurance and reinsurance undertakings related to the existing insurance and reinsurance obligations as well as to the new business expected to be written over the following twelve months and it shall be calculated, in accordance with paragraph 2 of the</p>

Fourth Appendix.	<p>Fourth Appendix of this Law, as a combination of the capital requirements for at least the following sub-modules:</p> <p>(a) the risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the timing, frequency and severity of insured events, and in the timing and amount of claim settlements (non-life premium and reserve risk);</p> <p>(b) the risk of loss, or of adverse change in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events (non-life catastrophe risk).</p>
Fourth Appendix.	<p>(3) The life underwriting risk module shall reflect the risk arising from life insurance obligations, in relation to the perils covered and the processes used in the conduct of business and it shall be calculated, in accordance with paragraph 3 of the Fourth Appendix of this Law, as a combination of the capital requirements for at least the following sub-modules:</p> <p>(a) the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of mortality rates, where an increase in the mortality rate leads to an increase in the value of insurance liabilities (mortality risk);</p> <p>(b) the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of mortality rates, where a decrease in the mortality rate leads to an increase in the value of insurance liabilities (longevity risk);</p> <p>(c) the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of disability, sickness and morbidity rates (disability – morbidity risk);</p> <p>(d) the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of the expenses incurred in servicing insurance or reinsurance contracts (life-expense risk);</p> <p>(e) the risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the level, trend, or volatility of the revision rates applied to annuities, due to changes in the legal environment or in the state of health of the person insured (revision risk);</p> <p>(f) the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates of policy lapses, terminations, renewals and surrenders (lapse risk);</p> <p>(g) the risk of loss, or of adverse change in the value of insurance liabilities, resulting from the significant uncertainty of pricing and provisioning assumptions related to extreme or irregular events (life-catastrophe risk).</p> <p>(4) The health underwriting risk module shall reflect the risk arising from the underwriting of health insurance obligations, whether it is pursued on a similar technical basis to that of life insurance or not, following from both the perils covered and the processes used in the conduct of business and it shall cover at least the following risks:</p> <p>(a) the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of the expenses</p>

<p>Fourth Appendix.</p>	<p>incurred in servicing insurance or reinsurance contracts;</p> <p>(b) the risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the timing, frequency and severity of insured events, and in the timing and amount of claim settlements at the time of provisioning;</p> <p>(c) the risk of loss, or of adverse change in the value of insurance liabilities, resulting from the significant uncertainty of pricing and provisioning assumptions related to outbreaks of major epidemics, as well as the unusual accumulation of risks under such extreme circumstances.</p> <p>(5) The market risk module shall reflect the risk arising from the level or volatility of market prices of financial instruments which have an impact upon the value of the assets and liabilities of the undertaking, in particular with respect to the duration thereof and it shall be calculated, in accordance with paragraph 4 of the Fourth Appendix of this Law, as a combination of the capital requirements for at least the following sub-modules:</p> <p>(a) the sensitivity of the values of assets, liabilities and financial instruments to changes in the term structure of interest rates, or in the volatility of interest rates (interest rate risk);</p> <p>(b) the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities (equity risk);</p> <p>(c) the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of real estate (property risk);</p> <p>(d) the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure (spread risk);</p> <p>(e) the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of currency exchange rates (currency risk);</p> <p>(f) additional risks to an insurance or reinsurance undertaking stemming either from lack of diversification in the asset portfolio or from large exposure to default risk by a single issuer of securities or a group of related issuers (market risk concentrations).</p> <p>(6) The counterparty default risk module shall reflect possible losses due to unexpected default, or deterioration in the credit standing, of the counterparties and debtors of insurance and reinsurance undertakings over the following twelve months shall cover risk-mitigating contracts, such as reinsurance arrangements, securitisations and derivatives, and receivables from sub-agents, as well as any other credit exposures which are not covered in the spread risk sub-module and it shall take appropriate account of collateral or other security held by or for the account of the insurance or reinsurance undertaking and the risks associated therewith. For each counterparty, the counterparty default risk module shall take account of the overall counterparty risk exposure of the insurance or reinsurance undertaking concerned to that counterparty,</p>
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	regardless of the legal form of its contractual obligations to that undertaking.
Calculation of the equity risk sub-module: symmetric adjustment mechanism.	<p>112.-(1) The equity risk sub-module calculated in accordance with the standard formula shall include a symmetric adjustment to the equity capital charge applied to cover the risk arising from changes in the level of equity prices.</p> <p>(2) The symmetric adjustment made to the standard equity capital charge, calibrated in accordance with subsection (4) of section 110 of this Law, covering the risk arising from changes in the level of equity prices shall be based on a function of the current level of an appropriate equity index and a weighted average level of that index and shall be calculated over an appropriate period of time which shall be the same for all insurance and reinsurance undertakings.</p> <p>(3) The symmetric adjustment made to the standard equity capital charge covering the risk arising from changes in the level of equity prices shall not result in an equity capital charge being applied that is more than 10 percentage points lower or 10 percentage points higher than the standard equity capital charge.</p>
Capital requirement for operational risk.	<p>113.-(1) The capital requirement for operational risk shall reflect operational risks to the extent they are not already reflected in the risk modules referred to in section 110 and it shall be calibrated in accordance with the provisions of paragraphs (b) and (c) of section 107 of this Law.</p> <p>(2) With respect to life insurance contracts where the investment risk is borne by the policy holders, the calculation of the capital requirement for operational risk shall take account of the amount of annual expenses incurred in respect of those insurance obligations.</p> <p>(3) With respect to insurance and reinsurance operations other than those referred to in subsection (2), the calculation of the capital requirement for operational risk shall take account of the volume of those operations, in terms of earned premiums and technical provisions which are held in respect of those insurance and reinsurance obligations. In this case, the capital requirement for operational risks shall not exceed 30% of the Basic Solvency Capital Requirement relating to those insurance and reinsurance operations.</p>
Adjustment for the loss-absorbing capacity of technical provisions and deferred taxes.	<p>114.-(1) The adjustment referred to in paragraph (c) of section 109 of this Law for the loss-absorbing capacity of technical provisions and deferred taxes shall reflect potential compensation of unexpected losses through a simultaneous decrease in technical provisions or deferred taxes or a combination of the two.</p> <p>(2) That adjustment shall take account of the risk mitigating effect provided by future discretionary benefits of insurance contracts, to the extent insurance and reinsurance undertakings can establish that a reduction in such benefits may be used to cover unexpected losses when they arise. The risk mitigating effect provided by future discretionary benefits shall be no higher than the sum of technical provisions and deferred taxes relating to those future discretionary benefits.</p>



	<p>(3) For the purpose of the subsection (2), the value of future discretionary benefits under adverse circumstances shall be compared to the value of such benefits under the underlying assumptions of the best-estimate calculation.</p>
<p>Simplifications in the standard formula.</p>	<p>115. Insurance and reinsurance undertakings may use a simplified calculation for a specific sub-module or risk module where the nature, scale and complexity of the risks they face justifies it and where it would be disproportionate to require all insurance and reinsurance undertakings to apply the standardised calculation which shall be calibrated in accordance with subsection (1) of section 107 of this Law.</p>
<p>Harmonised technical components imported to the standard formula, and implementing technical standards.</p>	<p>116.-(1) The National Supervisory Authorities (NSA), through the mixed committee, prepare harmonised technical components for matching the credit assessments of the external credit assessment institutions (ECAI) on an objective scale of credit quality steps, applying the scales determined in accordance with paragraph (o) of subsection (1) of section 118 of this Law;</p> <p>(2) To facilitate the calculation of the market risk module referred to in subsection (5) of section 111, the calculation of the counterparty default risk module referred to in subsection (6) of section 111, the assessment of the risk-mitigation techniques referred to in subsection (2) of section 107 of this Law and the calculation of technical provisions, implementing technical standards they determine –</p> <p>(a) lists of regional governments and local authorities, the exposures which are treated as exposures to the central government in whose jurisdiction they are subject, on condition that that there is no difference in risk between these exposures due to the specific revenue-raising powers of these regional governments and local authorities, and specific statutory arrangements exist that limit the default risk of their obligations;</p> <p>(b) the equity index referred to in subsection (2) of section 112, in accordance with the detailed criteria determined under paragraphs (c) and (o) of subsection (1) of section 118 of this Law;</p> <p>(c) the adjustments that shall be made for currencies attached to the euro for the 'currency risk' sub-module referred to in subsection (5) of section 111, according to the detailed criteria for adjustments with regard to currencies attached to the euro, for the purpose of facilitating the calculation of the currency risk sub-module, as defined under paragraph (f) of subsection (1) of section 118 of this Law.</p> <p>(3) To facilitate the calculation of the counterparty default risk module referred to in subsection (6) of section 111 of this Law implementing technical standards are issued.</p> <p>(4) Implementing technical standards of subsection (3) only apply where and when the apportionment of compensation payments in relation to health risk is allowed between the insurance and reinsurance undertakings and satisfy the following criteria:</p> <p>(a) the mechanism for the apportionment of compensation is transparent and well-defined before the annual period to which it applies;</p> <p>(b) the mechanism for the apportionment of compensation, the number</p>

<p>59(l) of 2010 114(l) of 2010 126(l) of 2010 2(l) of 2012 37(l) of 2012 170(l) of 2012 193(l) of 2012 106(l) of 2014 194(l) of 2014.</p>	<p>of insurance undertakings that are participating in the health risk equation system (HRES), as well as the risk profile of the activities of the undertaking subject to HRES, ensure that for every undertaking that participates in HRES, the volatility of the annual losses of the activities of the undertaking that are subject to HRES both in terms of premium risk and the reserve risk;</p> <p>(c) the health insurance that is subject to HRES is obligatory and serves as a partial or a full alternative to health cover provided either by the Social Insurance Laws of 2010, as amended or replaced at any given time, or by the health system of the Republic;</p> <p>(d) in the case where insurance undertakings that participate in HRES are in breach of the obligations, the governments of one or more member states guarantee the class of insurance that is subject to HRES.</p> <p>(5) Delegated acts determine the additional criteria which the arrangements in the Republic must satisfy and the methodology and requirements for the calculation of the standard deviations of subsection (4).</p>
<p>Significant deviations from the assumptions underlying the standard formula calculation.</p>	<p>117. Where it is inappropriate to calculate the Solvency Capital Requirement in accordance with the standard formula, as set out in this Subsection, because the risk profile of the insurance or reinsurance undertaking concerned deviates significantly from the assumptions underlying the standard formula calculation, the Superintendent may, by means of a decision stating the reasons, require the undertaking concerned to replace a subset of the parameters used in the standard formula calculation by parameters specific to that undertaking when calculating the life, non-life and health underwriting risk modules, as set out in subsection (7) of section 100, provided that those specific parameters shall be calculated in such a way to ensure that the undertaking complies with paragraph (b) of subsection (1) of section 107 of this Law.</p>
<p>Delegated acts and regulatory and implementing technical standards with sections 109 to 115.</p>	<p>118.-(1) Delegated acts regulate –</p> <p>(a) a standard formula in accordance with sections 107 and 109 to 115 of this Law;</p> <p>(b) any sub-modules necessary or covering more precisely the risks which fall under the respective risk modules referred to in section 110 of this Law, as well as any subsequent updates;</p> <p>(c) the methods, assumptions and standard parameters to be calibrated at the confidence level referred to in paragraphs (b) and (c) of subsection (1) of section 107 of this Law and to be used when calculating each of the risk modules or sub-modules of the Basic Solvency Capital Requirement laid down in sections 110, 111 and 417 of this Law, the symmetric adjustment mechanism and the appropriate period of time,</p>

<p>Fourth Appendix.</p> <p>Official Journal of 27.06.2013, L 176, p. 1</p>	<p>expressed in the number of months, as referred to in section 112, and the appropriate approach for integrating the method referred to in section 417 in the Solvency Capital Requirement as calculated in accordance with the standard formula;</p> <p>(d) the correlation parameters, including, if necessary, those set out in the Fourth Appendix of this Law, and the procedures for the updating of those parameters;</p> <p>(e) where insurance and reinsurance undertakings use risk-mitigation techniques, the methods and assumptions to be used to assess the changes in the risk profile of the undertaking concerned and to adjust the calculation of the Solvency Capital Requirement;</p> <p>(f) the qualitative criteria that the risk-mitigation techniques referred to in paragraph (e) must fulfil in order to ensure that the risk has been effectively transferred to a third party;</p> <p>(g) the methods and parameters to be used when assessing the capital requirement for default of the policy holder in the case of exposure to eligible central policy holders, such parameters are determined in such a manner to ensure consistency with the treatment of these exposures in the case of credit institutions and financial institutions within the meaning of section 4, paragraph 1 points 1 and 26 of regulation (EU) no. 575/2013 on prudential requirements for credit institutions and investment firms;</p> <p>(h) the methods and parameters to be used when assessing the capital requirement operational risk set out in section 113, including the percentage referred to in subsection (3) of the said section 113;</p> <p>(i) the methods and adjustments to be used to reflect the reduced scope for risk diversification of insurance and reinsurance undertakings related to ring-fenced funds;</p> <p>(j) the method to be used when calculating the adjustment for the loss-absorbing capacity of technical provisions or deferred taxes, as laid down in section 114 of this Law;</p> <p>(k) the subset of standard parameters in the life, non-life and health underwriting risk modules that may be replaced by undertaking-specific parameters as set out in subsection (7) of section 110 of this Law;</p> <p>(l) the standardised methods to be used by the insurance or reinsurance undertaking to calculate the undertaking-specific parameters referred to in paragraph (j), and any criteria with respect to the completeness, accuracy, and appropriateness of the data used that must be met before supervisory approval is given;</p> <p>(m) the simplified calculations provided for specific sub-modules and risk modules, as well as the criteria that insurance and reinsurance undertakings, including captive insurance and reinsurance undertakings, shall be required to fulfil in order to be entitled to use each of those simplifications, as set out in section 115;</p> <p>(n) the approach to be used with respect to related undertakings within the meaning of section 250 in the calculation of the Solvency Capital Requirement, in particular the calculation of the equity risk sub-module referred to in subsection (5) of section 111 of this Law, taking into account</p>
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<p>Official Journal of 27.06.2013, L 176, p. 1</p>	<p>the likely reduction in the volatility of the value of those related undertakings arising from the strategic nature of those investments and the influence exercised by the participating undertaking on those related undertakings.</p> <p>(o) the manner in which external credit assessments are used by the ECAI in calculating the solvency capital requirement in accordance with the standard formula and the association of the external credit assessment on the scale of credit quality steps referred to in subsection (1) of section 116 of this Law, which must be consistent with using external credit assessments by the ECAI in calculating the capital requirements for credit institutions as defined in section 4 paragraph 1 point 1 of regulation (EU) no. 575/2013 on prudential requirements for credit institutions and investment firms and financial institutions as defined in section 4, paragraph 1, point 26 of the said regulation;</p> <p>(p) the detailed criteria for the equity index referred to in paragraph (b) of subsection (2) of section 116 of this Law;</p> <p>(q) the detailed criteria on the adjustments to be made with regard to currencies attached to the Euro, to facilitate the calculation of the sub-module on 'currency risk' referred to in paragraph (a) of subsection (2) of section 116 of this Law;</p> <p>(r) the conditions for a classification of regional governments and local authorities referred to in paragraph (a) of subsection (2) of this section;</p> <p>(2) Implementing technical standards determine the procedures for approval by the Superintendent of the specific parameters per undertaking referred to in paragraph (k) of subsection (1).</p> <p>(3) Regulatory technical standards determine quantitative limits and asset eligibility criteria in order to address risks which are not adequately covered by a sub-module and shall apply to assets covering technical provisions, excluding assets held in respect of life insurance contracts where the investment risk is borne by the policy holders.</p>
<p>SUBSECTION 3 SOLVENCY CAPITAL REQUIREMENT FULL AND PARTIAL INTERNAL MODELS</p>	
<p>General provisions for the approval of full and partial internal models.</p>	<p>119.-(1) Insurance or reinsurance undertakings may calculate the Solvency Capital Requirement using a full or partial internal model as approved by the Superintendent.</p> <p>(2) Insurance and reinsurance undertakings may use partial internal models for the calculation of one or more of the following:</p> <p>(a) one or more risk modules, or sub-modules, of the Basic Solvency Capital Requirement, as set out in sections 110 and 111 of this Law;</p> <p>(b) the capital requirement for operational risk as set out in section 113 of this Law;</p> <p>(c) the adjustment referred to in section 114 of this Law.</p> <p>(3) In addition, partial modelling in accordance with subsection (2), may be applied to the whole business of insurance and reinsurance undertakings, or only to one or more major business units.</p> <p>(4) In any application for a full or partial approval for an internal model to the Superintendent, insurance and reinsurance undertakings shall submit,</p>

	<p>as a minimum, documentary evidence that the internal model fulfils the requirements set out in sections 127 to 132;</p> <p>(5) Where the application for that approval by the Superintendent relates to a partial internal model, the requirements set out in sections 127 to 132 shall be adapted to take account of the limited scope of the application of the model.</p> <p>(6) The Superintendent shall decide on the application under this section within six months from the receipt of the complete application.</p> <p>(7) The Superintendent shall give approval to the application only if he is satisfied that the systems of the insurance or reinsurance undertaking for identifying, measuring, monitoring, managing and reporting risk are adequate and in particular, that the internal model fulfils the requirements referred to in subsection (3).</p> <p>(8) A decision by the Superintendent to reject the application for the use of an internal model shall state the reasons on which it is based.</p> <p>(9) After having received approval to use an internal model, the Superintendent may, by means of a decision stating the reasons, request insurance and reinsurance undertakings to furnish him with an estimate of the Solvency Capital Requirement determined in accordance with the standard formula, as set out in Subsection 2 of this Section.</p>
<p>Specific provisions for the approval of partial internal models.</p>	<p>120.-(1) In the case of a partial internal model, the approval by the Superintendent shall be given only where that model fulfils the requirements set out in section 119 of this Law and the following additional conditions:</p> <p>(a) the reason for the limited scope of application of the model is properly justified by the undertaking;</p> <p>(b) the resulting Solvency Capital Requirement reflects more appropriately the risk profile of the undertaking and in particular complies with the principles set out in subsection 1 of this Section;</p> <p>(cc) its design is consistent with the principles set out in subsection 1 so as to allow the partial internal model to be fully integrated into the Solvency Capital Requirement standard formula.</p> <p>(2) When assessing an application for the use of a partial internal model which only covers certain sub-modules of a specific risk module, or some of the business units of an insurance or reinsurance undertaking with respect to a specific risk module, or parts of both, the Superintendent may require the insurance and reinsurance undertakings concerned to submit a realistic transitional plan to extend the scope of the model, which shall set out the manner in which insurance and reinsurance undertakings plan to extend the scope of the model to other sub-modules or business units, in order to ensure that the model covers a predominant part of their insurance operations with respect to that specific risk module.</p>
<p>Delegated acts and implementing technical standards for</p>	<p>121.-(1) Delegated acts determine –</p> <p>(a) the adaptations to be made to the standards set out in sections 127 to 132, given the limited scope of the application of the partial internal model.</p> <p>(b) the manner for the full integration of a partial internal model in the</p>

internal models for capital requirements.	standard formula for solvency capital requirements referred to in paragraph (c) of subsection (1) of section 120 of this Law, and the requirements for the use of alternative integration techniques. (2) Implementing technical standards determine the procedures for – (a) the approval of an internal model in accordance with section 119; and (b) the approval of significant changes in an internal model and changes to the policy for the change in an internal model, referred to in section 122.
Policy for changing the full and partial internal models.	122.-(1) As part of the initial approval process of an internal model, the Superintendent shall approve the policy for changing the model of the insurance or reinsurance undertaking which includes the specifications of minor and major changes to the internal model. (2) Insurance and reinsurance undertakings may change their internal model in accordance with the policy in subsection (1), however any major changes either to the internal model or to changes to that policy, shall always be subject to prior approval by the Superintendent, as laid down in section 119 of this Law. (3) Minor changes to the internal model shall not be subject to prior approval of the Superintendent, insofar as they are developed in accordance with that policy in subsection (1).
Responsibilities of the administrative, management or supervisory bodies.	123.-(1) The board of directors of the insurance and reinsurance undertakings shall approve the application to the Superintendent for approval of the internal model referred to in section 119 of this Law, as well as the application for approval of any subsequent major changes made to that model. (2) The board of directors shall have responsibility for putting in place systems which ensure that the internal model operates properly on a continuous basis.
Reversion to the standard formula.	124. After having received approval by the Superintendent in accordance with section 119 of this Law, insurance and reinsurance undertakings shall not revert to calculating the whole or any part of the Solvency Capital Requirement in accordance with the standard formula, as set out in Subsection 2 of this Section, except in duly justified circumstances and subject to the approval of the Superintendent.
Non-compliance of the internal model	125.-(1) If, after having received approval from the Superintendent to use an internal model, insurance and reinsurance undertakings cease to comply with the requirements set out in sections 127 to 132, they shall, without delay, either present to the Superintendent a plan to restore compliance within a reasonable period of time, or demonstrate that the effect of non-compliance is immaterial. (2) In the event that insurance and reinsurance undertakings fail to implement the plan referred to in subsection (1), the Superintendent may require these undertakings to revert to calculating the Solvency Capital Requirement in accordance with the standard formula, as set out in Subsection 2 of this Section.

Significant deviations from the assumptions underlying the standard formula calculation.	126. Where it is inappropriate to calculate the Solvency Capital Requirement in accordance with the standard formula, as set out in Subsection 2 of this Section, because the risk profile of the insurance or reinsurance undertaking concerned deviates significantly from the assumptions underlying the standard formula calculation, the Superintendent may, by means of a decision stating the reasons, require the undertaking concerned to use an internal model to calculate the Solvency Capital Requirement, or the relevant risk modules thereof.
Use test.	127.-(1) Insurance and reinsurance undertakings shall demonstrate to the Superintendent that the internal model is widely used in and plays an important role in their system of governance, referred to in sections 43 to 51, and in particular: (a) their risk-management system as laid down in section 45 of this Law and their decision-making processes; (b) their economic and solvency capital assessment and allocation processes, including the assessment referred to in section 46 of this Law. (2) In addition, insurance and reinsurance undertakings shall demonstrate to the Superintendent that the frequency of calculation of the Solvency Capital Requirement using the internal model is consistent with the frequency with which they use their internal model for the other purposes covered by the first paragraph. (3) The board of directors of the insurance and reinsurance undertaking shall be responsible for ensuring the ongoing appropriateness of the design and operations of the internal model, and that the internal model continues to appropriately reflect the risk profile of the insurance and reinsurance undertakings concerned.
Statistical quality standards.	128. Insurance and reinsurance undertakings shall ensure that the internal model, and in particular the calculation of the probability distribution forecast underlying it, shall comply with the following criteria – (a) The methods used to calculate the probability distribution forecast shall be based on – (i) adequate, applicable and relevant actuarial and statistical techniques and shall be consistent with the methods used to calculate technical provisions; and (ii) current and credible information and realistic assumptions. (b) Insurance and reinsurance undertakings shall be able to justify the assumptions underlying their internal model to the Superintendent. (c) Data used for the internal model shall be accurate, complete and appropriate and all the data used in the calculation of the probability distribution forecast shall be updated by the insurance and reinsurance undertakings at least once every year. (d) Regardless of the calculation method chosen, the ability of the internal model to rank risk shall be sufficient to ensure that it is widely used in and plays an important role in the risk-management system and decision-making processes, capital allocation and in the system of governance in accordance with section 127 and the method ensures that the internal model covers all significant risks to which insurance and

	<p>reinsurance undertakings are exposed and at least the risks referred to in paragraph (d) of subsection (1) of section 107 of this Law.</p> <p>(e) As regards diversification effects, insurance and reinsurance undertakings may take account in their internal model of dependencies within and across risk categories, provided that the Superintendent is satisfied that the system used for measuring those diversification effects is adequate.</p> <p>(f) Insurance and reinsurance undertakings may take full account of the effect of risk-mitigation techniques in their internal model, as long as credit risk and other risks arising from the use of risk-mitigation techniques are properly reflected in the internal model.</p> <p>(g) Insurance and reinsurance undertakings shall accurately assess the particular risks associated with financial guarantees and any contractual options in their internal model, where material and they shall also assess the risks associated with both policy holder options and contractual options for the undertakings and for that purpose, they shall take account of the impact that future changes in financial and non-financial conditions may have on the exercise of those options.</p> <p>(h) In their internal model, insurance and reinsurance undertakings shall take account of future management actions that they would reasonably expect to carry out in specific circumstances.</p> <p>(i) In their internal model, insurance and reinsurance undertakings shall take account of all payments to policy holders and beneficiaries which they expect to make, whether or not those payments are contractually guaranteed.</p>
<p>Calibration standards.</p>	<p>129.-(1) Insurance and reinsurance undertakings may use a different time period or risk measure than that set out in paragraph (c) of subsection (1) of section 107 of this Law for internal modelling purposes as long as the outputs of the internal model can be used by those undertakings to calculate the Solvency Capital Requirement in a manner that provides policy holders and beneficiaries with a level of protection equivalent to that set out in section 107.</p> <p>(2) Where practicable, insurance and reinsurance undertakings shall derive the Solvency Capital Requirement directly from the probability distribution forecast generated by the internal model of those undertakings, using the Value-at-Risk measure set out in paragraph (c) of subsection (1) of section 107.</p> <p>(3) Where insurance and reinsurance undertakings cannot derive the Solvency Capital Requirement directly from the probability distribution forecast generated by the internal model, the Superintendent may allow approximations to be used in the process to calculate the Solvency Capital Requirement, as long as those undertakings can demonstrate that policy holders are provided with a level of protection equivalent to that provided for in section 107.</p> <p>(4)The Superintendent may require insurance and reinsurance undertakings to run their internal model on relevant benchmark portfolios and using assumptions based on external rather than internal data in</p>



	order to verify the calibration of the internal model and to check that its specification is in line with generally accepted market practice.
Profit and loss attribution.	130.-(1) Insurance and reinsurance undertakings shall review, at least annually, the causes and sources of profits and losses for each major business unit and they shall demonstrate how the categorisation of risk chosen in the internal model explains the causes and sources of profits and losses. (2) The categorisation of risk and attribution of profits and losses shall reflect the risk profile of the insurance and reinsurance undertakings.
Validation standards.	131.-(1) Insurance and reinsurance undertakings shall have a regular cycle of model validation which includes monitoring the performance of the internal model, reviewing the ongoing appropriateness of its specification, and testing its results against experience. (2) The model validation process shall include an effective statistical process for validating the internal model which enables the insurance and reinsurance undertakings to demonstrate to the Superintendent that the resulting capital requirements are appropriate. (3) The statistical methods applied in accordance with subsection (2) shall test the appropriateness of the probability distribution forecast compared not only to loss experience but also to all material new data and information relating thereto. (4) The model validation process shall include an analysis of the stability of the internal model and in particular the testing of the sensitivity of the results of the internal model to changes in key underlying assumptions. It shall also include an assessment of the accuracy, completeness and appropriateness of the data used by the internal model.
Documentation standards.	132.-(1) Insurance and reinsurance undertakings shall document the design and operational details of their internal model to demonstrate compliance with the provisions of sections 127 to 131 of this Law. (2) The documentation in subsection (1) shall provide a detailed outline of the theory, assumptions, and mathematical and empirical bases underlying the internal model. The documentation shall indicate any circumstances under which the internal model does not work effectively. (3) Insurance and reinsurance undertakings shall document all major changes to their internal model, as set out in section 122 of this Law.
External models and data.	133. The use of a model or data obtained from a third party shall not be considered to be a justification for exemption from any of the requirements for the internal model set out in sections 127 to 132 of this Law.
Delegated acts with regard to sections 127 to 133.	134. Delegated acts determine the details with regard to sections 127 to 133 for the improvement and the better assessment of the risk profile and management of the business of insurance and reinsurance undertakings, with regard to the use of internal models.
Section 5 Minimum capital requirement	



	<p>Capital Requirement at least quarterly and report the results of that calculation to the Superintendent and where either of the limits referred to in subsection (3) determines an undertaking's Minimum Capital Requirement, the undertaking shall provide to the Superintendent information allowing a proper understanding of the reasons thereof:</p> <p>Provided that for the purposes of calculating the limits in subsection (3), the undertakings are not obliged to calculate the solvency capital requirements on a quarterly basis.</p>
Delegated acts.	137. Delegated acts determine the calculation of the minimum capital requirements referred to in sections 135 and 136 of this Law.
<p>Transitional arrangements.</p> <p>35(l) of 2002 141(l) of 2003 165(l) of 2003 69(l) of 2004 70(l) of 2004 136(l) of 2004 152(l) of 2004 153(l) of 2004 240(l) of 2004 17(l) of 2005 26(l) of 2008 105(l) of 2009 50(l) of 2011 132(l) of 2013.</p>	<p>138.-(1) By way of derogation from the provisions of sections 146 and 151, where insurance and reinsurance undertakings comply by 31 December 2015 with the requisite eligible own funds to cover the solvency capital requirements as laid down in the Insurance Business and Other Related Matters Laws of 2002 to 2013, as amended or replaced at any given time, but do not hold sufficient eligible basic own funds to cover the Minimum Capital Requirement, the undertakings concerned shall comply with the provisions of section 135 of this Law until 31 December 2016.</p> <p>(2) Where the undertaking concerned fails to comply with the provisions of section 135 within the period set out in subsection (1), the Superintendent shall withdraw the authorisation of the undertaking in accordance with the provisions of section 151 of this Law.</p>
<p>Section 6 Investments</p>	
Prudent person principle.	<p>139.-(1) Insurance and reinsurance undertakings shall invest all their assets in accordance with the prudent person principle, as specified in this section.</p> <p>(2) The prudent person principle requires insurance and reinsurance undertakings to –</p> <p>(a) with respect to the whole portfolio of assets, to only invest in assets and instruments whose risks the undertaking concerned can properly identify, measure, monitor, manage, control and report, and appropriately take into account in the assessment of its overall solvency needs in accordance with paragraph (a) of subsection (1) of section 46 of this Law;</p> <p>(b) All assets, in particular those covering the Minimum Capital Requirement and the Solvency Capital Requirement, shall be invested in such a manner as to ensure the security, quality, liquidity and profitability</p>

of the portfolio as a whole and the localisation of those assets shall be such as to ensure their availability;

(c) assets held to cover the technical provisions shall also be invested in a manner appropriate to the nature and duration of the insurance and reinsurance liabilities as well as all policy holders and beneficiaries taking into account any disclosed policy objective;

(d) in the case of a conflict of interest, insurance undertakings, or the entity which manages their asset portfolio, shall ensure that the investment is made in the best interest of policy holders and beneficiaries.

(3) Without prejudice to the provisions of subsection (2), with respect to assets held in respect of life insurance contracts where the investment risk is borne by the policy holders, paragraphs (a) to (c) shall apply:

(a) Where the benefits provided by a contract are directly linked to the value of units in an UCITS as defined in the Open-Ended Undertakings for Collective Investment Law and Related Matters Laws of 2002 of 2012 as amended or replaced or to the value of assets contained in an internal fund held by the insurance undertakings, usually divided into units, the technical provisions in respect of those benefits must be represented as closely as possible by those units or, in the case where units are not established, by those assets;

(b) where the benefits provided by a contract are directly linked to a share index or some other reference value other than those referred to in subsection (2), the technical provisions in respect of those benefits must be represented as closely as possible either by the units deemed to represent the reference value or, in the case where units are not established, by assets of appropriate security and marketability which correspond as closely as possible with those on which the particular reference value is based;

(c) where the benefits referred to in paragraphs (a) and (b) include a guarantee of investment performance or some other guaranteed benefit, the assets held to cover the corresponding additional technical provisions shall be subject to subsection (4).

(4) Without prejudice to the provisions of subsection (2), with respect to assets other than those covered by subsection (3), the provisions of paragraph (a) to (d) herein below shall apply:

(a) the use of derivative instruments shall be possible insofar as they contribute to a reduction of risks or facilitate efficient portfolio management;

(b) investment and assets which are not admitted to trading on a regulated financial market shall be kept to prudent levels;

(c) assets shall be properly diversified in such a way as to avoid excessive reliance on any particular asset, issuer or group of undertakings, or geographical area and excessive accumulation of risk in the portfolio as a whole;

(d) investments in assets issued by the same issuer, or by issuers belonging to the same group, shall not expose the insurance undertakings to excessive risk concentration.

<p>Freedom of investment.</p> <p>225(l) of 2002 85(l) of 2003 190(l) of 2003.</p>	<p>140. Subject to the requirements determined in Directives of the Superintendent in respect of assets or reference values that may be linked to policy benefits, that are required to be applied only where the investment risk is borne by a policy holder who is a natural person and shall not be more restrictive than those set out in the Open-Ended Undertakings for Collective Investment Law and Related Matters Laws of 2002 of 2012 as amended or replaced, the Superintendent –</p> <p>(a) insurance and reinsurance undertakings shall not be required to invest in particular categories of asset; and</p> <p>(b) does not subject the investment decisions of an insurance or reinsurance undertaking or its investment manager to any kind of prior approval or systematic notification requirements.</p>
<p>Localisation of assets and prohibition of pledging of assets.</p>	<p>141.-(1) With respect to insurance risks situated in the Community, the Superintendent shall not require that the assets of insurance or reinsurance undertakings that are held to cover the technical provisions related to those risks are localised within the Community or in any particular Member States, including the Republic.</p> <p>(2) In addition, with respect to recoverables from reinsurance contracts against undertakings authorised in accordance with this Law or which have their head office in a third country whose solvency regime is deemed to be equivalent in accordance with section 187, the Superintendent shall not require the localisation within the Community of the assets representing those recoverables.</p> <p>(3) The Superintendent shall not retain or introduce for the establishment of technical provisions a system with gross reserving which requires pledging of assets to cover unearned premiums and outstanding claims provisions where the reinsurer is an insurance or reinsurance undertaking authorised in accordance with this Law.</p>
<p>Delegated acts and regulatory technical standards for qualitative requirements</p>	<p>142.-(1) Delegated acts determine what is relevant in specifying qualitative requirements in the following areas:</p> <p>(a) the identification, measurement, monitoring and managing of risks arising from investments in relation to subsection (2) of section 139 of this Law;</p> <p>(b) the identification, measurement monitoring and managing of specific risks arising from investment in derivative instruments and assets referred to in the second subsection of section 139 subsection (4), and identifying the level at which the use of such assets may be considered a reduction of the risk or effective management of the portfolio as referred to in the third subsection (4) of section 139.</p> <p>(2) Implementing measures determine –</p> <p>(a) the requirements that need to be met by undertakings ‘repackaging’ loans into tradable securities and other financial instruments (originators), to allow insurance and reinsurance undertakings to invest in such securities or instruments issued after 1 January 2011, including requirements that ensure that the originator retains a net economic interest of no less than 5%;</p> <p>(b) qualitative requirements that must be met by insurance or reinsurance</p>

	<p>undertakings that invest in such securities or instruments;</p> <p>(c) the specifications where it is possible to require an additional capital requirement when the requirements set out in paragraphs (a) and (b) of this subsection, subject to paragraphs (b) and (c) of subsection (1) of section 107 of this Law.</p> <p>(3) Regulatory technical standards determine the methods for calculating the proportionate additional capital charge referred to therein.</p>
<p>CHAPTER SEVEN</p> <p>INSURANCE AND REINSURANCE UNDERTAKINGS IN DIFFICULTY OR IN AN IRREGULAR SITUATION</p>	
<p>Identification and notification of deteriorating financial conditions by the insurance and reinsurance undertaking.</p>	<p>143. Insurance and reinsurance undertakings shall have procedures in place to identify deteriorating financial conditions and shall immediately notify the Superintendent when such deterioration occurs.</p>
<p>Non-Compliance with technical provisions.</p>	<p>144. Where an insurance or reinsurance undertaking does not comply with the provisions of Section 2 of the Sixth Chapter, the Superintendent may prohibit the free disposal of its assets after having communicated his intention to the supervisory authorities of the host Member States, designating the assets to be covered by such measures.</p>
<p>Non-Compliance with the Solvency Capital Requirement.</p>	<p>145.-(1) Insurance and reinsurance undertakings shall immediately inform the Superintendent as soon as he observes that the Solvency Capital Requirement is no longer complied with, or where there is a risk of non-compliance in the following three months.</p> <p>(2) Within two months from the observation of non-compliance with the Solvency Capital Requirement the insurance or reinsurance undertaking concerned shall submit a realistic recovery plan for approval by the Superintendent.</p> <p>(3) The Superintendent shall require the insurance or reinsurance undertaking concerned to take the necessary measures to achieve, within six months from the observation of non-compliance with the Solvency Capital Requirement, the re-establishment of the level of eligible own funds covering the Solvency Capital Requirement or the reduction of its risk profile to ensure compliance with the Solvency Capital Requirement.</p> <p>(4) The Superintendent may, at his discretion, extend that period in subsection (1) for a period of three months and in the event of an exceptional fall in financial markets, the Superintendent may extend the said period set by an appropriate period of time taking into account all relevant factors.</p> <p>(5) In exceptional adverse situations with an effect on insurance and reinsurance undertakings representing a significant share of the market or affected categories of activities, as ascertained by EIOPA, where appropriate in consultation with the ESRB, the Superintendent may</p>

extend, for affected undertakings, the period laid down in subsection (4) by seven years the maximum, taking into account all the relevant factors, including the average duration of the technical provisions.

(5) Without prejudice to the responsibilities of EIOPA based on article 18 of regulation (EU) no. 1094/2010, in applying this subsection, EIOPA ascertains, following a request of the Superintendent, the existence of an exceptional adverse situation. The Superintendent may submit an application in the case where it is possible that the insurance or reinsurance undertakings that represent a significant share of the market or the affected categories of activities unable to respond to one of the requirements laid down in subsection (3).

(7) For the purposes of subsection (6), exceptional adverse situations exist when the financial situation of insurance or reinsurance undertakings that represent a significant share of the market or the affected categories of activities incur have been affected or seriously affected by one or more of the following situations:

- (a) an unforeseen, large and sudden fall in the financial markets;
- (b) prolonged low interest rates;
- (c) catastrophic event with a major impact.

(8) EIOPA in cooperation with the Superintendent, regularly assesses of the situations referred to in subsection (5) continue to exist and whether an emergency adverse condition has ceased to exist.

(9) The insurance or reinsurance undertaking concerned shall, every three months, submit a progress report to the Superintendent, setting out the measures taken and the progress made to re-establish the level of eligible own funds covering the Solvency Capital Requirement or to reduce the risk profile to ensure compliance with the Solvency Capital Requirement.

(10) The extension referred to in subsection (11) shall be withdrawn by the Superintendent, where that progress report shows that there was no significant progress in achieving the re-establishment of the level of eligible own funds covering the Solvency Capital Requirement or the reduction of the risk profile to ensure compliance with the Solvency Capital Requirement between the date of the observation of non-compliance of the Solvency Capital Requirement and the date of the submission of the progress report.

(11) In exceptional circumstances, where the Superintendent is of the opinion that the financial situation of the undertaking concerned will deteriorate further, it may also restrict or prohibit the free disposal of the assets of that undertaking and in such a case he shall inform the supervisory authorities of the host Member States of any measures he has taken, where applicable, requesting the said authorities to take the same measures as the Superintendent, if the Superintendent shall designate the assets to be covered by such measures.

(12) Following a request by the supervisory authority of the home member state of an insurance or reinsurance undertaking that does not satisfy the solvency capital requirements, the Superintendent shall take the same measures with the supervisory authority of the home member state, that

	are specified in its request.
Non-Compliance with the Minimum Capital Requirement.	<p>146.-(1) Insurance and reinsurance undertakings shall inform the Superintendent immediately where they observe that the Minimum Capital Requirement is no longer complied with or where there is a risk of non-compliance in the following three months.</p> <p>(2) Within one month from the observation of non-compliance with the Minimum Capital Requirement, the insurance or reinsurance undertaking concerned shall submit, for approval by the Superintendent, a short-term realistic finance scheme to restore, within three months of that observation, the eligible basic own funds, at least to the level of the Minimum Capital Requirement or to reduce its risk profile to ensure compliance with the Minimum Capital Requirement.</p> <p>(3) The Superintendent may restrict or prohibit the free disposal of the assets of the insurance or reinsurance undertaking and shall inform the supervisory authorities of the host Member States accordingly, where applicable, designating the assets to be covered by such measures.</p> <p>(4) At the request of the supervisory authority of the insurance or reinsurance undertaking which does not satisfy the minimum capital requirements, the Superintendent shall take the same measures with the home member state designating in its request.</p>
Prohibition of free disposal of assets located within the territory of a Member State.	147. The Superintendent may restrict or prohibit the free disposal by an insurance or reinsurance undertaking of its assets located in the Republic, at the request of the supervisory authorities of the home member state of the undertaking, in the cases provided for in sections 144 to 146 of subsection (2) of section 151 of this Law, designating the assets to be covered by such measures.
Supervisory powers in deteriorating financial conditions.	<p>148.-(1) Notwithstanding the provisions of sections 145 and 146 of this Law, where the solvency position of the insurance or reinsurance undertaking continues to deteriorate, the Superintendent shall have the power to take all measures necessary to safeguard the interests of policy holders in the case of insurance contracts, or the obligations arising out of reinsurance contracts.</p> <p>(2) The measures in subsection (1) shall be proportionate and thus reflect the level and duration of the deterioration of the solvency position of the insurance or reinsurance undertaking concerned.</p>
Recovery plan and finance scheme.	<p>149.-(1) The recovery plan referred to in subsection (2) of section 145, and the finance scheme referred to in subsection (2) of section 146 of this Law shall, at least include particulars or evidence concerning the following:</p> <p>(a) estimates of management expenses, in particular current general expenses and commissions;</p> <p>(b) estimates of income and expenditure in respect of direct business, reinsurance acceptances and reinsurance cessions;</p> <p>(c) a forecast balance sheet;</p> <p>(d) estimates of the financial resources intended to cover the technical provisions and the Solvency Capital Requirement and the Minimum Capital Requirement;</p> <p>(e) the overall reinsurance policy.</p>



	<p>(2) Where the Superintendent has required a recovery plan in accordance with the provisions of subsection (2) of sections 145 of this Law or a finance scheme in accordance with the provisions of subsection (2) of section 146, does not issue a certificate in accordance with section 209, for as long as he considers that the rights of the policy holders, or the contractual obligations of the reinsurance undertaking are threatened.</p>
Delegated acts and regulatory technical standards.	<p>150.-(1) Delegated acts determine supplement the form of exceptional adverse conditions and determine the factors and the criteria EIOPA shall take into account when is ascertains the existence of exceptional adverse conditions and the Superintendent when he decides on extending the recovery period in accordance with subsection (4) of section 145 of this Law.</p> <p>(2) Regulatory technical standards specify the recovery plan referred to in subsection (2) of section 145 and the financial scheme referred to in subsection (2) of section 146 and in section 148, taking due care to avoid pro-cyclicality effects.</p>
Withdrawal of authorisation.	<p>151.-(1) The Superintendent may withdraw an authorisation granted to an insurance or reinsurance undertaking where:</p> <p>(a) the undertaking concerned no longer fulfils the conditions for the authorisation that was granted under sections 14 and 19 of this Law;</p> <p>(b) the undertaking concerned does not make use of the authorisation within twelve months, expressly renounces it or ceases to pursue business for more than six months;</p> <p>(c) the undertaking concerned fails seriously in its obligations under this Law or under the regulations that are submitted to the House of Representatives for approval or any implementing measures or regulatory or implementing technical standards and in particular in the following cases:</p> <p>(i) the undertaking concerned is convicted of the criminal offence provided for in section 403 of this Law for issuing false accounts;</p> <p>(ii) the undertaking concerned does not apply, within a period of forty two days, a judgment issued against it;</p> <p>(iii) the undertaking no longer satisfies any of the provisions of the Fourth Chapter of this Law;</p> <p>(iv) the authorisation to pursue insurance or reinsurance operations from a third country is withdrawn by the competent supervisory authority of the third country, where it is based;</p> <p>(v) close links, within the meaning of this Law with any natural or legal person, were created, after the issue of the authorisation, and the undertaking does not comply with the directives of the Superintendent to lift such close links;</p> <p>(vi) the undertaking is under winding-up proceedings.</p> <p>(2) The Superintendent shall withdraw an authorisation granted to an insurance or reinsurance undertaking in the event that the undertaking does not comply with the Minimum Capital Requirement and the Superintendent considers that the finance scheme submitted is manifestly inadequate or the undertaking concerned fails to comply with the</p>

	<p>approved scheme within three months from the observation of non-compliance with the Minimum Capital Requirement.</p> <p>(3) In the event of the withdrawal of authorisation under subsections (1) and (2), the Superintendent shall notify the supervisory authorities of the other Member States accordingly, and those authorities shall take appropriate measures to prevent the insurance or reinsurance undertaking from commencing new operations within their territories, and to EIOPC.</p> <p>(4) The Superintendent shall, together with the supervisory authorities of the other member states, take all measures necessary to safeguard the interests of insured persons and, in particular, shall restrict the free disposal of the assets of the insurance undertaking in accordance with the provisions of section 147 of this Law.</p> <p>(5) The Superintendent, if deemed necessary and for the purposes of protecting the interests of insured persons and policy holders, having withdrawn the authorisation for insurance operations or reinsurance operations, may grant, to the insurance or reinsurance undertaking, under terms and conditions he deems necessary, a special authorisation in the prescribed form, solely for the continuation of existing contracts, the settlement of pending claims and to continue to collect the premiums owed to the same and to satisfy any commitments, in the usual manner of carrying out its operations.</p> <p>(6) The authorisation granted under subsection (5) does not, in any circumstances, equate to an authorisation to pursue insurance or reinsurance operations and the Superintendent determines in the said authorisation the terms and conditions under which it is granted including its duration.</p>
<p>The right to be heard before the withdrawal of the authorisation</p>	<p>152.-(1) Before issuing his decision to withdraw the authorisation to pursue insurance or reinsurance operations, the Superintendent shall notify his intention to this effect in writing to the insurance or reinsurance undertaking concerned, set out the reasons which according to the previous section justify his decision and informs the undertaking concerned as to its right to be heard through its representatives, as provided for in subsection (4) within the prescribed period.</p> <p>(2) Regardless of the provisions of subsection (1), the Superintendent, in exceptional cases justified on the grounds of public interest and in particular to protect the insured and the public in general, may order the immediate suspension of operations, by notification referred to in subsection (1), of the insurance or reinsurance undertaking, until the completion of the proceedings provided for in this section.</p> <p>(3) The insurance or reinsurance undertaking, to whom a notice to withdraw the authorisation has been sent, in accordance with this section, has the right, within a period of fifteen days from the notice of the written intention to withdraw the authorisation, to proceed, and provided it wishes to do so, with written representations to the Superintendent: Provided that where the undertaking has also been notified with the decision of the Superintendent to suspend its operations, it shall</p>

	<p>immediately comply with the decision to suspend.</p> <p>(4) When submitting written or verbal representations, the undertaking has the right to be represented in person or through an advocate or legal counsel or by any other person it deems necessary to represent it.</p> <p>(5) The Superintendent shall take these representations into account, before he proceeds with issuing his final decision as to whether or not to withdraw the authorisation to pursue insurance or reinsurance operations and issues his final decision within a reasonable time.</p> <p>(6)(a) The Superintendent notifies his final decision to the undertaking, which shall be duly justified and in the case where this is negative, he shall inform it of its right to challenge the decision with a recourse before the Permanent Secretary in accordance with the provisions of section 347 of this Law:</p> <p>Provided that the abovementioned decision of the Superintendent to withdraw an authorisation may be challenged directly with a recourse under article 146 of the Constitution.</p> <p>(2) The negative decision of the Permanent Secretary on a recourse according to paragraph (a), may be challenged with a recourse in accordance with article 146 of the Constitution:</p> <p>Provided that pending the decision of the Permanent Secretary, no recourse may be filed under article 146 of the Constitution.</p>
<p>Publication of withdrawal of an authorisation.</p>	<p>153.-(1) The withdrawal of an authorisation to pursue insurance or reinsurance operations, when it becomes final, either on the grounds that time has lapsed without taking any action of a recourse to the Permanent Secretary, or on the grounds that the Permanent Secretary has ratified the decision of the Superintendent, it is published in the prescribed form in the Official Gazette of the Republic and in at least two daily newspapers of national circulation and produces the results from the date of publication, and also on the website of the Service.</p> <p>(2) The decision of the Permanent Secretary, which either ratified or cancelled the decision of the Superintendent to withdraw the authorisation to pursue insurance or reinsurance operations, following a recourse, is published in at least two daily newspapers of national circulation and also on the website of the Service.</p>
<p>Prohibition of issuing new policies after withdrawing the authorisation or after the decision of the Superintendent to suspend operations.</p>	<p>154.-(1) Subject to the provisions of section 156 of this Law, the issue of new policies or entering new policies or reinsurance contracts or pursuing insurance or reinsurance operations in general by an insurance or reinsurance undertaking, whose authorisation to pursue insurance or reinsurance operations or to whom the decision of the Superintendent to suspend its operations has been notified, is prohibited in accordance with the provisions of subsection (2) of section 152 of this Law.</p> <p>(2) Once the Superintendent is notified by the competent supervisory authority of the home member state, the Superintendent takes the appropriate measures to prevent the insurance or reinsurance undertaking whose authorisation has been withdrawn by a supervisory authority of another member state or whose authorisation has lapsed according to the legislation of the home member state, from taking on</p>

	new operations in the Republic.
Amendment of name.	155. Where an insurance undertaking, whose authorisation to pursue insurance operations has been withdrawn for any reason, continues to exist as a legal person or where it has been granted a special temporary authorisation in accordance with the provisions of section 151 of this Law, it shall amend its name and delete from the same anything that may suggest that it pursues insurance or reinsurance operations.
Partial withdrawal and restricting the authorisation to pursue insurance operations to one or more classes.	156.-(1) Subject to the provisions of section 154 of this Law, the Superintendent may, if deemed necessary, instead of withdrawing the authorisation for an insurance or reinsurance undertaking to pursue operations entirely, partly withdraw the authorisation for an insurance or reinsurance undertaking in one or more classes and to limit the validity of the authorisation with regard to the others. (2) In such a case, the insurance or reinsurance undertaking shall – (a) not enter into new policies that cover risks that fall into the class in which the authorisation was withdrawn; (b) not amend any policies, concerning non-life insurance and are in force at the time the authorisation was withdrawn for such an insurance, in such a manner that its obligations are increased; (c) not amend in any manner any life policies and are in force at the time the authorisation for this policy in such a manner that its obligations are increased. (3) Where the Superintendent decides on the partial withdrawal and limit the validity of the authorisation to pursue insurance operations, he may amend the authorisation that was initially granted and issues a new form of authorisation in the prescribed manner. (4) The provisions of sections 151, 152, 153, 154, 155 and of this section, concerning the withdrawal of the authorisation to pursue insurance or reinsurance operations, applies in proportion and in the case of a partial withdrawal and limitation of the authorisation to pursue insurance or reinsurance operations.
Return of authorisation to pursue insurance or reinsurance operations in the case of withdrawal or its amendment.	157. An insurance or reinsurance undertaking whose authorisation to pursue insurance or reinsurance operations is withdrawn or amended in accordance with the provisions of sections 156 and 156, shall return this authorisation to the Superintendent, as well as every certified copy of the same, as soon as it has been notified of the decision to withdraw or at the latest as soon as the decision on the withdrawal or the amendment of the authorisation is published in the Official Gazette of the Republic: Provided that, where the authorisation to pursue insurance or reinsurance operations has been lost or destroyed and the return of the same has become impossible, the insurance undertaking shall, through its Secretary or Director, to provide a relevant affidavit which is submitted to the Superintendent.
<p>CHAPTER VIII</p> <p>RIGHT OF ESTABLISHMENT AND FREEDOM TO PROVIDE SERVICES</p> <p>SECTION 1</p> <p>ESTABLISHMENT BY INSURANCE UNDERTAKINGS</p>	

<p>Conditions for branch establishment.</p> <p>First Appendix.</p> <p>96(l) of 2000 97(l) of 2003 168(l) of 2006 69(l) of 2007 92(l) of 2010.</p>	<p>158.-(1) An insurance undertaking of a member state may establish a branch within the Republic to pursue insurance operations with the right of establishment, if the conditions are satisfied and the procedures of this section are followed.</p> <p>(2) For the purposes of this Chapter, any permanent presence of an undertaking in the territory of the Republic shall be treated in the same way as a branch, even where that presence does not take the form of a branch, but consists merely of an office managed by the own staff of the undertaking or by a person who is independent but has permanent authority to act for the undertaking as an agency would.</p> <p>(3) An insurance undertaking of a member state that proposes to establish a branch within the Republic, shall notify its intention to the supervisory authority of the home member state, which in turn transmits to the Superintendent its said intention, also certifying that the insurance undertaking actually covers the solvency capital requirements and the minimum capital requirements determined in sections 106 and 136 of this Law, together with the following documents and information:</p> <p>(a) a scheme of operations setting out, at least, the types of business envisaged and the structural organisation of the branch;</p> <p>(b) the name of the representative, who demonstrates through a power of attorney duly ratified that he possesses sufficient powers to bind, in relation to third parties, the insurance undertaking of a member state or, in the case of Lloyd's, the underwriters concerned and to represent it or them before the authorities and courts of the Republic (hereinafter the 'authorised agent');</p> <p>(c) the address in the Republic from which documents may be obtained and to which they may be delivered, including all communications to the authorised agent;</p> <p>(d) With regard to Lloyd's, in the event of any litigation in the Republic arising out of underwritten commitments, the insured persons shall not be treated less favourably than if the litigation had been brought against businesses of a conventional type.</p> <p>(4) Where a non-life insurance undertaking intends its branch to cover, covered by motor vehicle liability (Class 10, Part A, First Appendix of this Law, not including carrier's liability, it shall produce a declaration that it has become a member of the national bureau and the national guarantee fund in accordance with the provisions of the Motor Vehicles (Third Party Liability) Laws of 2000 as amended or replaced at any given time.</p> <p>(5) In the event of a change in any of the particulars communicated in accordance with subsections (3) and (4), an insurance undertaking of a member state, shall give written notice of the change to the Superintendent at least one month before making the change.</p> <p>(6) The Superintendent, within a period of two months from receiving all</p>
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	<p>the necessary documents and particulars determined in subsection (2) from the supervisory authority of the home member state, may communicate to the supervisory authority of the home member state, the terms under which, for reasons of public interest, the insurance undertaking of a member state in the Republic shall pursue the operations, which the supervisory authority of the home member state shall communicate to the insurance undertaking.</p> <p>(7) The insurance undertaking of a member state may establish its branch and to commence its activities from the date that the supervisory authority of its home member state has received notification from the Superintendent under subsection (5), or, of such notification has not been sent, two months from the notification to the Superintendent of whatever has been determined in subsection (2).</p> <p>(8) Regulations submitted to the House of Representatives for approval, may determine the submission of further documents.</p>
<p>Terms and conditions to establish a branch of a Cypriot insurance undertaking in another member state.</p>	<p>159.-(1) A Cypriot insurance undertaking wishing to establish a branch in the territory of another member state shall notify its intention to the Superintendent.</p> <p>(2) The Cypriot insurance undertaking accompanies the notification in subsection (1) with the following documents and information:</p> <p>(a) the name of the member state, in the territory of which it intends to establish the branch;</p> <p>(b) its activities programme, which shall at least mention the type of its proposed business and the administrative structure of the branch.</p> <p>(c) the name of the person, who is designated through a power of attorney duly ratified that it has adequate power to bind, against third parties, the insurance undertaking and to represent it or them before any authorities and the courts of the host member state (hereinafter called the 'general agent').</p> <p>(d) the address in the host member state, at which it is possible to request and deliver documents, including all the communications addressed to the general agent.</p> <p>(3) Where the insurance undertaking is active in non-life insurance and intends to cover, through its branch, motor vehicle risks (Class 10, Part A, First Appendix of this Law), not including carrier's liability, submits a declaration, within the time frame set by the host member state, that it shall become a member of the national bureau and the national guarantee fund of the host member state.</p> <p>(4) Where the content of any of the information communicated in accordance with subsection (2) has been amended the insurance undertaking notifies in writing the Superintendent of the said amendment, as well as the supervisory authority of the member state where the branch is located, at least one month before this amendment takes effect, so that the Superintendent may fulfil his obligations in accordance with the provisions of section 158 of this Law.</p> <p>(5) Regulations that are submitted to the House of Representatives for approval, may determine the submission of further documents.</p>

<p>Communication of information.</p>	<p>160.-(1) Unless the Superintendent has reason to doubt the adequacy of the system of governance or the financial situation of the insurance undertaking or the fit and proper requirements in accordance with section 44 of the authorised agent, taking into account the business planned, he shall, within three months of receiving all the information referred to in subsection (3) of section 158 of this Law, communicate that information to the supervisory authorities of the host Member State and shall inform the insurance undertaking concerned thereof.</p> <p>(2) The Superintendent shall also attest that the insurance undertaking covers the Solvency Capital Requirement and the Minimum Capital Requirement calculated in accordance with sections 106 and 136 of this Law.</p> <p>(3) Where the Superintendent refuses to communicate the information referred to in subsection (3) of section 158 to the supervisory authorities of the host Member State he shall state the reasons for his refusal to the insurance undertaking concerned within three months of receiving all the information in question.</p> <p>(4)(a) Such a refusal or failure of the Superintendent to act in notifying the supervisory authorities of the host member state, may be challenged with a recourse before the Permanent Secretary, in accordance with the Provisions of section 347 of this Law:  Provided that the abovementioned decision of the Superintendent may be challenged directly with a recourse under article 146 of the Constitution.</p> <p>(b) The negative decision of the Permanent Secretary on a recourse according to paragraph (a), may be challenged with a recourse in accordance with article 146 of the Constitution:  Provided that pending the decision of the Permanent Secretary, no recourse may be filed under article 146 of the Constitution.</p> <p>(5) The Superintendent notifies the Cypriot insurance undertaking of any terms and conditions that have been placed on the grounds of public interest, by the supervisory authority of the host member state with regard to pursuing insurance activities in the said member state.</p> <p>(6) The Cypriot insurance undertaking may establish the branch and commence its activities in the host member state from the day it receives the communication of subsection (5) or, if no communication is received, two months of receiving the notification in subsection (1).</p>
<p>SECTION 2  FREEDOM TO PROVIDE SERVICES: BY INSURANCE UNDERTAKINGS  Subsection 1 - General provisions</p>	
<p>Freedom to provide services in the Republic by insurance undertakings of a member state.</p>	<p>161.-(1) An insurance undertaking of a member state may pursue insurance business under the freedom to provide services if the conditions are met and the procedures in this section are followed.</p> <p>(2)An insurance undertaking of a member state that wishes to pursue insurance business under the freedom to provide services in the Republic communicates its intention as well as the nature of the risks or commitments it proposes to cover to the supervisory authority of the</p>

<p>First Appendix.</p> <p>96(I) of 2000 97(I) of 2003 168(I) of 2006 69(I) of 2007 92(I) of 2010.</p>	<p>home member state, who shall then within one month communicate the following documents and information to the Superintendent:</p> <p>(a) a certificate attesting that the insurance undertaking covers the Solvency Capital Requirement and Minimum Capital Requirement calculated in accordance with sections 106 and 136 of this Law;</p> <p>(b) the classes of insurance which the insurance undertaking of the member state has been authorised to offer;</p> <p>(c) the nature of the risks or insurance commitments which the insurance undertaking of the member state proposes to cover in the Republic.</p> <p>(d) Where the content of any of the information referred to in paragraph (c) of subsection (2) has been amended, the same procedure provided for in the said subsection is followed.</p> <p>(4) Where an insurance undertaking of a member state is active in non-life insurance and intends to provide services to cover motor vehicle liability (Class 10, Part A, First Appendix), other than carrier's liability, the Superintendent requires the undertaking to submit -</p> <p>(a) the name and address of the representative referred to in paragraph (j), of subsection (1) of section 19;</p> <p>(b) a declaration that it has become a member of the national bureau and national guarantee fund in accordance with the provisions of the Motor Vehicles (Third Party Liability) Laws of 2000, as amended or replaced at any given time;</p> <p>(5) The Cypriot insurance undertaking of a member state may commence its activities from the date it is informed with regard to the communication provided for in subsection (2).</p> <p>(6) The Superintendent may retain a special Register which includes the insurance undertakings under the freedom to provide services and in which the information determined by the Regulations that are submitted to the House of Representatives for approval are recoded.</p> <p>(7) Regulations that are submitted to the House of Representatives for approval, may determine the submission of further documents.</p>
<p>Freedom to provide services by Cypriot insurance undertakings in other member states.</p>	<p>162.-(1) A Cypriot insurance undertaking that intends to pursue its business for the first time under the freedom to provide services in one or more member states shall previously communicate to the Superintendent, the nature of the risks or insurance liabilities it intends to cover.</p> <p>(2) The Superintendent, within the time frame of one month from the communication provided for in subsection (1), communicates to the supervisory authorities of the member state of the member states, in the territory of which the Cypriot insurance undertaking intends to pursue business under the freedom to provide services the following documents and information:</p> <p>(a) a certificate attesting that the Cypriot insurance undertaking covers the Solvency Capital Requirement and Minimum Capital Requirements;</p> <p>(b) the classes of insurance which the Cypriot insurance undertaking of</p>



	<p>the member state has been authorised to offer;</p> <p>(c) the nature of the risks or insurance commitments which the Cypriot insurance undertaking of the member state proposes to cover in the host member state or member states.</p> <p>(3) The Superintendent at the same time communicates to the Cypriot undertaking concerned with regard to the communication in subsection (2).</p> <p>(4) Any change which the Cypriot insurance undertaking intends to make to the information referred to in paragraph (c) of subsection (2) shall be subject to the procedure provided for in this section.</p> <p>(5) Where the Superintendent does not communicate the information referred to in subsection (2) within the time frame provided for in the said subsection, it notifies the Cypriot insurance undertaking within the same time frame of his reasons for refusal.</p> <p>(6)(a) The refusal or failure of the Superintendent to act in notifying the supervisory authorities of the host member state, may be challenged with a recourse before the Permanent Secretary, in accordance with the Provisions of section 347 of this Law:  Provided that the abovementioned decision of the Superintendent may be challenged directly with a recourse under article 146 of the Constitution.</p> <p>(b) The negative decision of the Permanent Secretary on a recourse according to paragraph (a), may be challenged with a recourse in accordance with article 146 of the Constitution:  Provided that pending the decision of the Permanent Secretary, no recourse may be filed under article 146 of the Constitution.</p> <p>(7) The Cypriot insurance undertaking may commence its activities from the date it is informed with regard to the communication provided for in subsection (2).</p> <p>(8) Regulations that are submitted to the House of Representatives for approval, may determine the submission of further documents.</p>
<p>Subsection 2  Third party motor vehicle liability</p>	
<p>Compulsory insurance on third party motor vehicle liability. First Appendix.</p> <p>96(I) of 2000  97(I) of 2003  168(I) of 2006  69(I) of 2007  92(I) of 2010.</p>	<p>163.-(1) Where an insurance undertaking of a member state is active in non-life insurance, which through an establishment situated in the Republic, covers a risk, other than carrier's liability, classified under motor liability (class 10 in Part A of the First Appendix) which is situated in another Member State, shall require that undertaking to become a member of and participate in the financing of its national bureau and its national guarantee fund in accordance with the provisions of the Motor Vehicles (Third Party Insurance) Laws of 200 as amended or replaced at any given time.</p> <p>(2) The financial contribution referred to in subsection (1), shall be made only in relation to risks, other than carrier's liability, for motor liability</p>

	<p>covered by way of provision of services and shall be calculated on the same basis as for Cypriot insurance undertakings covering the same risks and shall be made by reference to the insurance undertakings' premium income from that class in the Republic or the number of risks in that class covered in the Republic.</p> <p>(3) An insurance undertaking of a member state that provides services in the Republic shall comply with the provisions of this Law concerning the cover of aggravated risks, insofar as they apply to Cypriot insurance undertakings.</p>
<p>Non-discrimination of persons pursuing claims.</p> <p>First Appendix.</p>	<p>164. An insurance undertaking of a member state that is active in non-life insurance, in the Republic, shall ensure that persons pursuing claims arising out of events occurring in the Republic, are not placed in a less favourable situation as a result of the fact that the undertaking is covering a risk, other than carrier's liability, in motor vehicle liability (class 10 in Part A of the First Appendix) by way of provision of services rather than through an establishment situated in the Republic.</p>
<p>Representative of an insurance undertaking of a member state in the Republic.</p> <p>96(I) of 2000 97(I) of 2003 168(I) of 2006 69(I) of 2007 92(I) of 2010.</p>	<p>165.-(1) For the purposes of section 164 of this Law, an insurance undertaking of a member state that is active in non-life insurance shall appoint a representative resident or established in the Republic, who shall collect all necessary information in relation to claims, and shall possess sufficient powers to represent the undertaking in relation to persons suffering damage who could pursue claims, including the payment of such claims, and to represent it or, where necessary, to have it represented before the courts and authorities of the Republic in relation to those claims.</p> <p>(2) That representative of subsection (1) may also be required to represent the non-life insurance undertaking before the Superintendent with regard to checking the existence and validity of motor vehicle liability insurance policies.</p> <p>(3) The representative of subsection (1) does not undertake activities on behalf of the non-life insurance undertaking which appointed him other than those set out in subsection (1).</p> <p>(4) The appointment of the representative shall not in itself constitute the opening of a branch for the purpose of section 158 of this Law.</p> <p>(5) Where the insurance undertaking of a member state has failed to appoint a representative, the Superintendent may give his approval to the claims representative appointed in accordance with the provisions of the Motor Vehicles (Third Party Liability) Laws of 2000 as amended or replaced at any given time, to assume the function of the representative under this section.</p>
<p>Section 3</p> <p>Competencies of the Superintendent with regard to insurance undertakings who are exercising the right of establishment and the freedom to provide services</p> <p>Subsection 1</p> <p>Insurance</p>	

Language of documents.	166. The Superintendent may require an insurance undertaking of a member state to furnish him, in the official language of the Republic, the information with regard to the business of insurance undertakings operating in the Republic.
Prior notification and prior approval.	<p>167.-(1) The Superintendent shall not adopt provisions requiring the prior approval or systematic notification of general and special policy conditions, scales of premiums, or, in the case of life insurance, the technical bases used in particular for calculating scales of premiums and technical provisions, or the forms and other documents which an insurance undertaking intends to use in its dealings with policy holders.</p> <p>(2) Regardless of the provisions of subsection (1) the Superintendent, for the purpose of verifying compliance with the provisions of this Law with regard to insurance policies, requires, where this is deemed necessary, from every insurance undertaking of a member state that wishes to effect insurance business in the Republic to communicate the terms of the insurance policies or other documents it intends to use, without the compliance with this requirement and that requirement shall not constitute a prior condition for an insurance undertaking to pursue its business.</p> <p>(3) Regardless of the provisions of subsection (1), the Superintendent may require the prior notification or approval of proposed increases in premium rates, as part of general price-control systems.</p>
Insurance undertakings of a member state in breach of this Law.	<p>168.-(1) Where the Superintendent establishes that an insurance undertaking of a member state with a branch or pursuing business under the freedom to provide services in the Republic is not complying with the provisions of this Law applicable to it, he shall require the insurance undertaking concerned to terminate any breach of the Law.</p> <p>(2) Where the insurance undertaking of a member state concerned does not terminate the breach within the time frame determined by the Superintendent, the Superintendent shall inform the supervisory authorities of the home Member State accordingly and requests an update from the said authorities with regard to the measures to be taken on their behalf.</p> <p>(3) Where, despite the measures taken by the supervisory authorities of the home Member State or because those measures prove to be inadequate or where no measures have been taken and the insurance undertaking of the member state persists in violating the provisions of this Law in force, the Superintendent may, after informing the supervisory authorities of the home Member State, impose on the insurance undertaking of the member state any administrative sanctions provided for in this Law, to prevent or penalise new irregularities and, in so far as is strictly necessary, to prohibit that undertaking from concluding new insurance contracts within the Republic.</p> <p>(4) The Superintendent, provided that the conditions of subsection (3) are satisfied, may also refer the matter to EIOPC and to request its assistance in accordance with the provisions of article 19 of Regulation (EU) no. 1094/2010 and in such a case, EIOPC may act in accordance with the powers vested in it in the said article.</p>

	<p>(5) Any administrative sanctions or other measures by the Superintendent, under subsection (3) are communicated to the insurance undertaking of the member state in accordance with the provisions of this Law.</p> <p>(6) Subsections (1) to (3) shall not affect the right of the Superintendent, in an emergency, to take appropriate temporary measures, to prevent or penalise irregularities by insurance undertakings of a member state in the Republic, including the possibility of prohibiting, without any prior warning by the supervisory authority of the home member state, from concluding new insurance contracts by an insurance undertaking of a member state in the Republic:</p> <p>Provided that, the Superintendent shall communicate the said prohibition to the supervisory authority of the home member state as soon as practical after it has been imposed.</p> <p>(7) Where an insurance undertaking of a member state which has committed an infringement of this Law has an establishment or possesses property in the Republic, the Superintendent may, in accordance with this Law, impose administrative sanctions on the establishment, including restricting the free disposal of the property of the undertaking located in the Republic.</p> <p>(8) Any measure adopted under this section and involves sanctions or restrictions on the conduct of insurance business must be properly reasoned and communicated to the insurance undertaking concerned and to the supervisory authority of the home member state.</p> <p>(9) The provisions of this section do not affect the application of provisions of a criminal nature that apply in the Republic, including the criminal provisions in this Law.</p> <p>(10) The insurance undertakings of a member state shall submit to the Superintendent, at his request, all documents requested of them for the purposes of applying the provisions of this Law.</p> <p>(11) The Superintendent retains the right, as a last resort, to recourse to the supervisory authorities and or to the diplomatic authorities of the state or states where the undertaking is established.</p> <p>(12) The Superintendent shall inform the European Commission and EIOPC of the number and types of cases which led to refusals under sections 158 and 161 of this Law or in which measures have been taken under subsections (3), (5) and (6).</p>
<p>Cypriot insurance undertaking that exercises the right of establishment or freedom to provide services in other member states and violates the</p>	<p>169. Where the Superintendent is informed by a supervisory authority of the home member state or member states, with regard to the violation of legislative provisions of the said states by a Cypriot insurance undertaking who is exercising the right of establishment or the freedom to provide services in another member state or other member states, shall, as soon as possible, take the appropriate measures provided for in this Law, including the imposition of administrative sanctions, in order to terminate the violation and informs the supervisory authority of the home member state or member states, as the case may be, of these measures.</p>

legislative provisions of the said member states.	
Advertising.	170. Insurance undertakings of a member state, that exercises the right of establishment or the freedom to provide services in the Republic, may advertise their services, under the same terms and conditions determined by Regulations that are submitted to the House of Representatives for approval and which apply to a Cypriot insurance undertaking or an insurance undertaking of a third country.
<p>Taxes on premiums.</p> <p>Official Journal E.U. I. 177 4.7.2008, p 6.</p> <p>118(I) of 2002 230(I) of 2002 162(I) of 2003 195(I) of 2004 92(I) of 2005 113(I) of 2006 80(I) of 2007 138(I) of 2007 32(I) of 2009 45(I) of 2009 74(I) of 2009 110(I) of 2009 41(I) of 2010 133(I) of 2010 116(I) of 2011 197(I) of 2011 102(I) of 2012 188(I) of 2012 19(I) of 2013 26(I) of 2013 27(I) of 2013 17(I) of 2014 115(I) of 2014 135(I) of 2014 170(I) of 2014.</p>	<p>171.-(1) Every insurance contract that provides cover –</p> <p>(a) on risks in the Republic, within the meaning of the term ‘Member State where the risk is situated’ or</p> <p>(2) on insurance liabilities, located in the Republic, within the meaning of the term ‘Member State of insurance liabilities’</p> <p>and regardless of the law that governs the insurance contract under Regulation (EC) no. 593/2008 of the European Parliament and of the Council of the 17<sup>th</sup> June 2008 on the law applicable to contractual obligations (Rome I), is subject to the indirect taxes, stamp duty, or fees exclusively for the benefit of the Republic or third persons, including contributions in favour of any organisation or fund or body, provided for in the Income Tax Law of 2002, as amended or replaced at any given time, and is collected in accordance with the provisions of the same Law.</p> <p>(2) For the purposes of subsection (1), goods that include property situated within the territory of the Republic except for goods except for</p>

	goods in commercial transit, shall be considered as a risk situated in the Republic, even where the property and its contents are not covered by the same insurance policy.
Subsection 2 Reinsurance	
Reinsurance undertakings of a member state not complying with the provisions of this Law.	<p>172.-(1) Where the Superintendent establishes that a reinsurance undertaking of a member state with a branch or pursuing business under the freedom to provide services within the Republic, is not complying with the provisions of this Law applicable to it he shall require the reinsurance undertaking concerned to terminate the violation of the Law within the particular time frame and shall refer those findings to the supervisory authority of the home Member State in order to take the appropriate measures.</p> <p>(2) Where, despite the measures taken by the supervisory authority of the home Member State, the reinsurance undertaking persists in violating the provisions of this Law applicable to it or where the measures taken by the supervisory authority of the home member state prove to be inadequate, the Superintendent shall notify the supervisory authorities of the home member state may impose any administrative sanctions provided for in this Law, to prevent or penalise further irregularities, including, insofar as is strictly necessary, preventing that reinsurance undertaking from continuing to conclude new reinsurance contracts within the territory of the Republic.</p> <p>(3) Any measure adopted under this section involving sanctions or restrictions on the conduct of reinsurance business shall be duly reasoned and communicated to the reinsurance undertaking concerned, in accordance with the provisions of this Law, and to the competent supervisory authority of the home member state.</p>
A Cypriot insurance undertaking exercising the right to establishment or under the freedom to provide services in another member state and violates the legislative provisions of the said member states.	173. Where the Superintendent is informed by a supervisory authority of the host member state or member states, with regard to the violation of legislative provisions of the said states by a Cypriot insurance undertaking who is exercising the right of establishment or the freedom to provide services in another member state or other member states, shall, as soon as possible, take the appropriate measures, including the imposition of administrative sanctions provided for under this Law, in order to terminate the violation and informs the supervisory authority of the host member state or member states, as the case may be, of these measures.
SECTION 4 STATISTICAL INFORMATION	

<p>Statistical information on cross-border activities.</p> <p>First Appendix</p>	<p>174.-(1) Every Cypriot insurance undertaking that provides insurance business under the right of establishment and/or the freedom to provide services in another member state, shall inform the Superintendent, separately in respect of transactions carried out under the right of establishment and those carried out under the freedom to provide services, of the amount of the premiums, claims and commissions, without deduction of reinsurance, by Member State and as follows:</p> <p>(a) for non-life insurance, by group of classes, in accordance with the equivalent delegated act;</p> <p>(b) for life insurance, by each of classes in accordance with the equivalent delegated act.</p> <p>(2) With regard to motor vehicle liability (Class 10, Part A, First Appendix), not including carrier's liability, the undertaking concerned shall also inform Superintendent of the frequency and average cost of claims.</p> <p>(3) The Superintendent shall forward the information referred to in the first and second subsections within a reasonable time and in aggregate form to the supervisory authorities of each of the Member States concerned upon their request.</p>
<p>SECTION 5 TREATMENT OF CONTRACTS OF BRANCHES IN WINDING-UP PROCEEDINGS</p>	
<p>Winding-up of Cypriot insurance undertakings.</p>	<p>175. Where a Cypriot insurance undertaking is under winding-up, commitments arising out of contracts underwritten through its branch or under the freedom to provide services shall be met in the same way as those arising out of the other insurance contracts of that undertaking, without distinction as to nationality as far as the persons insured and the beneficiaries are concerned.</p>
<p>Winding-up of Cypriot reinsurance undertakings</p>	<p>176. Where a Cypriot reinsurance undertaking is under winding-up, commitments arising out of contracts underwritten through its branch or under the freedom to provide services in another member state, shall be met in the same way as those arising out of the other insurance contracts of the undertaking concerned.</p>
<p>CHAPTER IX BRANCHES ESTABLISHED WITHIN THE COMMUNITY AND BELONGING TO INSURANCE OR REINSURANCE UNDERTAKINGS WITH HEAD OFFICES SITUATED OUTSIDE THE COMMUNITY SECTION 1 TAKING-UP OF BUSINESS</p>	
<p>Principle of authorisation to pursue insurance business and conditions.</p>	<p>177.-(1) The Superintendent may grant an authorisation to pursue insurance or reinsurance business in the Republic, to an insurance or reinsurance undertaking where the undertaking fulfils at least the following conditions:</p> <p>(a) a valid application has been submitted, the necessary documents and fixed fees have also been submitted;</p> <p>(b) it is entitled to pursue insurance or reinsurance business, as the case may be, under the legislation of the third country in which the supervision is subject;</p> <p>(c) it establishes a branch in the territory of the Republic;</p> <p>(d) it undertakes to establish in the Republic an accounts department</p>

<p>First Appendix.</p>	<p>specific to the business which it pursues there, and to keep there all the records relating to the business transacted;</p> <p>(e) it appoints a representative, to possesses the qualification established by Regulations that are submitted to the House of Representatives for approval and approved by the Superintendent;</p> <p>(f) it possesses in the Republic assets of an amount equal to at least one half of the absolute floor prescribed in paragraph (d) of subsection (1) of section 136 of this Law in respect of the Minimum Capital Requirement and deposits one fourth of that absolute floor as security;</p> <p>(g) it undertakes to cover the Solvency Capital Requirement and the Minimum Capital Requirement in accordance with the requirements referred to in sections 106 and 135 of this Law;</p> <p>(h) it communicates the name and address of the claims representative appointed in each Member State in which the authorisation is sought where the risks to be covered are classified under motor vehicle liability (class 10 of Part A of the First Appendix), other than carrier's liability;</p> <p>(i) it submits a scheme of operations in accordance with the provisions in section 178 of this Law;</p> <p>(j) it fulfils the governance requirements laid down in Section 2 of the Fourth Chapter of Part II of this Law;</p> <p>(2) For the purposes of this Chapter, 'branch' means a permanent presence in the Republic of an insurance or reinsurance undertaking of a third country, which receives authorisation in that Member State and which pursues insurance or reinsurance business.</p>
<p>Scheme of operations of the branch.</p> <p>First Appendix.</p>	<p>178.-(1) The scheme of operations of the branch referred to in paragraph (i), subsection (1) of section 177 of this Law shall set out the following:</p> <p>(a) the nature of the risks or commitments which the undertaking proposes to cover;</p> <p>(b) the guiding principles as to reinsurance;</p> <p>(c) estimates of the future Solvency Capital Requirement, as laid down in Section 4 in the Sixth Chapter of this Law, on the basis of a forecast balance sheet, as well as the calculation method used to derive those estimates;</p> <p>(d) estimates of the future Minimum Capital Requirement, as laid down in Section 5, in the Sixth Chapter, on the basis of a forecast balance sheet, as well as the calculation method used to derive those estimates;</p> <p>(e) the state of the eligible own funds and eligible basic own funds of the undertaking with respect to the Solvency Capital Requirement and Minimum Capital Requirement as referred to in Sections 4 and 5 in the Sixth Chapter;</p> <p>(f) estimates of the cost of setting up the administrative services and the organisation for securing business, the financial resources intended to meet those costs and, where the risks to be covered are classified under the class for assistance (Class 18 in Part A of the First Appendix), the resources available for the provision of the assistance;</p> <p>(g) information on the structure of the system of governance.</p> <p>(2) In addition to the requirements set out in subsection (1), the scheme</p>



	<p>of operations shall include the following, for the first three financial years:</p> <p>(a) a forecast balance sheet;</p> <p>(b) estimates of the financial resources intended to cover technical provisions, the Minimum Capital Requirement and the Solvency Capital Requirements;</p> <p>(c) for non-life, the scheme of operations also includes the following:</p> <p>(i) estimates of management expenses other than installation costs, in particular current general expenses and commissions;</p> <p>(ii) estimates of premiums or contributions and claims;</p> <p>(d) for life insurance, a plan setting out detailed estimates of income and expenditure in respect of direct business, reinsurance acceptances and reinsurance cessions.</p> <p>(3) In regard to life insurance, the Superintendent may require insurance undertakings to submit systematic notification of the technical bases used for calculating scales of premiums and technical provisions, without that requirement constituting a prior condition for a life insurance undertaking to pursue its business.</p>
Technical provisions.	<p>179. A third country insurance undertaking shall establish adequate technical provisions to cover the insurance and reinsurance obligations assumed in the Republic and calculated in accordance with the provisions of the Sixth Chapter, Section 2 and shall require undertakings to value assets and liabilities in accordance with the provisions of the Sixth Chapter, Section 1 and determine own funds in accordance with the provisions of the Sixth Chapter, Section 3.</p>
Solvency Capital Requirement and Minimum Capital Requirement.	<p>180.-(1) Third country insurance undertakings who have a branch in the Republic shall –</p> <p>(a) have an amount of eligible own funds consisting of the items referred to in subsection (3) of section 113 of this Law; and</p> <p>(b) the Solvency Capital Requirement and the Minimum Capital Requirement shall be calculated in accordance with the provisions of the Sixth Chapter, Sections 4 and 5 of this Law:</p> <p>Provided that for the purpose of calculating the Solvency Capital Requirement and the Minimum Capital Requirement, both for life and non-life insurance, account shall be taken only of the operations effected by the branch concerned.</p> <p>(2) The eligible amount of basic own funds required to cover the Minimum Capital Requirement and the absolute floor of that Minimum Capital Requirement shall be constituted in accordance with the provisions of subsection (4) of section 104 of this Law.</p> <p>(3) The eligible amount of basic own funds shall not be less than half of the absolute floor required in paragraph (d) of subsection (1) of section 136 of this Law. The deposit in accordance with paragraph (f) of subsection (1) of section 177 shall be counted towards such eligible basic own funds to cover the Minimum Capital Requirement.</p> <p>(4) The assets representing the Solvency Capital Requirement must be kept within the Member State where the activities are pursued up to the amount of the Minimum Capital Requirement and the excess within the</p>

	Republic.
Advantages to third country insurance undertakings authorised in more than one Member State and which selects the Superintendent as its supervisory authority.	<p>181.-(1) With regard to third country insurance or reinsurance undertakings the following provisions shall also apply where they fall within the scope of application of this section:</p> <p>(a) where an undertaking that pursues or intends to pursue insurance or reinsurance business in the Republic, also pursues or intends to pursue such business at the same time in one or more than one member states, the Superintendent may grant the following advantages that are provided for in paragraph (d) of this subsection and which may be granted only jointly;</p> <p>(b) the application to be granted the advantages shall be made to the Superintendent and to all the competent supervisory authorities of the member states in which this undertaking pursues or intends to pursue insurance business;</p> <p>(c) the Superintendent issues his decision to grant the advantages by consent with the other competent supervisory authorities with which the application was submitted;</p> <p>(d) the advantages comprise the following:</p> <p>(a) the Solvency Capital Requirement referred to in section 180 of this Law shall be calculated in relation to the entire business which it pursues within the Union;</p> <p>(b) the deposit required under paragraph (f) of subsection (2) of section 177 may be lodged in only one of those Member States where the undertaking pursues its activities;</p> <p>(c) the assets representing the Minimum Capital Requirement shall be localised, in accordance with section 141, in any one of the Member States in which it pursues its activities.</p> <p>(2) In the cases referred to in subparagraph (i) of subsection (1) account shall be taken only of the operations effected by all the branches established within the Unity for the purposes of this calculation.</p> <p>(3) In the application submitted by the third country insurance undertaking in accordance with the provisions of subsection (1) of this section, also determines the supervisory authority, which shall be the competent authority to verify the state of solvency of its entire business in the member states in which it pursues insurance activities and participate in the agreement. The choice of the supervisory authority belongs to the applicant third country insurance undertaking, justifying its application for the choice of authority.</p> <p>(4) Where the third country insurance undertaking chooses, in accordance with the above, the Superintendent as its supervisory authority, the following shall apply-</p> <p>(a) the deposit provided for in subsection (e) of subsection (1) of section 177, shall be lodged with the competent authority of the Republic;</p> <p>(b) the Superintendent grants the special status provided for in paragraph (d) of subsection (1) and announces to the other supervisory authorities that he shall supervise the state of solvency of the undertaking of its entire</p>

	<p>business in the member states;</p> <p>(c) The Superintendent shall obtain from the other supervisory authorities of other Member States the information necessary for the supervision of the overall solvency of the branches established in its territory.</p> <p>(5) The advantages of this section shall produce results from the date when the Superintendent informs the other supervisory authorities that it has undertaken the obligation to supervise the solvency of the entire business of the branches of the undertaking established within the Union or from the date when the Superintendent is informed by the supervisory authority chosen by the insurance undertaking, as the case may be.</p> <p>(6) The advantages provided for in this section shall be withdrawn simultaneously by all member states concerned, at the request of one or more of them.</p>
Accounting, prudential and statistical information and undertakings in difficulty.	<p>182.-(1) For the purposes of this Section, section 31, subsection (3) of section 146 and sections 147 and 148 of this Law shall apply.</p> <p>(2) As regards the application of sections 144 to 146 of this Law, where a third country insurance undertaking qualifies for the advantages provided for in subsection (1) to (5) of section 181, the supervisory authority chosen from the undertaking in accordance with the provisions of the said section, shall be treated in the same way as the supervisory authority of the Member State in the territory of which the head office of an undertaking is situated.</p>
Separation of non-life and life business.	<p>183.-(1) Branches referred to in this Section shall not simultaneously pursue life and non-life insurance activities in the Republic.</p> <p>(2) By way of derogation from subsection (1), the branches referred to in this Section, which, on the relevant date referred to in subsection (2) of section 75, pursued both activities simultaneously in the Republic, may continue to pursue this activity simultaneously, provided that each activity is separately managed in accordance with the provisions of section 76 of this Law.</p> <p>(3) Where the Superintendent requires Cypriot insurance undertakings to cease the simultaneous pursuit of the activities in which they were engaged on the relevant date referred to in the first subsection (5) of section 75 of this Law, it must also impose this requirement on branches referred to in this Section, which are established in the Republic and simultaneously pursue both activities there.</p> <p>(4) The branches in this Section, whose head office simultaneously pursues both activities and which on the dates referred to in the first subsection (2) of section 75 pursued in the Republic solely life insurance activity may continue their activity there, and, where the undertaking wishes to pursue non-life insurance activity it may only pursue life insurance activity through a subsidiary.</p>
Withdrawal, expiry or amendment of an authorisation of a third country	<p>184. The provisions of sections 27 and 28 of this Law, with regard to the dismissal of an insurance or reinsurance undertaking for the pursuit of insurance or reinsurance activities or an authorisation to extend their business to another class, as well as the provisions of sections 151 to 157 of this Law, with regard to the withdrawal, restriction or amendment of the</p>

insurance undertaking with a branch in the Republic.	authorisation to pursue insurance or reinsurance activities of an insurance or reinsurance undertaking, shall apply in proportion with regard to the withdrawal, expiry or amendment of the authorisation to pursue insurance or reinsurance activities of a third country insurance or reinsurance undertaking.
Withdrawal of authorisation for undertakings established in more than one Member State.	185.-(1) In the case of a withdrawal of authorisation to pursue insurance business by the supervisory authority referred to in subsection (3) of section 181 of this Law, that authority shall notify the supervisory authorities of the other Member States where the undertaking operates and those authorities shall take the appropriate measures. (2) Where the reason for that withdrawal is the inadequacy of the overall state of solvency as fixed by the agreement to the request for advantages in section 181, the Member States which gave their approval shall also withdraw their authorisations.
Application of this Section and agreements with third countries.	186. The provisions of this Section apply with the reservation of any different provisions that may be included in agreements the Union enters into with one or more third countries, for the purpose of ensuring, under conditions of reciprocity, adequate protection for policy holders and insured persons in the Member States.
SECTION 2 REINSURANCE	
Equivalence with regard to reinsurance undertakings.	187.-(1) Where the solvency regime of a third country that has been found to be equivalent to that laid down in the regime of Directive 2009/138/EC, according to the provisions of article 172 of the said Directive, the reinsurance contracts entered into with undertakings, whose head office is situated in the particular third country, are equivalent to the reinsurance contracts entered into with undertakings authorised in accordance with this Law. (2) The provisions of subsection (1) also apply in the case of third countries, where the solvency regime has been deemed to be temporarily equivalent to that laid down in accordance with the provisions of article 172 of Directive 2009/138/EC.
Prohibition of pledging of assets.	188. Where the reinsurer is a third country insurance or reinsurance undertaking, whose head office is situated in a third country, the solvency regime is deemed to be equivalent to that laid down in Directive 2009/138/EC and of this Law, in accordance with the provisions of article 172 of Directive 2009/138/EC, for the establishment of technical provisions, the pledging of assets is not required to cover unearned premiums and outstanding claims provisions.
Principle and conditions for conducting reinsurance activity.	189. The pursuit of reinsurance activities by third country reinsurance undertakings, taking-up or pursuing reinsurance activity in the Republic, is governed by the same provisions as those that apply for Cypriot reinsurance undertakings that pursue reinsurance activities in the Republic.
Agreements with third countries.	190. The provisions of this Law, with regard to third country reinsurance undertakings, apply subject to any agreements negotiated by the Commission between the Union and third countries, in accordance with

	the provisions of article 175 of Directive 2009/138/EC.
<p>CHAPTER TEN</p> <p>SUBSIDIARIES OF INSURANCE AND REINSURANCE UNDERTAKINGS GOVERNED BY THE LAWS OF A THIRD COUNTRY AND ACQUISITIONS OF HOLDINGS BY SUCH UNDERTAKINGS</p>	
Informing the Commission by the Superintendent	<p>192.-(1) The Superintendent shall inform the Commission, EIOPA and the supervisory authorities of the other Member States of any authorisation of a direct or indirect subsidiary, one or more of whose parent undertakings are governed by the laws of a third country also referred to in the structure of the group concerned.</p> <p>(2) Where an undertaking governed by the law of a third country acquires a holding in an insurance or reinsurance undertaking authorised in the Republic and which would turn that insurance or reinsurance undertaking into a subsidiary of that third country undertaking, the Superintendent shall inform the Commission, EIOPA and the supervisory authorities of the other Member States.</p>
Third-country treatment of Cypriot insurance and reinsurance undertakings.	193. The Superintendent shall inform the Commission and EIOPA of any general difficulties encountered by the Cypriot insurance and reinsurance undertakings in establishing themselves and operating in a third country or pursuing activities in a third country.
<p>CHAPTER ELEVEN</p> <p>TRANSFER OF PORTFOLIO</p>	
Definition.	<p>194. For the purposes of this Chapter, unless the text otherwise requires:</p> <p>‘Transferee’ means the insurance or reinsurance undertaking to which the transferor intends to transfer the entire or part of its portfolio;</p> <p>‘transferor’ means the insurance or reinsurance undertaking which intends to transfer the entire or part of its portfolio to another insurance or reinsurance undertaking.</p>
Transfer of portfolio of life insurance policies from one Cypriot insurance undertaking to another Cypriot insurance undertaking.	<p>195.-(1) No transfer of the entire or part of the portfolio of life insurance policies from one Cypriot insurance undertaking to another Cypriot insurance undertaking is permitted, unless the agreement for the transfer is approved by a court order that is issued under the provisions of this Section.</p> <p>(2) Where the transferor intends to transfer the entire or part of its life insurance portfolio, that covers insurance liabilities within the Republic, to a transferee, an application is submitted to the Court for the issue of an order approving the intended transfer, from the board of directors of the transferor and/or transferee.</p> <p>(3) Within a maximum period of fifteen days from submitting the application in accordance with the above, the transferor shall lodge with the Superintendent a copy of the application for the issue of a court order and a copy of every other document provided for in subsections (1) and (2) of section 196 of this Law.</p> <p>(4) Regardless of any provisions to the contrary in the transfer agreement that is submitted to the Court, this also covers every policy issued from the</p>

	<p>date of submitting the application in Court up to the issue of the order of the Court, provided that the beneficiary was notified in writing as to the submission of the application for the transfer of the portfolio before the Court prior to entering the policy.</p>
<p>Documents that are submitted with the application for the issue of a court order.</p>	<p>196.-(1) With the application for the issue of a court order the following documents are also submitted-</p> <ul style="list-style-type: none"> <li>(a) a report from an independent actuary, other than the actuary of the transferor or transferee, with regard to the terms of the intended transfer, in which this independent actuary clearly and adequately expresses his view with regard to the possible impact of the transfer on the existing insured of the transferor and the transferee;</li> <li>(b) a confirmation from the Superintendent that the transferee shall have at its disposal the necessary eligible own funds to cover the solvency capital requirements, taking into account the intended transfer;</li> <li>(c) a confirmation from the Superintendent as to whether the transferor or transferee pursue insurance business in other member states under the freedom of establishment or provision of services;</li> <li>(d) certified copies of the assets and liabilities of the transferor and the transferee, accompanied by a statement demonstrating the nature and the terms of the transfer;</li> <li>(e) a certified copy of the agreement which constitutes the transfer;</li> <li>(f) certified copies of the report of the independent actuary, as well as any other report or document on which the agreement is based; and</li> <li>(g) an affidavit of the chairman of the Board of Directors and the Managing Director and/or the General Manager of the transferor and the transferee that, to the best of their knowledge and belief, in the said reports all payments are included which were made or are to be made to any persons as a result of the transfer and that other than these nothing else is owed.</li> </ul> <p>(2) The Court does not deal with applications unless it is satisfied that the following provisions have been satisfied –</p> <ul style="list-style-type: none"> <li>(a) there was publication in two daily newspapers of national circulation, in the Official Gazette of the Republic and a notification on the website of the Service, stating that an application was submitted to the Court for approval of the transfer, the address of the offices of the transferor and transferee, as well as the time and place that copies of the agreement provided for in paragraph (c) of this subsection are available to the public: Provided that where the Superintendent confirms that the transferor or the transferee pursue insurance business in other member states under the freedom of establishment or the provision of services, the Court may order the publication, if deemed necessary, of the notification in the newspapers of other member states;</li> <li>(b) a report has been sent indicating the terms of the intended transfer, accompanied by the report of the independent actuary to all policy holders of the transferor and transferee as well to any other person who is claiming a right to a policy and who has submitted his relevant claim in</li> </ul>

	<p>writing to the transferor, unless the Court decides otherwise;</p> <p>(c) the notification, provided for in paragraph (a) of this subsection, has been displayed at the offices of the transferor and the transferee, the agreement with regard to the intended transfer, for a period of at least thirty days from the last publication, for the purpose of it being inspected by the policy holders and the shareholders of both parties to the agreement;</p> <p>(d) the policy holders, the shareholders of the undertakings that comprise the parties to the agreement, as well as any other person who has a legitimate interest, may file an opposition to the order sought for the approval of the transfer, within sixty days from the last publication of the notification provided for in paragraph (a).</p>
<p>Issue of the court order.</p>	<p>197.-(1) The Court, once satisfied that the documents have been filed and the conditions laid down in section 196 of this Law have been complied with, examines the application and hears the members of the board of directors of both parties to the agreement, the Superintendent and to hear any other person who has filed an opposition to the intended transfer or where he deems necessary, subject to the following provisions of this section, provided that the oppositions have been presented before it by persons who have a legitimate interest and, if it deems the oppositions raised as unfounded, issues the court order approving the agreement.</p> <p>(2) The Court does not issue an order to approve the agreement for the transfer, unless it is satisfied that the transferor possesses, or prior to the issue of the order, shall possess an authorisation, under the provisions of this Law to pursue insurance business in the class or classes referred to in the agreement concluded.</p> <p>(3) The Court does not issue an order approving the agreement for the transfer, if it is proven before the court that policy holders oppose the intended transfer, who represent at least one tenth of the total amount insured by the transferor.</p>
<p>Matters that may be regulated by a court order.</p>	<p>198.-(1) The court order that is issued in accordance with section 197 of this Law, or any subsequent court order, may regulate all or any of the following matters –</p> <p>(a) the transfer to the transferee of the entire or part of the activities as well as the assets or the liabilities of the transferor;</p> <p>(b) the distribution, sharing or disposal by the transferee of any shares, bonds, policies or any similar interests of the transferor, which according to the transfer agreement shall be distributed, shared or disposed of by the transferee to any person or for the benefit of such a person;</p> <p>(c) the continuation by or against the transferee of any pending legal proceedings that have been raised by or against the transferor;</p> <p>(d) the dissolution, without the prior winding-up of the transferor;</p> <p>(e) other similar, subsequent or additional matters, the regulation of which is deemed necessary, so as to ensure that the transfer shall be concluded fully and effectively.</p> <p>(2) Where the court order makes provision for the transfer of assets or</p>

	<p>liabilities, the assets shall be transferred, under the order, and shall come into the possession of the transferee and the liabilities shall be transferred under the order and shall become liabilities and in the case of a transfer of any assets by the transferor to the transferee, and provided that the order makes provision in relation to this, the transferred assets shall be free of any mortgage or charge which under the transfer ceases to exist.</p> <p>(3) For the purposes of any provision in existing legislation that requires the handing over of a certificate of transfer as a precondition for the registration of the transfer of any asset, an order which is issued under this section shall take the place of a certificate of transfer.</p> <p>(4) In this section, the term 'asset' includes property and any kind of right, the term 'liability' includes obligations and the term 'shares' and 'bonds' have the meaning attributed to these terms in the Companies Law.</p>
Documents that are filed with the Superintendent with regard to the transfer.	<p>199.-(1) The transferee within a period of ten days from the issue of the court order approving the transfer agreement shall submit to the Superintendent the documents in subsection (1) of section 196 of this Law and the court order approving the transfer.</p> <p>(2) When submitting the above documents, the fixed fee is also paid.</p> <p>(3) The Superintendent, following the notification of the above documents, ensures the publication of the relevant court order in the Official Gazette of the Republic, in two daily national newspapers of a wide circulation and on the website of the Service: Provided that the transfer agreement produces results from the publication of the court order by the Superintendent in the Official Gazette of the Republic.</p> <p>(4) Breach of the provisions of subsection (1) constitutes a criminal offence punishable with a fine up to forty thousand euro.</p>
Transfer of portfolio from a Cypriot insurance undertaking established in another member state to another Cypriot undertaking with such an establishment.	<p>200. The provisions of this Section also apply with regard to the transfer of a portfolio from a Cypriot insurance undertaking established in another member state to a Cypriot insurance undertaking established in another member state.</p>
<p>SECTION 2</p> <p>TRANSFER OF PORTFOLIO OF NON-LIFE INSURANCE POLICIES OF A CYPRIOT INSURANCE COMPANY TO ANOTHER CYPRIOT INSURANCE COMPANY</p>	
Transfer of portfolio of non-life insurance policies to another Cypriot	<p>201.-(1) The transfer of a portfolio of reinsurance policies of non-life insurance of a Cypriot insurance undertaking to another Cypriot insurance undertaking, or the transfer of portfolio of a reinsurance undertaking of non-life insurance, or life reinsurance of an insurance or reinsurance undertaking, as the case may be, to another insurance or</p>



<p>insurance undertaking and transfer of portfolio of reinsurance activities of non-life reinsurance or reinsurance of life or reinsurance undertaking to another insurance or reinsurance undertaking.</p>	<p>reinsurance undertaking is prohibited, unless the transfer is approved by a decision of the Superintendent, issued in accordance with the subsequent provisions of this Section.</p> <p>(2) In the case where:</p> <p>(a) the transferor intends to transfer the entire or part of the portfolio of non-life insurance undertaking that cover insurance risks outside the Republic, to the transferee; or</p> <p>(b) the transferor intends to transfer the entire or part of the reinsurance portfolio of non-life or life reinsurance to the transferee;</p> <p>the transferee shall submit an application to the Superintendent for approval of the transfer agreement.</p> <p>(3) In the case of a transfer of a portfolio of reinsurance activities for non-life or reinsurance for life or of a reinsurance undertaking to another insurance or reinsurance undertaking, with the application provided for in subsection (2), a report from an independent actuary, other than the actuary of the transferor or the transferee, in relation to the intended transfer, is also submitted, in which the actuary clearly and adequately expresses his views with regard to the possible impact the transfer may have on the existing insured of the transferor or transferee.</p> <p>(4) When submitting the application provided for in subsection (2), the fixed fee is also paid.</p>
<p>Procedure prior to examining the application.</p>	<p>202.-(1) The Superintendent shall not deal with an application to approve the transfer agreement, unless satisfied that the following procedures were followed –</p> <p>(a) the application was published in the Official Gazette of the Republic, in two daily national newspapers of wide circulation and a notification on the website of the Service, stating that an application for the approval of a transfer agreement was submitted to the Superintendent, the address of the offices of the transferor and transferee, as well as the time at which copies of the statement provided for in paragraph (c) of this subsection is available to the public for inspection:</p> <p>Provided that where the transferor or the transferee pursue insurance or reinsurance activities in other member states under the freedom of establishment or the provision of services, the Superintendent may impose that the notification is also published in newspapers of other member states;</p> <p>(b) a copy of the abovementioned notification has been sent to all the affected insured as well as every person to claims a right on a premium, that is included in the transfer agreement, who has submitted in writing his relevant claim to the transferor, unless the Superintendent decides otherwise, provided that the interests of the policy holders are ensured; and</p> <p>(c) a statement with the particulars with regard to the intended transfer, the content of which has already been approved by the Superintendent, has been displayed in the offices of the transferor and transferee, for a period of at least thirty days from the last publication of the notification, as provided for in paragraph (a), in order to be inspected by any</p>

	<p>interested person.</p> <p>(2) The notification, provided for in paragraph (a) of the previous subsection, shall highlight the right of every interested person to submit a written representation to the Superintendent within a specified time limit of at least sixty days from the date of the first publication of the notification.</p> <p>(3) For the purposes of this section, an insured is considered an 'affected insured' with regard to the intended transfer, if –</p> <p>(a) his policy is included in the transferred activities or</p> <p>(b) his policy has been issued by the transferor and the Superintendent has established, after a consultation with the transferee, that in his view the rights and obligations of the insured under the policy, are expected to have an adverse effect or may be adversely affected to a significant extent by the transfer.</p>
<p>Conditions for the approval of an application.</p>	<p>203.-(1) The Superintendent, before he issues his decision on the application, examines the written representations that were promptly filed, as established in subsection (2) of the previous section.</p> <p>(2) The Superintendent does not approve the application, unless satisfied that all the following conditions have been met –</p> <p>(a) every policy that is included in the transfer agreement, confirms the conclusion of the contract which was drawn up before the date of submitting the application and which imposes on the transferor obligations, the fulfilment of which constitutes part of the pursuit of insurance activities of the transferor within the Republic;</p> <p>(b) the transferee possesses, or immediately prior to the approval of the Superintendent shall possess, an authorisation under the provisions of this Law, to pursue insurance business in the class or classes, to which the said agreement refers;</p> <p>(c) the transferee has at his disposal the necessary eligible own funds to cover the solvency capital requirements, having also taken into account the intended transfer; and</p> <p>(d) the transferee has adequate financial resources, taking into account the intended transfer, to satisfy any other obligations, deriving from this Law.</p>
<p>Notification of the decision of the Superintendent.</p>	<p>204.-(1) The Superintendent, no later than fifteen days, from the time he has taken his decision on the application, notifies the same by publication in the Official Gazette of the Republic and in any other manner he deems appropriate; a copy of such a notification shall be sent to the transferor, to the transferee and to any other person who submitted a written representation as provided for in subsection (2) of section 202 of this Law.</p> <p>(2)(a) Where the application is dismissed, the Superintendent duly communicates his reasoned decision to the transferor and the transferee, which may be challenged with a recourse under article 146 of the Constitution:</p> <p>Provided that the decision of the Superintendent may be challenged before the Permanent Secretary in accordance with the provisions of section 347 of this Law:</p>

	<p>Provided further that the abovementioned decision of the Superintendent may be directly challenged with a recourse in accordance with article 146 of the Constitution.</p> <p>(b) The negative decision of the Permanent Secretary on a recourse that is exercised in accordance with paragraph (a), may be challenged with a recourse in accordance with article 146 of the Constitution:</p> <p>Provided that pending the decision of the Permanent Secretary, no recourse may be filed under article 146 of the Constitution.</p>
<p>The production of legal effects and legal consequences of approval.</p>	<p>205.-(1) Without prejudice to the provisions of subsection (2), a transfer agreement that is approved by the Superintendent as provided for in the previous section, produces legal effects from the publication of the approval of the Superintendent in the Official Gazette of the Republic and causes the following legal consequences:</p> <p>(a) the transfer to the transferee of all the rights and obligations of the transferor deriving from the policies included in the agreement;</p> <p>(b) provided there is provision for it in the transfer agreement, the continuation be or against the transferee of any legal proceedings raised by or against the transferor with regard to such rights and obligations, regardless of the absence of any agreement or consent, that would otherwise be required for the production of this legal effect.</p> <p>(2) Unless the Superintendent decides otherwise, a policy holder, whose policy is included in the transfer agreement, shall not be bound by this agreement, unless he is notified in writing with regard to entering such an agreement, by the transferor or the transferee.</p> <p>(3) Regardless of any provisions to the contrary in the transfer agreement, this also covers every policy issued from the date that the application was submitted to the Superintendent and up to the publication of his decision, provided that the beneficiary was notified in writing with regard to the submission of the application for the transfer of the portfolio, and, in the case that he was not notified in writing, the beneficiary retains the right to withdraw within a period of one month from the date he is informed of the intended transfer.</p>
<p>Transfer of portfolio from a Cypriot insurance or reinsurance undertaking established in another member state to a Cypriot insurance or reinsurance undertaking established in another member state.</p>	<p>206. The provisions of this Section, shall also apply in relation to the transfer of a non-life policies portfolio or the transfer of a portfolio of reinsurance activities of non-life reinsurance or life reinsurance of a Cypriot insurance or reinsurance undertaking established in another member state to a Cypriot insurance or reinsurance undertaking established in another member state, as the case may be.</p>

SECTION 3 TRANSFER OF PORTFOLIO OF A CYPRIOT INSURANCE UNDERTAKING TO AN INSURANCE UNDERTAKING IN A MEMBER STATE AND VICE VERSA OR FROM AN THIRD COUNTRY INSURANCE UNDERTAKING TO A THIRD COUNTRY OR MEMBER STATE INSURANCE UNDERTAKING OR A MEMBER STATE	
Transfer of activities carried out in the Republic from a Cypriot insurance undertaking to a member state insurance undertaking.	207. The transfer from a Cypriot insurance undertaking of the entire or part of the portfolio of its policies, that cover insurance risks or insurance obligations within the Republic to an insurance undertaking of a member state is permitted, provided – (a) the transferee has an establishment in the Republic or in another member state in accordance with section 2 of this Law; (b) the provisions of either the First Section (section 195 to 200) or of the Second Section (sections 201 to 206) of this Chapter or of both these Sections are complied with, depending on the type of insurance business, to which the transfer relates; and (c) the competent supervisory authority of the home member state of the transferee certifies to the Superintendent that the transferee has at its disposal the necessary eligible own funds to cover the solvency capital requirements, taking into account the intended transfer.
Transfer of activities carried out outside the Republic from a Cypriot insurance undertaking to an insurance undertaking of a member state.	208.-(1) The transfer of the entire or part of a policy portfolio from a Cypriot insurance undertaking that cover insurance risks or insurance obligations outside the Republic and that have been entered into in a member state, either under the freedom of establishment or under the freedom of provision of services, to an insurance undertaking in a member state or to a Cypriot insurance undertaking that has an establishment there, is permitted, provided: (a) subject to the provisions of subsection (2), the provisions either of the First Section (sections 195 to 200) or of the Second Section (sections 201 to 206), of this Part, or of both Sections, as the case may be, depending on the type of insurance activities, to which the transfer refers, are complied with; (b) the competent supervisory authority of the home member state of the transferee certifies to the Superintendent that the transferee has at its disposal the necessary eligible own funds to cover the solvency capital requirements, taking into account the intended transfer; and (c) the Superintendent has, within three months from submitting the relevant application to the competent supervisory authorities of other Member States, where the insurance risks or insurance obligations are situated, obtained their consent; Provided that where the Superintendent does not receive a reply from the abovementioned supervisory authorities within three months from submitting the relevant application, it shall be deemed that the said supervisory authorities have given their consent tacitly. (2) The provisions of paragraphs (a) and (c) of subsection (2) of section 196 shall not apply in the case of a transfer in accordance with the provisions of this section, as well as paragraphs (a) and (c) of subsection (1) of section 202 of this Chapter.

	<p>(3) Subject to the provisions of section 209 of this Law, the Superintendent shall communicate his approval for the transfer, in accordance with the provisions of this section, to the supervisory authorities of other member states, where the insurance risks or insurance obligations are situated, that are covered by policies included in the transfer, and such approval is published in accordance with the provisions that apply in the member states concerned.</p>
<p>Transfer of policies that were entered into within the Republic under the freedom of establishment or the freedom to provide services to an insurance undertaking of a member state.</p>	<p>209.-(1) In the case where the branch of an insurance undertaking of a member state that was established in the Republic under the freedom of establishment intends to transfer a portfolio of policies that cover insurance risks or insurance obligations within the Republic to an insurance undertaking in a member state or to a third country insurance undertaking with a branch in the Republic, the Superintendent certifies to the supervisory authority of the home member state of the transferor that the transferee has at its disposal the necessary eligible own funds to cover the solvency capital requirements, taking into account the intended transfer and grants his consent for the intended transfer, provided that the transferee has an establishment in the Republic.</p> <p>(2) Where an insurance undertaking in a member state intends to transfer its policies portfolio, which it entered into under the freedom of provision of services and they cover insurance risks or insurance obligations within the Republic, to an insurance undertaking in a member state or to a third country insurance undertaking with a branch in the Republic, the Superintendent shall certify to the supervisory authority of the home member state of the transferor that the transferee has at its disposal the necessary eligible own funds to cover the solvency capital requirements, taking also into account the intended transfer and grants his consent for the intended transfer, provided that the conditions of subsections (3) and (4), as the case may be, are satisfied.</p> <p>(3) In the case of subsection (2), if the transferee does not have an establishment in the Republic, the Superintendent shall grant his consent to the transfer, provided that the transferee obtains authorisation to pursue insurance business in the Republic under the freedom of provision of services.</p> <p>(4) In the case of subsection (2), if the transferee has at its disposal an establishment in the Republic, the policies that are included in the transfer and were entered into under the freedom of provision of services, they are considered, after the transfer, as policies entered into under the freedom of establishment.</p>
<p>Transfer of policies entered into in the Republic from a third country insurance undertaking to an insurance</p>	<p>210. The transfer from a third country insurance undertaking that pursues business in the Republic under the provisions of this Law, of the entire or part of its policies portfolio, that cover insurance risks or insurance obligations in the Republic, to an insurance undertaking in a member state, is permitted provided that –</p> <p>(a) the provisions of either the First Section (sections 195 to 200) or of the Second Section (sections 201 to 206), of this Part are complied with, or of both these Sections, depending on the type of insurance business to</p>

<p>undertaking in a member state.</p>	<p>which the transfer refers;  (b) the competent supervisory authority of the home member state of the transferee certifies to the Superintendent that the transferee has at his disposal the necessary eligible own funds to cover the solvency capital requirements and taking into account the intended transfer; and  (c) the transferee has an establishment in the Republic.</p>
<p>Transfer of policies that were entered into in the Republic from a third country insurance undertaking to another third country insurance undertaking.</p>	<p>211.-(1) The transfer of the entire or part of a policy portfolio from a third country insurance undertaking that pursues insurance business in the Republic under this Law, that cover insurance risks or insurance obligations in the Republic to another third country insurance undertaking that pursues insurance business in the Republic is permitted, provided that:  (a) the provisions either of the First Section (sections 195 to 200) or of the Second Section (sections 201 to 206), of this Part, or of both Sections, as the case may be, depending on the type of insurance business, to which the transfer refers, are complied with; and  (b) the Superintendent certifies that the transferee has at its disposal the necessary eligible own funds to cover the solvency capital requirements, taking into account the intended transfer:  Provided that, in the case where, for the purpose of monitoring the solvency margin of the transferee, the competent supervisory authority is, under section 181 of this Law, another supervisory authority other than the Superintendent, the supervisory authority of the transferee confirms to the Superintendent that –  (i) the transferee has at its disposal eligible own funds to cover the solvency capital requirements;  (ii) the law of the member state of the transferee has the ability to grant such a type of transfer; and  (iii) the supervisory authority of the member state of the transferee agrees to the transfer.  (2) In the case of section 209 and of this section, the Court or the Superintendent, as the case may be, shall permit the transfer of the portfolio as soon as the consent of the supervisory authorities of the member state of the risk or of the member state of the insurance obligation, provided that this member state is not the Republic.</p>
<p>View or consent of the Superintendent to other supervisory authorities of member states.</p>	<p>212.-(1) The Superintendent, where his views or consent is requested by the competent supervisory authority of the home member state of the transferee, to a transfer that is governed by the provisions of this Section, shall notify the supervisory authority that submitted the request, within three months from receiving the relevant request.  (2) If the above deadline passes with no response, the Superintendent is considered to have granted a favourable view or that he has tacitly consented to the transfer.</p>
<p>Legal consequences of publication of the decision approving the</p>	<p>213. Following the publication of the decision of the Superintendent, approving the transfer of a policy portfolio in accordance with the provisions of this Section, the insured, the contracting parties to the insurance contract, the beneficiaries or any other person that has a right or is under an obligation deriving from the policies included in the transfer</p>

transfer.	cannot oppose the transfer.
Transfer of reinsurance undertakings portfolio.	214. The provisions of sections 195 to 214 of this Law, shall also apply in proportion to reinsurance undertakings, other than the references to the provisions of the First Section (sections 196 to 200) that only concern the transfer of the portfolio of life policies of a Cypriot insurance undertaking.
TRANSFER OF PORTFOLIO OF POLICIES OF A CYPRIOT INSURANCE UNDERTAKING TO A THIRD COUNTRY INSURANCE UNDERTAKING OR A THIRD COUNTRY INSURANCE UNDERTAKING TO A CYPRIOT INSURANCE UNDERTAKING	
Transfer of portfolio of a Cypriot insurance undertaking to a third country insurance undertaking.	215.-(1) The transfer of the entire or part of a policy portfolio from a Cypriot insurance undertaking to a third insurance undertaking that cover insurance risks or insurance obligations in and outside the Republic to a third country insurance undertaking that pursues insurance business under the provisions of this Law, is permitted, provided: (a) the provisions either of the First Section (sections 195 to 200) or of the Second Section (sections 201 to 206), of this Part, or of both Sections, as the case may be, depending on the type of insurance business, to which the transfer refers, are complied with; and (b) the written consent of the competent supervisory authority where the transferee has its head office, with regard to the intended transfer, is produced to the Superintendent. (2) The provisions of this section shall also apply where the transferor is a branch of a third country insurance undertaking that holds an authorisation to pursue insurance business under the provisions of this Law and the transferee is also a third country insurance undertaking regardless as to whether it holds an authorisation to pursue insurance business under this Law, provided that the said third country applies equivalent supervisory standards determined by EIOPA.
Transfer of a third country insurance undertaking to a Cypriot insurance undertaking.	216. The transfer from a third country insurance undertaking that pursues insurance activities in the Republic under the provisions of this Law of the entire or part of its policy portfolio that cover insurance risks or insurance obligations in the Republic to a Cypriot insurance undertaking is permitted provided that the provisions of either the First Section (sections 195 to 200), or of the Second Section (sections 201 to 206) of this Chapter, or of both such Sections, depending on the insurance activities to which the transfer refers is permitted.
Transfer of portfolio of a Cypriot reinsurance undertaking to a third country reinsurance undertaking.	217.-(1) The transfer from a Cypriot reinsurance undertaking of the entire or part of its reinsurance activities, that cover insurance risks or insurance obligations in and outside the Republic to a third country reinsurance undertaking that pursues reinsurance activities under the provisions of this Law is permitted provided that: (a) the provisions of the Second Section (sections 201 to 206 of this Chapter) are complied with; and (b) a written consent from the competent supervisory authority of the member state where the transferee has its head office, is produced to the Superintendent with regard to the intended transfer. (2) The provisions of this section also apply where the transferor is a third

	country reinsurance undertaking that holds an authorisation to pursue reinsurance business under the provisions of this Law, and the transferee is also a third country reinsurance undertaking, regardless as to whether it holds an authorisation to pursue reinsurance business under the provisions of this Law.
Transfer of portfolio of a third country reinsurance undertaking to a Cypriot reinsurance undertaking.	218. The transfer from a third country reinsurance undertaking that pursues reinsurance activities in the Republic under the provisions of this Law, of the entire or part of its reinsurance activities, that cover insurance risks or insurance obligations in the Republic to a Cypriot reinsurance undertaking is permitted provided that the provisions of the Second Section (sections 201 to 206) of this Chapter are complied with.
Transfer of portfolio of a Cypriot insurance undertaking or a third country insurance undertaking with a branch in the Republic to a third country insurance undertaking.	219.-(1) The transfer from a Cypriot insurance undertaking or from a third country insurance undertaking with a branch in the Republic, that provide insurance business outside the Republic and the Union, of the entire or part of their portfolio to a third country insurance undertaking is permitted provided that – (a) the Superintendent has been duly informed; (b) the provisions of section 202 of this Law with regard to notifying the beneficiaries are complied with; (c) the type and supervisory levels in the said third country are considered as equivalent in accordance with the provisions of section 215 by EIOPA; and (d) the third country supervisory authority where the transferee has its head office grants it consent.
<b>PART III</b> <b>SPECIFIC PROVISIONS FOR INSURANCE AND REINSURANCE</b> <b>CHAPTER ONE</b> <b>APPLICABLE LAW AND CONDITIONS OF DIRECT INSURANCE CONTRACTS</b> <b>SECTION 1</b> <b>APPLICABLE LAW</b>	
Applicable law. Official Journal of the E.U. L.177. 4.7.2008, p. 6	220. The applicable law for insurance contracts falling within the scope of application of article 7 of Regulation (EC) No 593/2008 on the law applicable to contractual obligations is determined by the provisions of the said Regulation.
<b>SECTION 2</b> <b>COMPULSORY INSURANCE</b>	
Related obligations.	221.-(1) Non-life insurance undertakings may offer and conclude compulsory insurance contracts under the conditions set out in this section. (2) Insurance contracts with regard to risks for which any law in the Republic imposes compulsory insurance, are considered that they satisfy the said obligation, only if they comply with the specific provisions of this Law that regulate the said compulsory insurance. (3) Where the law in the Republic imposes compulsory insurance and the insurance undertaking is required to notify the Superintendent of any



	<p>cessation of cover, such cessation may be invoked against injured third parties only in the circumstances laid down by that law.</p> <p>(4) The Superintendent shall communicate to the European Commission the risks against which insurance is compulsory under the law of the Republic, stating the following:</p> <p>(a) the specific legal provisions relating to that insurance;</p> <p>(b) the particulars which must be given in the certificate which an insurance undertaking must issue to an insured person, when it provides cover for compulsory insurance, as proof that the obligation to take out insurance has been complied with. The Superintendent may require from every insurance undertaking a declaration confirming that the policy it is issuing complies with the specific provisions regulating the particular insurance.</p> <p>(5) The Superintendent accepts a document, the content of which is in compliance with paragraph (b) of subsection (4), as proof that compulsory insurance has been complied with.</p>
<p>SECTION 3 GENERAL GOOD</p>	
General Good Provisions.	<p>222. The conclusions of insurance contracts between policy holders and insurance undertakings that have obtained an authorisation by the Superintendent or other competent supervisory authority in a member state, as the case may be, is permitted, provided that this does not conflict with the legal provisions of this Law on the general good, in cases where the risk is situated in the Republic or the Republic is the member state of the commitment.</p>
<p>SECTION 4 CONDITIONS OF INSURANCE CONTRACTS AND SCALES OF PREMIUMS</p>	
Non-life insurance.	<p>223.-(1) The Superintendent shall not require the prior approval or systematic notification of general and special policy conditions, scales of premiums, or forms and other printed documents which an insurance undertaking intends to use in its dealings with policy holders.</p> <p>(2) For the purpose of verifying compliance with the provisions concerning insurance contracts, the Superintendent may require non-systematic notification of those conditions and other documents in subsection (1), without those requirements constituting a prior condition by the Superintendent on an insurance undertaking to pursue insurance business.</p> <p>(3) Regardless of the provisions of subsection (1), the Superintendent may require –</p> <p>(a) he is notified of the general and special terms of policies prior to their adoption, with regard to a class of insurance that is compulsory by laws in the Republic; or</p> <p>(b) the prior notification or approval of proposed increases in premium rates, as part of general price-control systems.</p>
Life Insurance.	<p>224.-(1) The Superintendent shall not require the prior approval or systematic notification of general and special life policy conditions, scales of premiums, technical bases used in particular for calculating scales of premiums and technical provisions or forms and other printed documents</p>

	<p>which an insurance undertaking intends to use in its dealings with policy holders.</p> <p>(2) However, for the purpose of verifying compliance with the provisions concerning actuarial principles, the Superintendent may require systematic communication of the technical bases used in particular for calculating scales of premiums and technical provisions, without those requirements constituting a prior condition for an insurance undertaking to pursue insurance business.</p>
<p>SECTION 5 INFORMATION FOR POLICY HOLDERS SUBSECTION 1 NON-LIFE INSURANCE</p>	
<p>General Information for policy holders.</p> <p>84(l) of 2010 125(l) of 2014 126(l) of 2014.</p>	<p>225.-(1) Every insurance undertaking that pursues the conclusion of a non-life insurance contract and provided that the risk is situated in the Republic, either itself or through a person who pursues mediation business, shall inform every interested natural person, before an insurance contract is concluded, of the following:</p> <p>(a) the law applicable to the contract, where the parties do not have a free choice;</p> <p>(b) the fact that the parties are free to choose the law applicable and the law the insurer proposes to choose;</p> <p>(c) the provisions as to the examination of recourses by policy holders on issues regarding the contract, including relevant provisions concerning the Single Body for the Extrajudicial Settlement of Disputes of a Financial Nature that was established under the Law Relating to the Establishment and Functioning of the Single Body for the Extrajudicial Settlement of Disputes of a Financial Nature of 2010, as amended or replaced at any given time, as well as of their right to take legal proceedings.</p> <p>(2) Regulations issued under the provisions of section 431 of this Law and are submitted to the House of Representatives for approval, may further determine the particulars with regard to furnishing the information laid down in this section, provided that the risk is situated in the Republic.</p>
<p>Supplementary information in the case of non-life insurance offered under the right of establishment or the freedom to provide services</p>	<p>226.-(1) Where non-life insurance is offered under the right of establishment or the freedom to provide services, and concerns the cover of commitments or risks other than large risks, the insurance undertaking shall notify the policy holder, before any commitment is entered into, the name of the home Member State and, where appropriate, where the branch with which the contract is to be concluded is situated and every document issued to the policy holder shall convey the said information.</p> <p>(2) The contract or any other document granting cover, together with the insurance proposal where it is binding upon the policy holder, shall state the address of the head office or, where appropriate, of the branch of the non-life insurance undertaking which grants the cover, as well as the name and address of the representative of the non-life insurance undertaking referred to in paragraph (a) of subsection (4) of section 161 of this Law.</p>

SUBSECTION 2  
LIFE INSURANCE

Information for counterparties.

227.-(1) Every insurance undertaking that pursues the conclusion of a life insurance contract shall, either itself or through a person who pursues mediation business, announce to every interested person, before an insurance contract is concluded, of the following:

(a) about the life insurance undertaking:

(i) the name, purpose and legal form of the undertaking;

(ii) the name of the member state in which the head office and, where appropriate, the branch concluding the contract is situated;

(iii) the address of the head office and, where appropriate, of the branch concluding the contract;

(iv) a concrete reference to the report on the solvency and financial condition as laid down in section 52 of this Law, allowing the policy holder easy access to this information.

(b) about the insurance commitment:

(i) the definition of each benefit and each option;

(ii) the term of the contract;

(iii) the means of terminating the contract;

(iv) the means of payment of premiums and duration of payments;

(v) the means of calculation and distribution of bonuses;

(vi) an indication of surrender and paid-up values and the extent to which they are guaranteed;

(vii) information on the premiums for each benefit, both main benefits and supplementary benefits, where appropriate;

(viii) for unit-linked policies, the definition of the units to which the benefits are linked;

(ix) information of the nature of the underlying assets for unit-linked policies;

(x) arrangements for application of the cooling-off period;

(xi) general information on the tax arrangements applicable to the type of policy;

(xii) the relevant provisions for handling complaints concerning contracts by policy holders, lives assured or beneficiaries under contracts including, where appropriate, the existence of a complaints body, without prejudice to the right to take legal proceedings;

(xiii) the law applicable to the contract where the contracting parties do not have a free choice or, where they are free to choose the law applicable, the law the life insurance undertaking proposes to choose.

(c) In addition, specific information shall be supplied in order to provide a proper understanding of the risks underlying the contract which are assumed by the policy holder.

(2) The insurance undertaking shall inform the policy holder, throughout the term of the contract of any change concerning the following information:

(a) the policy conditions, both general and special;

(b) every variation to the name or the purpose of the life insurance

undertaking, its legal form or the address of its head office and, where appropriate, of the branch which concluded the contract;

(c) all the information listed in subsection (1), paragraph (b), subparagraphs (iv) to (x), in the event of a change in the policy conditions or amendment of the law applicable to the contract;

(d) annually, information on the state of bonuses.

(3) Where, in connection with an offer for or conclusion of a life insurance contract, the insurer provides figures relating to the amount of potential payments above and beyond the contractually agreed payments, the insurer shall provide the policy holder with a specimen calculation whereby the potential maturity payment is set out applying the basis for the premium calculation using three different rates of interest: Provided that the above shall not apply to term insurances and contracts.

(4) The insurer shall inform the policy holder in a clear and comprehensible manner that the specimen calculation is only a model of computation of subsection (3) based on notional assumptions, and that the policy holder shall not derive any contractual claims from the specimen calculation.

(5) In the case of insurances with profit participation, the insurer shall inform the policy holder in writing of the status of the claims of the policy holder, incorporating the profit participation, and where the insurer has provided figures about the potential future development of the profit participation, the insurer shall inform the policy holder of differences between the actual development and the initial data.

(6) Regulations issued under the provisions of section 431 of this Law and are submitted to the House of Representatives for approval, may determine the announcement of additional information from the minimum information of subsection (1), only where such information is necessary for the proper understanding of the policy holder of the essential elements particulars of the commitment.

(7) All the necessary information, which in accordance with the previous subsections is notified before concluding an insurance contract shall be in writing and worded clearly and precisely and easily understood and furnished in an official language of the Republic, provided that the policy holder is a citizen of the Republic or has his head office or his establishment in the Republic, and, the applicable law for the insurance contract, is the law that applies in the Republic.

(8) The information in this section may be worded in another language, if requested by the person concerned, to conclude an insurance contract, or if he is entitled to choose the law that applies to life insurance contracts, other than the law that applies to the Republic and is accepted by the insurance undertaking.

(9) The insurance undertaking shall notify the policy holder, throughout the term of the contract of any change in the information that is determined by Regulations issued under the provisions of section 431 of this Law and are submitted to the House of Representatives for approval.

(10) Regulations issued under the provisions of section 431 of this Law and

	<p>are submitted to the House of Representatives for approval, may determine further particulars with regard to furnishing information as provided for in this section, provided that the Republic is the member state of the commitment.</p>
<p>The right to withdraw from the contract.</p>	<p>228.-(1) Subject to the provisions of subsection (3), every insurance undertaking shall, in every insurance concluded in favour of an insured with an individual life insurance contract, attach a note, in the prescribed form, with regard to the right of the policy holder to withdraw, in accordance with the following provisions of this section and where he fails to do so, the time limit for the policy holder to exercise the right to withdraw is extended to two years from the day the contract was concluded, and the undertaking at fault is deprived of the right to deduct, from the amount returned, in accordance with the provisions of subsection (7), the loss it may have incurred under the specified circumstances in this subsection.</p> <p>(2) Every holder of an individual insurance policy has the right, within a period of thirty calendar days, from the time when he was informed that the contract had been concluded, to notify the undertaking concerned in writing, of the decision as to withdrawing and cancelling the contract.</p> <p>(3) The provisions of the above subsection do not apply –</p> <p>(a) where an insurance contract has a duration of six months or less or;</p> <p>(b) where the policy holder is not a natural person; or</p> <p>(c) where the insurance contract has been concluded for the purpose of securing a creditor who granted a loan to an insured, except where the latter was aware in advance that the loan has not been granted to him; or</p> <p>(d) where it concerns reinsurance contracts.</p> <p>(4) The notice to withdraw is submitted in the prescribed form and, subject to the provisions of subsection (7), results in the extinction of the obligations of the policy holder deriving from the relevant insurance contract.</p> <p>(5) The date of exercising the right of withdrawal is deemed to be the date on which the relevant notice has been delivered or sent to the insurance undertaking, at the address designated by the same.</p> <p>(6) Once the right to withdraw has been exercised, any amount paid with regard to the insurance contract is returned, no later than one month from receiving the relevant notice, having deducted the medical expenses that the undertaking incurred that are directly related to the contract:</p> <p>Provided that where the amount of the medical expenses is greater than the total amount of premiums paid, the difference shall be borne by the insurance undertaking.</p> <p>(7) Where the right to withdraw concerns an insurance contract in which the premium comprises of only one instalment that was paid in a lump sum or the amendment of an insurance contract that falls under the payment of one lump sum premium, the amount paid is returned, having first deducted any loss that the insurance undertaking may have incurred</p>

	<p>as a result of a downward fluctuation in the financial markets, whilst the insurance contract was in effect, the method of calculation to be determined by the Superintendent.</p> <p>(8) The provisions of this section only apply where the insurance contract is governed by the law that applies in the Republic.</p>
<p>CHAPTER II PROVISIONS SPECIFIC TO NON-LIFE INSURANCE SECTION 1 GENERAL PROVISIONS</p>	
Policy conditions.	229. General and special policy conditions shall not include any conditions intended to meet, in an individual case, the particular circumstances of the risk to be covered.
Participation in national guarantee schemes.	230. An insurance undertaking in a member state or third country which operates on the basis of an authorisation for a branch in the Republic, and intends to pursue insurance business, immediately after the authorisation granted and before commencing its business, shall join an insurance fund or other similar body or organisation, recognised or established by existing legislation.
<p>SECTION 2 COMMUNITY CO-INSURANCE</p>	
Community co-insurance operations. First Appendix	<p>231.-(1) For the purposes of this Section, Community co-insurance shall apply where one or more risks are covered under classes 3 to 16 of Part A of the First Appendix of this Law and which fulfil the following conditions:</p> <p>(a) the risk covered shall fall within the meaning of a large risk;</p> <p>(b) the risk is covered by a single contract at an overall premium and for the same period by two or more insurance undertakings each for its own part as co-insurer, without there being a joint obligation between them, one of them being the leading insurance undertaking;</p> <p>(c) the risk is situated within the Union;</p> <p>(d) for the purpose of covering the risk, the leading insurance undertaking is treated as if it were the insurance undertaking covering the whole risk;</p> <p>(e) at least one of the co-insurers participates in the contract through a head office or a branch established in a Member State other than that of the leading insurance undertaking;</p> <p>(f) the leading insurance undertaking fully assumes the leader's role in co-insurance practice and in particular determines the terms and conditions of insurance and rating.</p> <p>(2) The provisions of sections 161 to 165 of this Law shall apply only to the leading insurance undertaking provided it has its head office in the Republic.</p> <p>(3) Co-insurance operations which do not satisfy the conditions set out in paragraphs (a) to (e) shall remain subject to the existing national legislations of the member states, to which they relate, except the respective provisions of the said legislations with those of this Section.</p>
Participation in Community co-insurance.	232. Insurance undertakings that have their head office in the Republic and participate in Community co-insurance shall not be made subject to any provisions other than those of this Section.

Technical provisions.		233. The amount of the technical provisions shall be determined by the different co-insurers according to the rules fixed by their home Member State or, in the absence of such rules, according to customary practice in that State: Provided that the technical provisions shall be at least equal to those determined by the leading insurer according to the rules of its home Member State.
Statistical data.		234. Co-insurers who are established in the Republic keep statistical data showing the extent of Community co-insurance operations in which they participate and the Member States concerned.
Treatment of co-insurance contracts in winding-up proceedings.		235. In the event of an insurance undertaking under winding-up, liabilities arising from participation in Community co-insurance contracts shall be met in the same way as those arising under the other insurance contracts of that undertaking without distinction as to the nationality of the insured and of the beneficiaries.
Exchange of information between supervisory authorities.		236. For the purposes of the implementation of the provisions of this Section the Superintendent shall exchange information with the supervisory authorities of other member states in the framework of the cooperation with the supervisory authorities of the member states referred to in this Law.
Cooperation on implementing the provisions.		237. The Superintendent shall cooperate with the Commission and the supervisory authorities of other Member States for the purposes of examining any difficulties which might arise in implementing the provisions of this Section and in particular for the purpose of examining any practices which might indicate that the leading insurance undertaking does not assume the role of the leader in co-insurance practice or that the risks clearly do not require the participation of two or more insurers for their coverage.
SECTION 3 LEGAL EXPENSES INSURANCE		
Scope of application of this Section. First Appendix	of of	236.-(1) This Section shall apply to legal expenses insurance referred to in class 17 in Part A of the First Appendix of this Law whereby an insurance undertaking promises, against the payment of a premium, to bear the costs of legal proceedings and to provide other services directly linked to insurance cover, in particular with a view to the following: (a) securing compensation for the loss or damage suffered by the insured person, by settlement out of court or through civil or criminal proceedings; (b) defending or representing the insured person in any proceedings or in respect of any claim made against that person. (2) This Section shall not apply to any of the following: (a) legal expenses insurance where such insurance concerns disputes or risks arising out of, or in connection with, the use of sea-going vessels; (b) the activity pursued by an insurance undertaking providing civil liability cover for the purpose of defending or representing the insured person in any inquiry or proceedings where that activity is at the same time pursued in the own interest of that insurance undertaking under such cover; (c) the activity of legal expenses, undertaken by an assistance insurer and

	<p>which may be extended in the following cases and which complies with the following conditions:</p> <p>(i) the activity is pursued in a Member State other than that in which the insured person is habitually resident;</p> <p>(ii) the activity forms part of a contract covering solely the assistance provided for persons who fall into difficulties while travelling, while away from their home or their habitual residence.</p> <p>(3) For the purposes of paragraph (c) of subsection (2), the insurance contract shall clearly state that the cover concerned is limited to the circumstances referred to in the said provisions and is ancillary to the assistance.</p>
Separate contracts.	239. Legal expenses cover shall be the subject of a contract separate from that drawn up for the other classes of insurance or shall be dealt with in a separate section of a single policy in which the nature of the legal expenses cover and the amount of the relevant premium are specified.
Management of claims.  First Appendix.	<p>240.-(1) The insurance undertaking that pursues legal expenses chooses one of the following alternative methods for the management of claims set out in paragraphs (a) to (c) as follows:</p> <p>(a) ensures that no member of the staff who is concerned with the management of legal expenses claims or with legal advice in respect of these claims does not pursue at the same time a similar activity -</p> <p>(i) for another class transacted by the insurance undertaking in addition to the legal expenses insurances; and/or</p> <p>(ii) in another undertaking linked with the same, having financial, commercial or administrative links and which pursues one or more of the other classes of insurance set out in the First Appendix of this Law, in addition to legal expenses class.</p> <p>(b) entrusts the management of claims raised in respect of legal expenses insurance to an undertaking having separate legal personality, in the form of a limited liability company or partnership and, if this company has links with financial, commercial or administrative links with another insurance undertaking that pursues one or more classes of insurance, the members of the staff of the said company, who are concerned with the management of claims or with legal advice connected with such management shall not pursue the same or a similar activity in the other insurance undertaking at the same time:</p> <p>Provided that the same requirements shall also apply on the members of the administrative and management of the company; or</p> <p>(c) The contract shall provide that the insured persons may instruct a lawyer of their choice or, to the extent that national law so permits, any other appropriately qualified person, from the moment that those insured persons have a claim under that contract.</p>
Free choice of lawyer.	<p>241.-(1) Insurance undertakings shall ensure that every insurance contract of legal expenses shall expressly provide that:</p> <p>(a) in any legal or administrative proceedings, where recourse is had to a lawyer or other person appropriately qualified according to national law in order to defend, represent or serve the interests of the insured person in</p>



<p>Cap. 2  42 of 1961  20 of 1963  46 of 1970  40 of 1975  55 of 1978  71 of 1981  92 of 1983  98 of 1984  17 of 1985  9 of 1989  175 of 1991  212 of 1991  9(l) of 1993  56(l) of 1993  83(l) of 1994  76(l) of 1995  103(l) of 1996  79(l) of 2000  31(l) of 2001  41(l) of 2002  180(l) of 2002  117(l) of 2003  130(l) of 2003  199(l) of 2004  264(l) of 2004  21(l) of 2005  65(l) of 2005  124(l) of 2005  158(l) of 2005  175(l) of 2006  117(l) of 2007  103(l) of 2008  109(l) of 2008  11(l) of 2009  130(l) of 2009  4(l) of 2010  65(l) of 2010  14(l) of 2011</p>	<p>any inquiry or proceedings, that insured person shall be free to choose such lawyer or other person;  (b) the insured persons shall be free to choose a lawyer or, where they so prefer and to the extent that national law so permits, any other appropriately qualified person, to serve their interests whenever a conflict of interests arises.  (2) For the purposes of this Section 'lawyer' means any person entitled to pursue his professional activities under one of the denominations laid down in the Advocates Law (Cap. 2) to facilitate the effective exercise by lawyers of freedom of establishment or freedom to provide services under the said Law.</p>
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144(l) of 2011 116(l) of 2012 18(l) of 2013 84(l) of 2014.	
Exception to the free choice of lawyer.	242.-(1) The provisions of subsection (1) of section 241 of this Law, with regard to the right of the insured to freely chose his lawyer, do not apply if all the following conditions are met: (a) the insurance cover is limited to cases arising from the use of road vehicles in the territory of the Republic; (b) the insurance cover is connected to a contract to provide assistance in the event of accident or breakdown involving a road vehicle; (c) neither the legal expenses insurance undertaking nor the assistance insurer carries out any class of liability insurance; (d) measures are taken so that the legal counsel and representation of each of the parties to a dispute is effected by wholly independent lawyers where those parties are insured for legal expenses by the same insurance undertaking. (2) An exemption granted pursuant to this section shall not affect the application of section 240 of this Law.
Arbitration proceedings.	243. Every legal expenses insurance contract provides for the right of the insured to recourse to arbitration established in the Arbitration Law and/or his right to apply to the Financial Ombudsman in accordance with the provisions of the Establishment and Functioning of the Single Body for the Extrajudicial Settlement of Disputes of a Financial Nature of 2010, to (No. 2) of 2014, as amended or replaced where any dispute arises between the insurance undertaking and the insured: Provided that such a recourse does not prevent the insured from applying to the court.
Conflict of interest.	244. Whenever a conflict of interests arises or there is disagreement over the settlement of the dispute, the legal expenses insurer or, where appropriate, the claims settlement officer, as the case may be, shall inform the person insured of the right referred to in subsection (1) of section 241 of this Law and of the possibility of having recourse to the procedure referred to in section 243.
Section 4 Health insurance	
Health insurance as an alternative to social security. First Appendix.	245. Regulations may determine the conditions under which health insurance contracts (Class 2, Part A of the First Appendix) are permitted to replace, in part or in full, the health insurance provided for under the Social Insurance Laws of 2010 to (No. 2) of 2014, as amended or replaced at any given time, provided that such laws permit the replacement in question.
CHAPTER III PROVISIONS SPECIFIC TO LIFE INSURANCE	
Prohibition on compulsory ceding of part of	246. Life insurance undertakings shall not be required to cede part of their underwriting of activities listed in subsection (3) of section 4 of this Law, to one or more organisations in the Republic under any legislation.

underwriting.	
Premiums for new activities.	<p>247.-(1) Premiums for new activities shall be sufficient, on reasonable actuarial assumptions, to enable life insurance undertakings to meet all their commitments and, in particular, to establish adequate technical provisions.</p> <p>(2) For the purposes of applying subsection (1), all aspects of the financial situation of a life insurance undertaking may be taken into account, without the input from resources other than premiums and income earned thereon being systematic and permanent in a way that it may jeopardise the solvency of the undertaking concerned in the long term.</p>
<p>CHAPTER IV RULES SPECIFIC TO REINSURANCE</p>	
Finite reinsurance.	<p>248.-(1) Insurance and reinsurance undertakings which conclude finite reinsurance contracts or pursue finite reinsurance activities shall properly identify, measure, monitor, manage, control and report the risks arising from those contracts or activities to the Superintendent.</p> <p>(2) Implementing measures may determine the particulars with respect to the monitoring, management and control of risks arising from finite reinsurance activities in accordance with the provisions of subsection (1). For the purposes of this section 'finite reinsurance' means reinsurance under which the explicit maximum loss potential, expressed as the maximum economic risk transferred, arising both from a significant underwriting risk and timing risk transfer, exceeds the premium over the lifetime of the contract by a limited but significant amount, together with at least one of the following features:</p> <p>(a) explicit and material consideration of the time value of money;</p> <p>(b) contractual provisions to moderate the balance of economic experience between the parties over time to achieve the target risk transfer.</p>
Special purpose vehicles.	<p>249.-(1) The Republic shall allow the establishment of special purpose vehicles, subject to prior approval of the Superintendent which is granted having submitted the relevant application in the prescribed form.</p> <p>(2) The Superintendent approves the application to establish a special purpose vehicle in the Republic provided that the conditions determined in the implementing measures, with regard to the following matters, are satisfied:</p> <p>(a) the scope of authorisation;</p> <p>(b) mandatory conditions to be included in all contracts issued;</p> <p>(c) fit and proper requirements as referred to in section 44 of this Law, of the persons running the special purpose vehicle;</p> <p>(d) fit and proper requirements for shareholders or members having a qualifying holding in the special purpose vehicle;</p> <p>(e) sound administrative and accounting procedures, adequate internal control mechanisms and risk-management requirements;</p> <p>(f) accounting, prudential and statistical information requirements;</p> <p>(g) solvency requirements.</p>

<p>35(l) of 2002  141(l) of 2003  165(l) of 2003  69(l) of 2004  70(l) of 2004  136(l) of 2004  152(l) of 2004  153(l) of 2004  240(l) of 2004  17(l) of 2005  26(l) of 2006  105(l) of 2009  50(l) of 2011  132(l) of 2013.</p>	<p>(2) Implementing technical standards shall determine –  (a) the procedure for the Superintendent to grant the establishment of special purpose vehicles and the format and the templates to be used for the purposes of paragraph (f) of subsection (2) and  (b) the procedure with regard to the cooperation and the exchange of information between the Superintendent and the supervisory authorities of other member states, when the special purpose vehicle that is undertaking a risk from an insurance or reinsurance undertaking has its head office in a member state other than the Republic, in which the insurance or reinsurance undertaking obtained its authorisation.  (4) Special Purpose Vehicles that have obtained an authorisation from the Superintendent before 31 December 2015 shall be subject to the provisions of the Law on Insurance Business and Other Related Matters of 2002 to 2013, excluding any new activity commenced by such a Special Purpose Vehicle after that date which shall be subject to the provisions of this section.</p>
<p>PART IV  SUPERVISION OF INSURANCE AND REINSURANCE UNDERTAKINGS IN A GROUP  CHAPTER I  GROUP SUPERVISION: DEFINITIONS, CASES OF APPLICATION, SCOPE AND LEVELS  SECTION 1  DEFINITIONS</p>	
<p>Definitions.</p>	<p>250.-(1) In this Part, unless the context otherwise requires -  ‘group supervisor’ means the supervisory authority responsible for group supervision, in accordance with the provisions of article 247 of Directive 2009/138/EU;  ‘insurance holding company’ means a parent undertaking which is not a mixed financial holding company and the main business of which is to acquire and hold participations in subsidiary undertakings, where those subsidiary undertakings are exclusively or mainly insurance or reinsurance undertakings, or third-country insurance or reinsurance undertakings, at least one of such subsidiary undertakings being an insurance or reinsurance undertaking;  ‘mixed-activity insurance holding company’ means a parent undertaking, other than an insurance undertaking, a third-country insurance undertaking, a reinsurance undertaking, a third-country reinsurance undertaking, an insurance holding company or a mixed financial holding</p>

	<p>company which includes at least one insurance or reinsurance undertaking among its subsidiary undertakings;</p> <p>'financial holding company' means a parent undertaking, other than the insurance or reinsurance company, which, together with its subsidiaries, of which at least one is an insurance undertaking, a CIF, or a credit institution, of a member state in the European Union, including other entities, constitutes a financial conglomerate;</p> <p>'group' means a group of undertakings that –</p> <p>(a) consists of a participating undertaking, its subsidiaries and the entities in which the participating undertaking or its subsidiaries hold a participation, as well as undertakings linked to each other; or</p> <p>(b) is based on the establishment, contractually or otherwise, of strong and sustainable financial relationships among those undertakings, and that may include mutual or mutual-type associations, provided that-</p> <p>(i) one of those undertakings effectively exercises, through centralised coordination, a dominant influence over the decisions, including financial decisions, of the other undertakings that are part of the group; and</p> <p>(ii) the establishment and dissolution of such financial relationships for the purposes of this Title are subject to prior approval by the group supervisor; and</p> <p>where the undertaking exercising the centralised coordination shall be considered as the parent undertaking, and the other undertakings shall be considered as subsidiaries;</p> <p>'concentration risk' means any exposure to risk with a possibility of damage, which is large enough to threaten the solvency or the general financial situation of regulated entities in the financial conglomerate; the exposure may be the result of contracting parties risks or credit risks, investment risks, insurance risks, market risks or other risks, or a combination or an interaction of these risks;</p> <p>'participating undertaking' means an undertaking which is either a parent undertaking or other undertaking which holds a participation, or an undertaking without being linked with another undertaking within the meaning of section 148 of the Companies Law, has been placed with this undertaking under single management following a contract or according to the terms of their articles of association or their administrative bodies to comprise the majority for the duration of the use and until the preparation of consolidated accounts by the same persons;</p> <p>'participation' means possessing rights in the capital of other undertakings, integrated in securities or not, which, create a durable relationship between two undertakings, intended to contribute to the activities of this undertaking or the direct or indirect holding of a percentage greater than or equal to twenty per cent (20%) of the voting rights or the capital of an undertaking;</p> <p>'related undertaking' means either a subsidiary undertaking or other undertaking in which a participation is held, or an undertaking without being linked with another undertaking by a relationship within the meaning of section 148 of the Companies Law, has been placed with this</p>
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	<p>undertaking under single management following a contract or according to the terms of their articles of association or their administrative bodies to comprise the majority for the duration of the use and until the preparation of consolidated accounts by the same persons;</p> <p>'college of supervisors' means a permanent but flexible structure for cooperation and coordination and the facility to take decisions with regard to the group supervisor.</p> <p>(2) For the purposes of this Part, the Superintendent shall also consider as</p> <p>(a) a parent undertaking any undertaking which, in his opinion, effectively exercises a dominant influence over another undertaking;</p> <p>(b) a subsidiary undertaking any undertaking over which, in the opinion of the Superintendent, a parent undertaking effectively exercises a dominant influence;</p> <p>(c) as participation the holding, directly or indirectly, of voting rights or capital in an undertaking over which, in the opinion of the Superintendent, a significant influence is effectively exercised.</p>
	<p>SECTION 2 CASES OF APPLICATION AND SCOPE</p>
<p>Scope of application of group supervision.</p>	<p>251.-(1) The supervision of insurance and reinsurance undertakings at the level of the group, is applied by the Superintendent, in accordance with the provisions of this Part, when the Superintendent constitutes the supervisory authority of the group as laid down in section 286 of this Law.</p> <p>(2) Regardless of the provisions of subsection (1), the provisions of this Law, which lay down the rules for the supervision of insurance and reinsurance undertakings taken individually shall continue to apply to such undertakings that belong to a group, except where otherwise provided by this Part.</p> <p>(3) The supervision at the level of the group applies as follows:</p> <p>(a) to insurance or reinsurance undertakings, which are a participating undertaking in at least one insurance undertaking, reinsurance undertaking, third-country insurance undertaking or third-country reinsurance undertaking, in accordance with sections 256 to 298 of this Law;</p> <p>(b) to insurance or reinsurance undertakings, the parent undertaking of which is an insurance holding company or a financial holding company which has its head office in the Union, in accordance with sections 256 to 298;</p> <p>(c) to insurance or reinsurance undertakings, the parent undertaking of which is an insurance holding company or a financial holding company having its head office in a third-country or a third country insurance or reinsurance undertaking, in accordance with sections 299 to 302 of this Law;</p> <p>(d) to insurance or reinsurance undertakings, the parent undertaking of which is a mixed-activity insurance holding company, in accordance with section 304 of this Law.</p> <p>(3) In the cases referred to in paragraphs (a) and (b) of subsection (2), where the participating insurance or reinsurance undertaking or the</p>

<p>66(l) of 1997  74(l) of 1999  94(l) of 2000  119(l) of 2003  4(l) of 2004  15(l) of 2004  231(l) of 2004  235(l) of 2004  20(l) of 2005  80(l) of 2008  100(l) of 2009  123(l) of 2009  27(l) of 2011  104(l) of 2011  107(l) of 2012  14(l) of 2013  67(l) of 2013  102(l) of 2013  141(l) of 2013  5(l) of 2015.</p>	<p>insurance holding company which has its head office in the Union, is a related undertaking of a regulated entity or a mixed financial holding company which is subject to supplementary supervision of another member state, the Superintendent, as the competent supervisory authority of the group, may, after consulting the other supervisory authorities concerned, decide not to carry out at the level of that participating insurance or reinsurance undertaking or that insurance holding company the supervision of risk concentration referred to in section 282 of this Law or the supervision of intra-group transactions referred to in section 284 of this Law or both.</p> <p>(5) Where a participating financial holding company is subject to equivalent provisions under this Law and under the Business of Credit Institutions Laws of 1997 to 2015, as amended or replaced at any given time, in particular with regard to supervision based on the risk, the Superintendent, as the competent supervisory authority of the group, may, after consulting the other supervisory authorities concerned in the financial sector, to apply those legislative provisions with regard to the most important sector, as determined in the Directives of the Superintendent and/or the Central Bank and/or the Securities Commission with regard to the supplementary supervision of insurance or reinsurance undertakings that belong to a financial conglomerate.</p> <p>(7) The Superintendent, as the group supervisor, notifies the European Banking Authority and EIOPA on the decisions taken under subsections (4) and (5).</p>
<p>Scope of application of group supervision.</p>	<p>252.-(1) The exercise of group supervision by the Superintendent in accordance with section 251 of this Law, shall not imply that the supervisory authorities are required to play a supervisory role, in relation to the third-country insurance undertaking, the third-country reinsurance undertaking, the insurance holding company, the participating financial company or the mixed-activity insurance holding company taken individually, without prejudice to the provisions of section 297 as far as insurance holding companies or participating financial companies are concerned.</p> <p>(2) The Supervisor, as the group supervisor, may decide on a case-by-case basis not to include an undertaking in the group supervision referred to in section 251 of this Law where:</p> <p>(a) the undertaking is situated in a third country where there are legal</p>

	<p>impediments to the transfer of the necessary information, without prejudice to the provisions of section 267;</p> <p>(b) the undertaking which should be included is of negligible interest with respect to the objectives of group supervision; or</p> <p>(c) the inclusion of the undertaking would be inappropriate or misleading with respect to the objectives of the group supervision.</p> <p>(3) Regardless of the provisions of paragraph (b) of subsection (2), where several undertakings of the same group, taken individually, may be excluded in accordance with the said paragraph, the Superintendent, as the supervisory authority of the group, shall include them in the supervision, where, collectively, they are of non-negligible interest.</p> <p>(4) Where the Superintendent, as the group supervisor, is of the opinion that an insurance or reinsurance undertaking should not be included in the group supervision under one of the cases laid down in paragraphs (b) and (c) of subsection (2), shall consult the other supervisory authorities concerned before taking a decision.</p> <p>(5) Where the competent supervisory authority of the group is the supervisory authority of another member state, and does not include a Cypriot insurance or reinsurance undertaking under the supervision of the group under corresponding paragraphs (b) and (c) of subsection (2) of the national legislation of the said member state, the Superintendent may ask the undertaking which is at the head of the group for any information which may facilitate the supervision of the Cypriot insurance or reinsurance undertaking concerned.</p>
SECTION 3 - LEVELS	
<p>Ultimate parent undertaking at a Union level.</p>	<p>253.-(1) Where the participating insurance or reinsurance undertaking or the insurance holding company or a participating financial company referred to in paragraphs (a) and (b) of subsection (3) of section 251 of this Law, is itself a subsidiary undertaking of another insurance or reinsurance undertaking or of another insurance holding company or a participating financial company which has its head office in the Union, sections 256 to 298 shall apply only at the level of the ultimate parent insurance or reinsurance undertaking or insurance holding company or participating financial company which has its head office in the Union.</p> <p>(2) Where the ultimate parent insurance or reinsurance undertaking or insurance holding company or participating financial company which has its head office in the Union, referred to in subsection (1), is a subsidiary undertaking of an undertaking which is subject to supplementary supervision in accordance with paragraph 5 (2) of the Directives of a financial conglomerate that are issued by the Superintendent, the Superintendent may, after consulting the other supervisory authorities concerned, decide not to carry out at the level of that ultimate parent undertaking the supervision of risk concentration referred to in section 286 or the supervision of intra-group transactions referred to in section 284 of this Law and or both.</p>
<p>Ultimate parent undertaking at a</p>	<p>254.-(1) Where the participating insurance or reinsurance undertaking or the insurance holding company or the participating financial company</p>



national level.	<p>which has its head office in the Republic, and the ultimate parent undertaking on a national level, as referred to in section 253 of this Law has its head office in another member state, the Superintendent, as the national supervisory authority, may decide, after consulting the group supervisor and that ultimate parent undertaking at national level, to subject to group supervision the ultimate parent insurance or reinsurance undertaking or the insurance holding company or the participating financial company to the group supervisor and in such a case he shall explain his decision to the group supervisor and to the parent undertaking at national level. Sections 256 to 298 of this Law shall apply <i>mutatis mutandis</i>, subject to subsections (2) to (6).</p> <p>(2) The Superintendent, as group supervisor, may restrict group supervision of the ultimate parent undertaking at national level to one or several Sections of the Second Chapter.</p> <p>(3) Where the Superintendent, as the national supervisory authority, decides to apply to the ultimate parent undertaking at national level the provisions of Section 1 of the Second Chapter of this Part, the choice of method made in accordance with the provisions of section 258 of this Law, in respect of the ultimate parent undertaking at Community level referred by the group supervisor, shall be recognised as determinative and applied by the Superintendent.</p> <p>(4) Where the Superintendent, as national supervisory authority, decides to apply to the ultimate parent undertaking at national level the provisions of Section 1, of the Second Chapter of this Part, and where the ultimate parent undertaking at Union level referred to in section 290 of this Law has obtained, in accordance with section 269 or subsection (5) of section 272, permission to calculate the group Solvency Capital Requirement, as well as the Solvency Capital Requirement of insurance and reinsurance undertakings in the group, on the basis of an internal model, that decision shall be recognised as determinative and applied by the Superintendent.</p> <p>(5) In the case of subsection (4), where the Superintendent considers that the risk profile of the ultimate parent undertaking deviates significantly from the internal model approved at Union level, and as long as that undertaking does not properly address the concerns of the Superintendent, the Superintendent may decide to impose a capital add-on to the group Solvency Capital Requirement of that undertaking resulting from the application of such model or, in exceptional circumstances where such capital add-on would not be appropriate, to require that undertaking to calculate its group Solvency Capital Requirement on the basis of the standard formula. Every decision of the Superintendent taken under this subsection shall be duly reasoned and shall be notified to the undertaking and to the competent group supervisor.</p> <p>(6) Where the Superintendent decides to apply Section 1, of the Second Chapter of this Part, to the ultimate parent undertaking with a head office in the Republic, that undertaking shall not be permitted to introduce, in</p>
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	<p>accordance with sections 275 or 282 of this Law an application for permission to subject any of its subsidiaries to sections 277 and 278.</p> <p>(7) The Superintendent may not take or maintain a decision under subsection (1) of this section, where the ultimate parent undertaking with a head office in the Republic is a subsidiary of the ultimate parent undertaking at Union level referred to in section 253 of this Law and the latter has obtained in accordance with sections 276 or 281 permission for that subsidiary to be subject to sections 277 to 278.</p> <p>(8) The circumstances under which the Superintendent may take decisions under subsection (1) are determined by implementing measures.</p>
Parent undertaking covering several Member States.	<p>255.-(1) The Superintendent, for the purpose of applying section 254 of this Law, may decide to conclude an agreement with supervisory authorities in other Member States where another related ultimate parent undertaking at national level is present, with a view to carrying out group supervision at the level of a subgroup covering several Member States and in such a case, the Superintendent shall justify his decision to the group supervisor and to the parent undertaking at Union level.</p> <p>(2) Where an agreement has been concluded under subsection (1), group supervision shall not be carried out at the level of any ultimate parent undertaking referred to in section 254 present in Member States other than the Member State where the subgroup referred to in subsection (1) is located.</p> <p>(3) The provisions of subsections (2) to (6) of section 254 shall apply <i>mutatis mutandis</i>.</p> <p>(4) The circumstances under which the Superintendent may make decisions under subsection (1) are determined by implementing measures</p>
<p>CHAPTER II FINANCIAL POSITION SECTION 1 GROUP SOLVENCY SUBSECTION 1 General provisions</p>	
Supervision of group solvency.	<p>256.-(1) Supervision of the group solvency shall be exercised in accordance with subsections (2) and (3), the provisions of section 285 and the provisions of the Third Chapter of this Law.</p> <p>(2) In the case referred to in paragraph (a) of subsection (3) of section 251 of this Law, participating insurance or reinsurance undertakings shall ensure that eligible own funds are available in the group which are always at least equal to the group Solvency Capital Requirement as calculated in accordance with the provisions of the sections included in Subsections 2, 3 and 4 of this Section.</p> <p>(3) In the case referred to in paragraph (b) of subsection (3) of section 251, insurance and reinsurance undertakings in a group shall ensure that eligible own funds are available in the group which are always at least equal to the group Solvency Capital Requirement as calculated in accordance with the provisions of the sections included in Section 5 of</p>

		<p>this Section.</p> <p>(4) The requirements referred to in subsections (2) and (3) shall be subject to supervisory review by the Supervisor, provided that it is the competent group supervisor in accordance with the provisions of section 286 of this Law and the provisions of sections 143 and of subsections (1) to (4) of section 145 apply <i>mutatis mutandis</i>.</p> <p>(5) As soon as the participating undertaking has observed and informed the Superintendent that the group Solvency Capital Requirement is no longer complied with or that there is a risk of non-compliance in the following three months, the Superintendent shall inform the other supervisory authorities within the college of supervisors, which shall analyse the situation of the group.</p>
Frequency of calculation.	of	<p>257.-(1) The Superintendent, as group supervisor, shall ensure that the calculations referred to in paragraphs (2) and (3) of section 256 of this Law are carried out at least annually, either by the participating insurance or reinsurance undertakings or by the insurance holding company or by the participating financial company.</p> <p>(2) The relevant data for and the results of that calculation shall be submitted to the Superintendent by the participating insurance or reinsurance undertaking or, where the group is not headed by an insurance or reinsurance undertaking, by the insurance holding company or by the participating financial company or by the undertaking in the group identified by the Superintendent after consulting the other supervisory authorities concerned and the group itself.</p> <p>(3) The insurance and reinsurance undertaking, the insurance holding company and the participating financial company shall monitor the group Solvency Capital Requirement on an ongoing basis and where the risk profile of the group deviates significantly from the assumptions underlying the last reported group Solvency Capital Requirement, the group Solvency Capital Requirement shall be recalculated without delay and reported to the Superintendent as group supervisor.</p> <p>(4) Where there is evidence to suggest that the risk profile of the group has altered significantly since the date on which the group Solvency Capital Requirement was last reported, the Superintendent, as group supervisor, may require a recalculation of the group Solvency Capital Requirement.</p>
<p>Subsection 2</p> <p>Choice of calculation method and general principles</p>		
Choice of method.	of	<p>258.-(1) The calculation of the solvency at the level of the group of the insurance and reinsurance undertakings referred to in paragraph (a) of subsection (3) of section 251 of this Law shall be carried out in accordance with the technical principles and one of the methods set out in sections 259 to 272.</p> <p>(2) The calculation of the solvency at the level of the group of insurance and reinsurance undertakings referred to in paragraph (a) of subsection (3) of section 251 shall be carried out in accordance with method 1, which is laid down in sections 268 to 271:</p>

	<p>Provided that the Superintendent, where he is the group supervisor, may decide, after consulting the other supervisory authorities concerned and the group itself, to apply to that group method 2, which is laid down in sections 272 to 273, or a combination of methods 1 and 2, where the exclusive application of method 1 would not be appropriate.</p>
<p>Inclusion of proportional share.</p>	<p>259.-(1) The calculation of the group solvency shall take account of the proportional share held by the participating undertaking in its related undertakings and for this purpose the proportional share shall comprise either of the following:</p> <p>(a) where method 1 is used, the percentages used for the establishment of the consolidated accounts; or</p> <p>(b) where method 2 is used, the proportion of the subscribed capital that is held, directly or indirectly, by the participating undertaking:</p> <p>Provided that regardless of the method used, where the related undertaking is a subsidiary undertaking and does not have sufficient eligible own funds to cover its Solvency Capital Requirement, the total solvency deficit of the subsidiary shall be taken into account:</p> <p>Provided further that where, in the opinion of the supervisory authorities, the responsibility of the parent undertaking owning a share of the capital is strictly limited to that share of the capital, the Superintendent as group supervisor may nevertheless allow for the solvency deficit of the subsidiary undertaking to be taken into account on a proportional basis.</p> <p>(2) The Superintendent, as group supervisor, shall determine, after consulting the other supervisory authorities concerned and the group itself, the proportional share which shall be taken into account in the following cases:</p> <p>(a) where there are no capital ties between some of the undertakings in a group;</p> <p>(b) where the Superintendent has determined that the holding, directly or indirectly, of voting rights or capital in an undertaking qualifies as a participation because, in its opinion, a significant influence is effectively exercised over that undertaking;</p> <p>(c) where the Superintendent has determined that an undertaking is a parent undertaking of another because, in the opinion of that supervisory authority, it effectively exercises a dominant influence over that other undertaking.</p>
<p>Elimination of double use of eligible own funds.</p>	<p>260.-(1) The double use of own funds eligible for the Solvency Capital Requirement among the different insurance or reinsurance undertakings taken into account in that calculation shall not be allowed and for the purpose of applying this prohibition when calculating the group solvency at a group level and where the methods described in Subsection 4 of this Section do not provide for it, the following amounts shall be excluded:</p> <p>(a) the value of any asset of the participating insurance or reinsurance undertaking which represents the financing of own funds eligible for the Solvency Capital Requirement of one of its related insurance or reinsurance undertakings;</p> <p>(b) the value of any asset of a related insurance or reinsurance</p>

undertaking of the participating insurance or reinsurance undertaking which represents the financing of own funds eligible for the Solvency Capital Requirement of that participating insurance or reinsurance undertaking;

(c) the value of any asset of a related insurance or reinsurance undertaking of the participating insurance or reinsurance undertaking which represents the financing of own funds eligible for the Solvency Capital Requirement of any other related insurance or reinsurance undertaking of that participating insurance or reinsurance undertaking.

(2) Without prejudice to the provisions of subsection 1, the following may be included in the calculation only in so far as they are eligible for covering the Solvency Capital Requirement of the related undertaking concerned:

(a) surplus funds falling under subsection (2) of section 97 of this Law, arising in a related life insurance or reinsurance undertaking of the participating insurance or reinsurance undertaking for which the group solvency is calculated;

(b) any subscribed but not paid-up capital of a related insurance or reinsurance undertaking of the participating insurance or reinsurance undertaking for which the group solvency is calculated:

Provided that the following shall in any event be excluded from the calculation:

(i) subscribed but not paid-up capital which represents a potential obligation on the part of the participating undertaking;

(ii) subscribed but not paid-up capital of the participating insurance or reinsurance undertaking which represents a potential obligation on the part of a related insurance or reinsurance undertaking;

(iii) subscribed but not paid-up capital of a related insurance or reinsurance undertaking which represents a potential obligation on the part of another related insurance or reinsurance undertaking of the same participating insurance or reinsurance undertaking.

(3) Where the supervisory authorities consider that certain own funds eligible for the Solvency Capital Requirement of a related insurance or reinsurance undertaking other than those referred to in subsection (2) cannot effectively be made available to cover the Solvency Capital Requirement of the participating insurance or reinsurance undertaking for which the group solvency is calculated, those own funds may be included in the calculation only in so far as they are eligible for covering the Solvency Capital Requirement of the related undertaking.

(4) The sum of the own funds referred to in subsections (2) and (3) shall not exceed the Solvency Capital Requirement of the related insurance or reinsurance undertaking.

(5) Any eligible own funds of a related insurance or reinsurance undertaking of the participating insurance or reinsurance undertaking for which the group solvency is calculated that are subject to prior authorisation from the supervisory authority in accordance with section 96 of this Law may be included in the calculation only in so far as they have

	been duly authorised by the supervisory authority responsible for the supervision of that related undertaking.
Elimination of the intra-group creation of capital.	<p>261.-(1) When calculating group solvency, no account shall be taken of any own funds eligible for the Solvency Capital Requirement arising out of reciprocal financing between the participating insurance or reinsurance undertaking and any of the following:</p> <p>(a) a related undertaking;</p> <p>(b) a participating undertaking; or</p> <p>(c) another related undertaking of any of its participating undertakings.</p> <p>(2) When calculating group solvency, no account shall be taken of any own funds eligible for the Solvency Capital Requirement of a related insurance or reinsurance undertaking of the participating insurance or reinsurance undertaking for which the group solvency is calculated where the own funds concerned arise out of reciprocal financing with any other related undertaking of that participating insurance or reinsurance undertaking.</p> <p>(3) Reciprocal financing shall be deemed to exist at least where an insurance or reinsurance undertaking, or any of its related undertakings, holds shares in, or makes loans to, another undertaking which, directly or indirectly, holds own funds eligible for the Solvency Capital Requirement of the first undertaking.</p>
Valuation.	262. The value of the assets and liabilities shall be assessed in accordance with section 77 of this Law.
<p>Subsection 3</p> <p>Application of the calculation methods</p>	
Related insurance and reinsurance undertakings.	<p>263.-(1) Where the insurance or reinsurance undertaking has more than one related insurance or reinsurance undertaking, the group solvency calculation shall be carried out by including each of those related insurance or reinsurance undertakings.</p> <p>(2) Where the related insurance or reinsurance undertaking has its head office in a Member State other than that of the insurance or reinsurance undertaking for which the group solvency calculation is carried out, the calculation takes account, in respect of the related undertaking, of the Solvency Capital Requirement and the own funds eligible to satisfy that requirement as laid down in that other Member State.</p>
Intermediate insurance holding companies.	<p>264.-(1) When calculating the group solvency of an insurance or reinsurance undertaking which holds a participation in a related insurance undertaking, a related reinsurance undertaking, a third-country insurance undertaking or a third-country reinsurance undertaking, through an insurance holding company or a participating financial company, the situation of such an insurance holding company or participating financial company shall be taken into account.</p> <p>(2) For the sole purpose of calculating the solvency under subsection (1), the intermediate insurance holding company or the intermediate participating financial company shall be treated as if it were an insurance or reinsurance undertaking subject to the provisions of Part II, Sixth Chapter, Section 4, Subsections 1, 2 and 3 of this Law, in respect of the</p>

	<p>Solvency Capital Requirement and were subject to the same conditions as are laid down in Part II, Sixth Chapter, Section 3, Subsections 1, 2 and 3, in respect of own funds eligible for the Solvency Capital Requirement.</p> <p>(3) In cases where an intermediate insurance holding company or an intermediate participating financial company holds subordinated debt or other eligible own funds subject to limitation in accordance with section 104, they shall be recognised as eligible own funds up to the amounts calculated by application of the limits set out in section 104 to the total eligible own funds outstanding at group level as compared to the Solvency Capital Requirement at group level.</p> <p>(4) Any eligible own funds of an intermediate insurance holding company or an intermediate participating financial company, which would require prior authorisation from the supervisory authority in accordance with the provisions of section 96 of this Law, if they were held by an insurance or reinsurance undertaking, may, be included in the calculation of the group solvency only in so far as they have been duly authorised by the Superintendent as group supervisor.</p>
<p>Related third-country insurance and reinsurance undertakings.</p>	<p>265.-(1) When calculating the group solvency of an insurance or reinsurance undertaking which is a participating undertaking in a third-country insurance or reinsurance undertaking, according to section 272, the third-country insurance or reinsurance undertaking shall, solely for the purposes of that calculation, be treated as a related insurance or reinsurance undertaking:</p> <p>Provided that, where the third country in which that undertaking has its head office makes it subject to authorisation and imposes on it a solvency regime at least equivalent to that laid down in Part II, Sixth Chapter, for the particular undertaking the Solvency Capital Requirement and the own funds eligible to satisfy that requirement as laid down by the third country concerned shall be taken into account.</p> <p>(2) Where a delegated act has not been issued in accordance with subsections (5) and (6) the verification of whether the third-country regime is at least equivalent on the basis of the criteria in subsection (4) shall be carried out by the Superintendent if he is acting as group supervisor, at the request of the participating undertaking or on its own initiative and in so doing –</p> <p>(a) EIOPA shall assist the Superintendent, as group supervisor, in accordance with article 33 paragraph 2 of regulation (EU) no. 1094/2010;</p> <p>(b) the Superintendent, as group supervisor, assisted by EIOPA, shall consult the other supervisory authorities concerned before taking a decision on equivalence.</p> <p>(3) The Superintendent, as group supervisor, shall not, with regard to a third country, take a decision that comes into conflict with previous decisions on the particular third country, unless it is necessary to take into account significant changes to the supervisory regime determined in Part II, Sixth Chapter of this Law and to the supervisory regime of the third country.</p> <p>(4) The criteria to assess whether the solvency regime in a third country is</p>

		<p>equivalent to that laid down in Part II, in the Sixth Chapter, are determined by implementing measures.</p> <p>(5) Implementing measures may determine that the third party supervisory regime is equivalent to that laid down in Part II of the Sixth Chapter.</p> <p>(6) Implementing measures may determine that the third country supervisory regime is temporary equivalent with that laid down in Part II, the Sixth Chapter and in such a case, for the purposes of subsection (1), the said third country is considered equivalent.</p> <p>(7) Where the decision on equivalence has been taken by a supervisory authority of another country, which also acts as group supervisor, and the Superintendent disagrees with such a decision, he may refer the matter to EIOPC and seek its assistance in accordance with article 19 of Regulation (EU) no. 1094/2010, within three months after the decision is notified by the group supervisor.</p>
Related credit institutions, investment firms and financial institutions.		<p>266.-(1) When calculating the group solvency of an insurance or reinsurance undertaking which is a participating undertaking in a credit institution, investment firm or financial institution, their participating insurance and reinsurance undertakings may apply, <i>mutatis mutandis</i> methods 1 and 2 set out in Appendix I to the Directives issued by the Superintendent with regard to supplementary supervision of insurance or reinsurance undertakings that belong to financial conglomerates:</p> <p>Provided that method 1 set out in the said Appendix I shall be applied only where the Superintendent, as group supervisor, is satisfied as to the level of integrated management and internal control regarding the entities which would be included in the scope of consolidation. The method chosen shall be applied in a consistent manner over time.</p> <p>(2) Notwithstanding the provisions of subsection (1), the Superintendent, as group supervisor, may decide, at the request of the participating undertaking or on his own initiative, to deduct any participation as referred to in subsection (1) from the own funds eligible for the group solvency of the participating undertaking.</p>
Non-availability of the necessary information.		<p>267. Where the information necessary for calculating the group solvency of an insurance or reinsurance undertaking, concerning a related undertaking with its head office in a Member State or a third country, is not available to the Superintendent, the book value of that undertaking in the participating insurance or reinsurance undertaking shall be deducted from the own funds eligible for the group solvency. In that case, the unrealised gains connected with such participation shall not be recognised as own funds eligible for the group solvency.</p>
Subsection 4 - Calculation methods		
Method 1 (Default method): Accounting consolidation-based method.		<p>268.-(1) The calculation of the group solvency of the participating insurance or reinsurance undertaking shall be carried out on the basis of the consolidated accounts and the group solvency of the participating insurance or reinsurance undertaking is the difference between the following:</p> <p>(a) the own funds eligible to cover the Solvency Capital Requirement, calculated on the basis of consolidated data;</p>



	<p>(b) the Solvency Capital Requirement at group level calculated on the basis of consolidated data.</p> <p>(2) The rules laid down in Part II, in the Sixth Chapter, Section 3, Subsections 1, 2 and 3 and in Part II, the Sixth Chapter, Section 4, Subsections 1, 2 and 3 of this Law, shall apply for the calculation of the own funds eligible for the Solvency Capital Requirement and of the Solvency Capital Requirement at group level based on consolidated data.</p> <p>(3) The Solvency Capital Requirement at group level based on consolidated data (consolidated group Solvency Capital Requirement) shall be calculated on the basis of either the standard formula or an approved internal model, in a manner consistent with the general principles contained in Part II, in the Sixth Chapter, Section 4, Subsections 1 and 2 and Part II, in the Sixth Chapter, Section 4, Subsections 1 and 3, respectively.</p> <p>(4) The consolidated group Solvency Capital Requirement shall have as a minimum the sum of the following:</p> <p>(a) the Minimum Capital Requirement as referred to in section 136 of this Law, of the participating insurance or reinsurance undertaking;</p> <p>(b) the proportional share of the Minimum Capital Requirement of the related insurance and reinsurance undertakings.</p> <p>(5) The minimum in subsection (4) shall be covered by eligible basic own funds as determined in subsection (4) of section 104 of this Law.</p> <p>(6) For the purposes of determining whether such eligible own funds qualify to cover the minimum consolidated group Solvency Capital Requirement, the principles set out in sections 259 to 267 shall apply <i>mutatis mutandis</i> as well as the provisions of subsections (1) and (2) of section 146 of this Law.</p>
Group internal model.	<p>269.-(1) Where the Superintendent is the group supervisor and an application has been submitted to him by an insurance or reinsurance undertaking and its related undertakings, or jointly by the related undertakings of an insurance holding company, for permission to calculate the consolidated group Solvency Capital Requirement, as well as the Solvency Capital Requirement of insurance and reinsurance undertakings in the group, on the basis of an internal model, he shall notify the other college of supervisors and he shall forward the complete application, without delay, to decide by cooperating between them, whether or not to grant that permission and to determine the terms and conditions.</p> <p>(2) The Superintendent, as group supervisor, in cooperation with the other supervisory authorities, shall do everything within their power to reach a joint decision on the application within six months from the date of receipt of the complete application.</p> <p>(3) The Superintendent, as group supervisor, shall notify the other competent supervisory authorities with regard to receiving the application, and during the period referred to in subsection (2), any of the supervisory authorities may refer the matter to EIOPA in accordance with</p>

	<p>the provisions of article 19 of regulation (EU) no. 1094/2010 and in such a case the Superintendent, as group supervisor, may suspend his decision and await the potential decision by EIOPA in accordance with the provisions of article 19 paragraph 3 of the abovementioned Regulation and makes his decision in accordance with the decision of EIOPA, which is determinative and applies to the supervisory authorities concerned.</p> <p>(4) Where, according to article 41 paragraphs 2 and 3 and article 44 paragraph 1 point 3) of regulation (EU) no. 1094/2010, the decision recommended by the group, in accordance with subsection(1), is dismissed, the Superintendent, as group supervisor, makes the final decision, which is determinative and applies to the supervisory authorities concerned.</p> <p>(5) Implementing technical standards may determine the implementation conditions of the procedure in making a joint decision referred to in subsection (1), with regard to applications for authorisation.</p> <p>(6) Where a joint decision has not been taken within six months from the date of receipt of the complete application by the group, the Superintendent shall make a decision himself with regard to the application, taking into account any views and reservations of other supervisory authorities concerned that were expressed within the said period of six months and his decision shall be determinative and applied by the supervisory authorities concerned.</p> <p>(7) The Superintendent, in all the above cases, and notwithstanding the procedure on the basis of which the decision was issued, forwards a document to the applicant and the supervisory authorities concerned, setting out the reasons behind his decision.</p>
<p>Approval of group internal model by the group supervisor and the obligations of the Superintendent.</p>	<p>270.-(1) The Superintendent, when the group supervisor forwards the application that has been submitted to it for approval of group internal model, sends his views to the group supervisor, within the period determined by the said authority.</p> <p>(2) The Superintendent, together with the group supervisor and the other competent supervisory authorities, make every effort to reach a joint decision with regard to the application and to any conditions that may be imposed.</p> <p>(3) The Superintendent, within a period of six months from the date of receipt of the application by the group supervisor, may, if deemed necessary, to refer the matter to EIOPA, in accordance with the provisions of article 19 of regulation (EU) no. 1094/2010.</p> <p>(4) The Superintendent shall comply and be bound by the decision of the group supervisor, which he applies from the date the final decision of the group supervisor is notified to him.</p> <p>(5) Notwithstanding the provisions of subsection (3), if the Superintendent considers that the risk profile of an insurance or reinsurance undertaking under its supervision deviates significantly from the assumptions underlying the internal model approved at group level, and, as long as that undertaking has not properly addressed the concerns of the Superintendent, the Superintendent may, in accordance with the</p>

		<p>provisions of section 40 of this Law, impose a capital add-on to the Solvency Capital Requirement of that insurance or reinsurance undertaking resulting from the application of such internal model.</p> <p>(6) In exceptional circumstances, where such capital add-on would not be appropriate, the Superintendent may require the undertaking concerned to calculate its Solvency Capital Requirement on the basis of the standard formula referred to in Part II, the Sixth Chapter, Section 4, Subsections 1 and 2 of this Law. In accordance with paragraphs (a) and (c) of subsection (1) of section 40, the Superintendent may impose a capital add-on to the Solvency Capital Requirement of that insurance or reinsurance undertaking resulting from the application of the standard formula.</p> <p>(7) Every decision of the Superintendent, under the provisions of subsections (4) and (5), shall be reasoned and transmitted to both insurance or reinsurance undertaking and the group supervisor.</p>
Group capital add-on.		<p>271.-(1) In determining whether the consolidated group Solvency Capital Requirement appropriately reflects the risk profile of the group, the Superintendent, as group supervisor, shall pay particular attention to any case where the circumstances referred to in paragraphs (a) to (d) of subsection (1) of section 40, may arise at group level, in particular where –</p> <p>(a) a specific risk existing at group level would not be sufficiently covered by the standard formula or the internal model used, because it is difficult to quantify;</p> <p>(b) a capital add-on to the Solvency Capital Requirement of the related insurance or reinsurance undertakings is imposed by the supervisory authorities concerned, in accordance with section 40 and subsections (4) and (5) of section 300 of this Law.</p> <p>(2) Where the risk profile of the group is not adequately reflected, the Superintendent, as group supervisor, may impose a capital add-on to the consolidated group Solvency Capital Requirement may be imposed and in such a case subsections (1) to (5) of section 40, in combination with the implementing measures and implementing technical standards issued in accordance with subsections (6), (7) and (8) of the same section, shall apply <i>mutatis mutandis</i>.</p>
Method (Alternative method): Deduction and aggregation method.	2	<p>272.-(1) The group solvency of the participating insurance or reinsurance undertaking shall be the difference between the following:</p> <p>(a) the aggregated group eligible own funds, as provided for in subsection (2);</p> <p>(b) the value in the participating insurance or reinsurance undertaking of the related insurance or reinsurance undertakings and the aggregated group Solvency Capital Requirement, as provided for in subsection (3).</p> <p>(2) The aggregated group eligible own funds are the sum of the following:</p> <p>(a) the own funds eligible for the Solvency Capital Requirement of the participating insurance or reinsurance undertaking;</p> <p>(b) the proportional share of the participating insurance or reinsurance undertaking in the own funds eligible for the Solvency Capital Requirement of the related insurance or reinsurance undertakings.</p>

	<p>(3) The aggregated group Solvency Capital Requirement is the sum of the following:</p> <p>(a) the Solvency Capital Requirement of the participating insurance or reinsurance undertaking;</p> <p>(b) the proportional share of the Solvency Capital Requirement of the related insurance or reinsurance undertakings.</p> <p>(4) Where the participation in the related insurance or reinsurance undertakings consists, wholly or in part, of an indirect ownership, the value in the participating insurance or reinsurance undertaking of the related insurance or reinsurance undertakings shall incorporate the value of such indirect ownership, taking into account the relevant successive interests, and the items referred to in paragraph 2(b) and paragraph (b) of subsection (2) and paragraph (b) of subsection 3), shall include the corresponding proportional shares, respectively, of the own funds eligible for the Solvency Capital Requirement of the related insurance or reinsurance undertakings and of the Solvency Capital Requirement of the related insurance or reinsurance undertakings.</p> <p>(5) In the case of an application for permission to calculate the Solvency Capital Requirement of insurance and reinsurance undertakings in the group on the basis of an internal model, submitted by an insurance or reinsurance undertaking and its related undertakings, or jointly by the related undertakings of an insurance holding company, the provisions of section 269 of this Law shall apply <i>mutatis mutandis</i>.</p> <p>(6) In determining whether the aggregated group Solvency Capital Requirement, calculated as set out in subsection (3), appropriately reflects the risk profile of the group, the Superintendent shall pay particular attention to any specific risks existing at group level which would not be sufficiently covered, because they are difficult to quantify. Where the risk profile of the group deviates significantly from the assumptions underlying the aggregated group Solvency Capital Requirement, a capital add-on to the aggregated group Solvency Capital Requirement may be imposed. Subsections (1) to (5) of section 40 of this Law, together with implementing measures and implementing technical standards issued in accordance with subsections (6) to (8) of the same section, shall apply <i>mutatis mutandis</i>.</p>
Delegated acts with regard to sections 258 to 267 and 268 to 272.	273. Delegated acts determine the technical principles and methods referred to in sections 220 to 229 and the application of sections 230 to 233 reflecting the financial nature of the specific legal structures.
<p>SUBSECTION 5</p> <p>SUPERVISION OF GROUP SOLVENCY FOR INSURANCE AND REINSURANCE UNDERTAKINGS THAT ARE SUBSIDIARIES OF AN INSURANCE HOLDING COMPANY</p>	
Group solvency of an insurance holding company or a	274.-(1) Where insurance and reinsurance undertakings are subsidiaries of an insurance holding company or a participating financial company, the Superintendent, as group supervisor, shall ensure that the calculation of the solvency of the group is carried out at the level of the insurance

participating financial company.	<p>holding company applying subsection (2) of section 258 to section 272 of this Law.</p> <p>(2) For the purpose of that calculation, the parent undertaking shall be treated as if it were an insurance or reinsurance undertaking subject to the provisions included in Part II, in the Sixth Chapter, Section 4, Subsections 1, 2 and 3 of this Law, as regards the Solvency Capital Requirement and subject to the same conditions as laid down in Part 2, the Sixth Chapter, Section 3, Subsections 1, 2 and 3 as regards the own funds eligible for the Solvency Capital Requirement.</p>
<p>SUBSECTION 6 SUPERVISION OF GROUP SOLVENCY FOR GROUPS WITH CENTRALISED RISK MANAGEMENT</p>	
Subsidiaries of an insurance or reinsurance undertaking: conditions.	<p>275. Sections 277 and 278 of this Law shall apply to any insurance or reinsurance undertaking which is the subsidiary of an insurance or reinsurance undertaking where all of the following conditions are satisfied:</p> <p>(a) the subsidiary, in relation to which the group supervisor has not made a decision under subsection (2) of section 252 of this Law, is included in the group supervision carried out by the group supervisor at the level of the parent undertaking in accordance with this Law;</p> <p>(b) the risk-management processes and internal control mechanisms of the parent undertaking cover the subsidiary and the parent undertaking satisfies the supervisory authorities concerned regarding the prudent management of the subsidiary;</p> <p>(c) the parent undertaking has received the agreement referred to in paragraph (c) of subsection (5) of section 285;</p> <p>(d) the parent undertaking has received the agreement referred to in subsection (2) of section 295;</p> <p>(e) an application for permission to be subject to sections 277 and 278 has been submitted by the parent undertaking and a favourable decision has been made on such application in accordance with the procedure set out in section 277.</p>
Subsidiaries of an insurance or reinsurance undertaking: decision on the application.	<p>276.-(1) In the case of applications for permission to be subject to the rules laid down in sections 277 and 278 of this Law, the Superintendent shall work together within the college of supervisors, in full consultation, to decide whether or not to grant the permission sought and to determine the other terms and conditions, if any, to which such permission should be subject.</p> <p>(2) In the case of a subsidiary insurance undertaking authorised by the Superintendent, the application is submitted to the Superintendent, who shall notify the other supervisory authorities and forward the complete application to the college of supervisors without delay.</p> <p>(3) The Superintendent, together with the other competent supervisory authorities shall do everything within their power to reach a joint decision on the application within three months from the date of receipt of the complete application by all supervisory authorities within the college of supervisors.</p> <p>(4) During the period referred to in subsection (3), if any of the supervisory authorities concerned has referred the matter to EIOPA in accordance</p>

	<p>with the provisions of article 19 of regulation (EU) no. 1094/2010, the Superintendent, as group supervisor, shall suspend his decision, and, shall await the issue of the decision by EIOPA in accordance with the provisions of article 19 paragraph 3 of the said Regulation, and then, makes his decision in accordance with the decision by EIOPA, which decision is determinative and applied by the supervisory authorities concerned.</p> <p>(5) In the case where, according to article 41 paragraphs 2 and 3 and article 44 paragraph 1 point 3) of regulation (EU) no. 1094/2010, the decision proposed by the group is dismissed, the Superintendent, as group supervisor, takes his final decision, which is determinative and applied by the supervisory authorities concerned.</p> <p>(6) Implementing technical standards ensure single conditions for applying the procedure in taking a joint decision referred to in paragraph 2 with regard to applications for approval referred to in subsection (1), in order to facilitate the taking of joint decisions.</p> <p>(7) The Superintendent, as the authority authorising the subsidiary, forwards the joint decision of the competent supervisory authorities in writing to the applicant group, referred to in subsections (3) and (4), which shall be duly reasoned and which shall be recognised and applied by all the supervisory authorities concerned, and where the Superintendent is not the group supervisor, he shall recognise and apply the decision of the college of supervisors.</p> <p>(8) In the absence of a joint decision of the supervisory authorities concerned within the period of three months, the Superintendent, as group supervisor, in accordance with the provisions of section 286 of this Law, shall take its own decision with regard to the application considering the following:</p> <p>(a) any views and reservations expressed by the supervisory authorities concerned;</p> <p>(b) any reservations expressed by the other supervisory authorities within the college of supervisors.</p> <p>(9) The decision of the Superintendent, as the group supervisor, shall state the full reasons and shall contain an explanation of any significant deviation from the reservations of the other supervisory authorities concerned and shall provide the applicant and the other supervisory authorities concerned with a copy of the decision.</p>
<p>Subsidiaries of an insurance or reinsurance undertaking: determination of the Solvency Capital Requirement.</p>	<p>277.-(1) Without prejudice to the provisions of section 269, the Solvency Capital Requirement of the subsidiary shall be calculated as set out in subsections (2), (4) and (5) of this section.</p> <p>(2) Where the Solvency Capital Requirement of the subsidiary is calculated on the basis of an internal model approved at group level in accordance with the provisions of section 269, the Superintendent, having authorised the subsidiary, may, if he considers that its risk profile of the subsidiary deviates significantly from this internal model, and as long as that subsidiary does not properly address his concerns, that authority may, where the cases falls within the provisions of section 40, propose to</p>

	<p>set a capital add-on to the Solvency Capital Requirement of that subsidiary resulting from the application of such model or, in exceptional circumstances where such capital add-on would not be appropriate, to require that undertaking to calculate its Solvency Capital Requirement on the basis of the standard formula and for this purpose he shall discuss its proposal within the college of supervisors and communicate the grounds for such proposals to both the subsidiary and the college of supervisors.</p> <p>(3) Where the Solvency Capital Requirement of the subsidiary is calculated on the basis of the internal model and the Superintendent having authorised the subsidiary considers that its risk profile deviates significantly from this internal model, and as long as that undertaking does not properly address the concerns of the Superintendent, he may, in exceptional circumstances, propose to the group supervisor that the undertaking replace a subset of the parameters used in the calculation by parameters specific to that undertaking when calculating the life, non-life and health underwriting risk modules, in accordance with the provisions of section 117 of this Law, or in the cases referred to in section 40, to set a capital add-on to the Solvency Capital Requirement of that subsidiary and for this purpose shall discuss its proposal within the college of supervisors and communicate the grounds for such proposal to both the subsidiary and the college of supervisors.</p> <p>(4) The college of supervisors shall do everything within its power to reach an agreement on the proposal of the Superintendent, as group supervisor, having authorised the subsidiary or on other possible measures and in the case of an agreement, the said agreement shall be recognised as determinative and applied by the supervisory authorities concerned.</p> <p>(5) In the case of a disagreement between the Superintendent, either as the national supervisory authority or as a group supervisor, and the group supervisor or the national supervisory authority respectively and as the case may be, the Superintendent, may within one month from the proposal of the supervisory authority or the group supervisor, as the case may be, refer the matter to EIOPA and seek its assistance, in accordance with the provisions of article 19 of regulation (EU) no. 1094/2010: Provided that the Superintendent may not refer the matter to EIOPA after the expiry of one month referred to in this subsection or after achieving an agreement within the college of supervisors in accordance with subsection (4).</p>
<p>Subsidiaries of an insurance or reinsurance undertaking: non-compliance with the Solvency and Minimum Capital Requirements.</p>	<p>278.-(1) In the event of non-compliance with the Solvency Capital Requirement and without prejudice to the provisions of section 145 of this Law, the Superintendent, as the supervisory authority having authorised the subsidiary shall, without delay, forward to the college of supervisors the recovery plan submitted by the subsidiary in order to achieve, within six months from the observation of non-compliance with the Solvency Capital Requirement, the reestablishment of the level of eligible own funds or the reduction of its risk profile to ensure compliance with the Solvency Capital Requirement.</p>

(2) In the case where the college of supervisors does not achieve an agreement regarding the proposal of the Superintendent as to approval of the recovery plan, within four months from the date on which non-compliance with the Solvency Capital Requirement was observed, the Superintendent, as the supervisory authority having authorised the subsidiary shall decide whether the recovery plan should be approved, taking due account of the views and reservations of the other supervisory authorities within the college of supervisors.

(3) Where the Superintendent, as the supervisory authority having authorised the subsidiary identifies, in accordance with section 143 of this Law, deteriorating financial conditions, it shall notify the college of supervisors without delay and may, in emergency situations take measures even before they are discussed within the college of supervisors.

(4) Where the college of supervisors does not reach an agreement on the proposal of the Superintendent with regard to the measures to be taken in the case of subsection (3), within one month from notifying his proposal, the Superintendent having authorised the subsidiary shall decide whether the proposed measures should be approved, taking due account of the views and reservations of the other supervisory authorities within the college of supervisors.

(5) In the event of non-compliance with the Minimum Capital Requirement and without prejudice to the provisions of section 146 of this Law, the Superintendent, as the supervisory authority having authorised the subsidiary shall, without delay, forward to the college of supervisors the recovery plan submitted by the subsidiary in order to achieve, within three months from the date on which non-compliance with the Minimum Capital Requirement was first observed, the reestablishment of the level of eligible own funds covering the Minimum Capital Requirement or the reduction of its risk profile to ensure compliance with the Minimum Capital Requirement and shall also inform the college of supervisors of any measures taken to enforce the Minimum Capital Requirement at the level of the subsidiary.

(6) In the case of a disagreement between the Superintendent, either as the national supervisory authority or as a group supervisor, and the group supervisor or the national supervisory authority respectively and as the case may be, he may refer the matter to EIOPA and seek its assistance, in accordance with the provisions of article 19 of regulation (EU) no. 1094/2010, in the case of a disagreement between them with regard to the following:

(a) the approval of the recovery plan, including any extension to the recovery period, within a four month period referred to in subsection (2);  
or

(b) the approval of the proposed measures within the time frame of one month referred to in subsection (4).

(7) The matter is not referred to EIOPA-

(a) after the expiry of the four month or one month period respectively,



	<p>referred to in subsections (2) and (4);  (b) after achieving an agreement within the college of supervisors in accordance with subsection (1) or subsection (4);  (c) in the case of exceptional circumstances, as referred to in subsection (3).</p>
<p>Subsidiaries of an insurance or reinsurance undertaking: end of derogations for a subsidiary.</p>	<p>279.-(1) The provisions of sections 277 and 278 of this Law, shall not apply in the following cases:  (a) the condition referred to in paragraph (a) of section 275 is no longer complied with:  Provided that, in this case, the Superintendent, as the group supervisor in accordance with the provisions of section 275, when he decides, having consulted the college of supervisors, not to include the subsidiary in his supervision, immediately notifies the competent supervisory authority of the subsidiary and the parent undertaking;  (b) the condition referred to in paragraph (b) of section 275 is no longer complied with and the group does not restore compliance with this condition in an appropriate period of time;  (c) the conditions referred to in paragraphs (c) and (d) of section 275 are no longer complied with.  (2) For the purposes of applying subsection (1), paragraphs (b) and (c) with regard to the reference in paragraphs (b), (c) and (d) of section 275, the parent undertaking shall be responsible for ensuring that the conditions are complied with on an ongoing basis and in the event of non-compliance, it shall inform the Superintendent, as the group supervisor and the supervisory authority of the subsidiary concerned and it shall submit a plan to restore compliance within an appropriate period of time.  (3) Without prejudice to the provisions of subsection (2) the Superintendent, as the group supervisor, shall verify at least annually, on its own initiative, that the conditions referred to in paragraphs (b), (c) and (d) of section 275 continue to be complied with and shall also perform such verification upon request from the supervisory authority concerned, where the latter has significant concerns related to the ongoing compliance with those conditions.  (4) Where the verification performed identifies weaknesses, the Superintendent, as group supervisor shall require the parent undertaking to submit a plan to restore compliance within an appropriate period of time put to the college of supervisors for consultation.  (5) Where, after consulting the college of supervisors, the Superintendent, as the group supervisor determines that the plan referred to in subsections (2) and (4) is insufficient or subsequently that it is not being implemented within the agreed period of time, the Superintendent shall conclude that the conditions referred to in paragraphs (b), (c) and (d) of section 275 are no longer complied with and it shall immediately inform the supervisory authority concerned.  (6) The provisions of sections 277 and 278 of this Law shall be applicable again where the parent undertaking submits a new application and</p>

	obtains a favourable decision in accordance with the procedure set out in section 278.
Subsidiaries of an insurance or reinsurance undertaking; delegated acts.	280. Implementing measures determine: (a) the criteria to be applied when assessing whether the conditions stated in section 275 of this Law are satisfied; (b) the criteria to be applied when assessing what should be considered an emergency situation under subsection (2) of section 278; (c) the procedures to be followed by supervisory authorities when exchanging information, exercising their rights and fulfilling their duties in accordance with sections 276 to 279.
Subsidiaries of an insurance holding company and a participating financial company.	281. The provisions of sections 275 to 280 of this Law shall apply <i>mutatis mutandis</i> to insurance and reinsurance undertakings which are the subsidiary of an insurance holding company or a participating financial company.
SECTION 2 RISK CONCENTRATION AND INTRA-GROUP TRANSACTIONS	
Supervision of risk concentration.	282.-(1) Supervision of the risk concentration at group level shall be exercised by the Superintendent, as group supervisor, in accordance with the provisions of subsections (2) to (4) with section 285 and the provisions of the Third Chapter of this part. (2) For the purpose of the risk concentration referred to in subsection (1), insurance and reinsurance undertakings or insurance holding companies or participating financial companies are required to report on a regular basis and at least annually to the Superintendent of any significant risk concentration at the level of the group, unless subsection (2) of section 253 of this Law applies. (3) The necessary information shall be submitted to the Superintendent by the insurance or reinsurance undertaking which is at the head of the group or, where the group is not headed by a insurance or reinsurance undertaking, by the insurance holding company, by the participating financial company or by the insurance or reinsurance undertaking in the group identified by the Superintendent after consulting the other supervisory authorities concerned and the group: Provided that the risk concentrations shall be subject to supervisory review by the Superintendent. (4) The Superintendent, after consulting the other supervisory authorities concerned and the group, shall identify the type of risks insurance and reinsurance undertakings in a particular group shall report in all circumstances taking into account the specific group and risk-management structure of the group and shall impose appropriate thresholds based on solvency capital requirements, technical provisions, or both. (5) The Superintendent, when reviewing the risk concentrations as referred to in subsection (4), shall in particular monitor the possible risk of

	<p>contagion in the group, the risk of a conflict of interests, and the level or volume of risks.</p> <p>(6) Implementing measures determine the definition of a significant risk concentration for the purposes of this section and the reporting on such a risk concentration and identifying the appropriate thresholds for the purposes of this section.</p> <p>(7) Implementing technical standards determine the formats and models for reporting such risk concentrations for the purposes of this section.</p>
<p>Obligations of Cypriot undertakings to communicate particulars with regard to risk concentration.</p>	<p>283. Cypriot insurance and reinsurance undertakings or Cypriot holding companies or participating financial companies, that are members of a group within the meaning of this Part, shall report, through the insurance or reinsurance undertaking which is at the head of the group or, where the group is not headed by an insurance or reinsurance undertaking, by the insurance holding company, by the participating financial company or by the insurance or reinsurance undertaking in the group that has been identified by the group supervisor, on a regular basis, and at least annually to the group supervisor, of any significant risk concentration at the level of the group, unless they are exempt from this obligation by decision of the group supervisor under the provisions of article 215, paragraph 2 of Directive 2009/138/EC.</p>
<p>Supervision of intra-group transactions.</p>	<p>284.-(1) Supervision of intra-group transactions shall be exercised by the Superintendent, when he is the group supervisor, in accordance with the provisions of section 286 of this Law, according to the provisions of this section, section 285 and the provisions of the Third Chapter of this Part.</p> <p>(2) For the purposes of intra-group transactions referred to in subsection (1), insurance and reinsurance undertakings, insurance holding companies and participating financial companies are required to report on a regular basis and at least annually to the Superintendent all significant intra-group transactions by insurance and reinsurance undertakings within a group, including those transactions performed with a natural person with close links to an undertaking in the group, unless they are exempt by the Superintendent in accordance with the provisions of subsection (2) of section 253, and shall report very significant intra-group transactions as soon as practicable.</p> <p>(3) The information of subsection (2) shall be submitted to the Superintendent by the insurance or reinsurance undertaking which is at the head of the group or, where the group is not headed by an insurance or reinsurance undertaking, by the insurance holding company, by the participating financial company or by the insurance or reinsurance undertaking in the group identified by the Superintendent after consulting the other supervisory authorities concerned and the group:          Provided that intra-group transactions shall be subject to supervisory review by the Superintendent.</p> <p>(4) The Superintendent, after consulting the other supervisory authorities concerned and the group, shall identify the type of intra-group transactions insurance and reinsurance undertakings in a particular group must report in all circumstances and for this purpose the provisions of</p>

	<p>subsection (4) of section 282 of this Law shall apply <i>mutatis mutandis</i>.</p> <p>(5)(a) Implementing measures determine the definition of a significant intra-group transaction for the purposes of this section.</p> <p>(b) Regulatory technical standards determine the methods for locating significant intra-group transactions for the purposes of this section.</p> <p>(cc) Implementing technical standards determine the procedures, the formats and models for reporting significant intra-group transactions for the purposes of this section.</p>
<p>SECTION 3 RISK MANAGEMENT AND INTERNAL CONTROL</p>	
<p>Supervision of the system of governance.</p>	<p>285.-(1) The requirements set out in Part II, the Fourth Chapter, Section 2 shall apply <i>mutatis mutandis</i> at the level of the group.</p> <p>(2) Without prejudice to the provisions of subsection (1), the risk management and internal control systems and reporting procedures shall be implemented consistently in all the undertakings included in the scope of group supervision pursuant to section 251, subsection (3), paragraphs (a) and (b) so that those systems and reporting procedures can be controlled at the level of the group.</p> <p>(3) Without prejudice to the provisions of subsections (1) and (2), the group internal control mechanisms shall include at least the following:</p> <p>(a) adequate mechanisms as regards group solvency to identify and measure all material risks incurred and to appropriately relate eligible own funds to risks;</p> <p>(b) sound reporting and accounting procedures to monitor and manage the intra-group transactions and the risk concentration.</p> <p>(4) The systems and reporting procedures referred to in subsections (1) to (3) shall be subject to supervisory review by the Superintendent as group supervisor, in accordance with the rules laid down in the Third Chapter of this Part.</p> <p>(5)(a) Every participating insurance or reinsurance undertaking or the insurance holding company or participating financial company shall be required to undertake at the level of the group the assessment required by section 46 of this Law, which shall be subject to the supervision of the Superintendent as group supervisor.</p> <p>(b) Where the calculation of the solvency at the level of the group is carried out in accordance with method 1, as referred to in section 268 of this Law, the participating insurance or reinsurance undertaking or the insurance holding company or the participating financial company shall clearly clarify to the Superintendent a proper understanding of the difference between the sum of the Solvency Capital Requirements of all the related insurance or reinsurance undertakings of the group and the group consolidated Solvency Capital Requirement.</p> <p>(c) Where the participating insurance or reinsurance undertaking or the insurance holding company or the participating financial company so decides, and subject to the agreement of the Superintendent, it may undertake any assessments required by section 46 at the level of the group and at the level of any subsidiary in the group at the same time,</p>

	<p>and may produce a single document covering all the assessments.</p> <p>(d) This option shall not exempt the subsidiaries concerned from the obligation to ensure that the requirements of section 46 are met.</p> <p>(6) The Superintendent, prior to granting his consent in accordance with subsection (5), shall seek the opinion and duly take into account the views and reservations of all the members of the college of supervisors referred to in section 287 of this Law and where the group exercises the option provided in the second proviso of subsection (5), it shall submit the document to all supervisory authorities concerned at the same time.</p>
<p>CHAPTER III MEASURES TO FACILITATE GROUP SUPERVISION</p>	
<p>Group supervision by the Superintendent.</p>	<p>286.-(1) A single supervisor, responsible for coordination and exercise of group supervision shall be designated from among the supervisory authorities of the Member States concerned. The Superintendent constitutes the competent group supervisor in the following cases:</p> <p>(a) Where the Superintendent is competent for all insurance and reinsurance undertakings in a group under the provisions of this Law, the task of group supervisor shall be exercised by that supervisory authority;</p> <p>(b) where the Superintendent has granted authorisation under this Law to an insurance or reinsurance undertaking heading the group;</p> <p>(c) where a group is not headed by an insurance or reinsurance undertaking and –</p> <p>(i) where the parent of an insurance or reinsurance undertaking is an insurance holding company or a participating financial company and the Superintendent has authorised that insurance or reinsurance undertaking or participating financial company under this Law;</p> <p>(ii) where more than one insurance or reinsurance undertakings with a head office in the Union have as their parent the same insurance holding company or participating financial company, and one of those undertakings has also been authorised by the Superintendent under the provisions of this Law;</p> <p>(iii) where the group is headed by more than one insurance holding company or participating financial company with a head office in different Member States including the Republic and there is an insurance or reinsurance undertaking in each of those Member States, provided that the insurance or reinsurance with a head office in the Republic has the largest balance sheet total;</p> <p>(iv) where more than one insurance or reinsurance undertakings with a head office in the Union including the Republic, have as their parent the same insurance holding company or participating financial company and none of those undertakings has been authorised in the Member State in which the insurance holding company or the participating financial company has its head office, provided that the Superintendent authorised the insurance or reinsurance undertaking with the largest balance sheet total; or</p> <p>(v) where the group is a group without a parent undertaking, or in any circumstances not referred to in paragraphs (i) to (iv) provided that the</p>

	<p>Superintendent has authorised the insurance or reinsurance undertaking with the largest balance sheet total.</p> <p>(2) In particular cases, at the request of any of the supervisory authorities concerned, a joint decision may be taken by the supervisory authorities and to determine as the group supervisor, the supervisory authority of another member state instead of the Superintendent, despite the fact that the conditions in subsection (1) are satisfied, if it would be inappropriate for the Superintendent to exercise supervision, taking into account the structure of the group and the relative importance of the insurance and reinsurance undertakings' activities in different countries. The decision under this section is taken in accordance with the provisions and the procedure laid down in article 247, paragraph 4 of Directive 2009/138/EC.</p>
<p>Rights and duties of the group supervisor and the other supervisors of College of supervisors.</p>	<p>287.-(1) Where the Superintendent is the group supervisor, he has the following rights and duties:</p> <ul style="list-style-type: none"> <li>(a) the coordination of the gathering and dissemination of funds or essential information during the ordinary course of activities and emergency situations, including the dissemination of information which is of importance for the supervisory task of a supervisory authority;</li> <li>(b) the supervisory review and assessment of the financial situation of the group;</li> <li>(c) the assessment of compliance of the group with the rules on solvency and of risk concentration and intra-group transactions as set out in sections 256 to 284 of this Law;</li> <li>(d) the assessment of the system of governance of the group, as set out in section 285, and of whether the members of the board of directors of the participating undertaking fulfil the requirements set out in sections 44 and 297 of this Law;</li> <li>(e) the planning and coordination, through regular meetings held at least annually or through other appropriate means, of supervisory activities in going-concern as well as in emergency situations, in cooperation with the supervisory authorities concerned and taking into account the nature, scale and complexity of the risks inherent in the business of all undertakings that are part of the group;</li> <li>(f) other tasks, measures and decisions assigned to the Supervisor, as group supervisor, under this Law or deriving from the application of this Law, in particular leading the process for validation of any internal model at group level as set out in sections 269 and 272 of this Law, and leading the process for permitting the application of the regime established in sections 276 to 279.</li> </ul> <p>(2) Where the Superintendent is the group supervisor, he shall chair the college of supervisors established in accordance with the provisions of article 248 of Directive 2009/138/EC, in which the supervisory authorities of all the member states participate in which the head office of all subsidiary undertakings is situated and EIOPA, and which shall ensure that cooperation, exchange of information and consultation processes among the supervisory authorities are effectively applied in accordance</p>

with the Fourth Part of this Law, with a view to promoting the convergence of their respective decisions and activities; the supervisory authorities of significant branches and related undertakings shall also be allowed to participate in the college of supervisors however, their participation shall be limited to achieving the objective of an efficient exchange of information:

Provided that, the Superintendent shall participate in the college of supervisors as the supervisory authority of a subsidiary undertaking that has its head office in the Republic and belongs to a group that is supervised by a supervisory authority of another member state.

(3) Where the Superintendent has not performed the duties referred to in subsection (1) or the members of the college of supervisors do not cooperate to the degree required in subsection (2), any of the supervisory authorities concerned, including the Superintendent, may refer the matter to EIOPA and seek its assistance, in accordance with article 19 of regulation (EU) no. 1094/2010. In such a case, EIOPA may act in accordance with the powers conferred on it by the said article.

(4) Without prejudice to any measure adopted pursuant to Directive 2009/138/EC with regard to the college of supervisors, the establishment and functioning of the college of supervisors shall be based on coordination arrangements concluded by the group supervisor and the other supervisory authorities concerned and in the event of diverging views concerning the coordination arrangements, any member of the college of supervisors may refer the matter to EIOPA and seek its assistance in accordance with article 19 of regulation (EU) no. 1094/2010. In such a case, EIOPA may act in accordance with the powers conferred on it by the said article. The Superintendent, as group supervisor, takes his final decision according to the decision of EIOPA and forwards the decision to the other supervisory authorities concerned.

(5) The Superintendent, as group supervisor, having sought the opinion of the competent supervisory authorities with regard to the coordination arrangements, duly considers any advice produced by EIOPA within two months of receipt thereof before taking its final decision which shall state the full reasons and shall contain an explanation of any significant deviation from any advice given by EIOPA and which shall be transmitted to the other supervisory authorities concerned.

(6) Without prejudice to any measure adopted pursuant to Directive 2009/138/EC, the coordination arrangements referred to in subsection (4) shall specify the procedures for:

(a) the decision-making process among the supervisory authorities concerned in accordance with sections 269, 271 and 286 of this Law;

(b) consultation referred to in subsection (4) of this section and subsection (5) of section 256.

(7) Without prejudice to the rights and duties allocated to the Superintendent, as group supervisor and to other supervisory authorities, according to this Law and Directive 2009/138/EC, the coordination arrangements may entrust additional tasks to the Superintendent, as

	<p>group supervisor, the other supervisory authorities or EIOPA, where this would result in the more efficient supervision of the group and would not impair the supervisory activities of the members of the college of supervisors in respect of their individual responsibilities and -</p> <p>(a) consultation among the supervisory authorities concerned, in particular in accordance with sections 251 to 288, 257 to 259, 265, 282 to 285, 289, 295, 299 and 301 of this Law;</p> <p>(b) cooperation with other supervisory authorities.</p> <p>(8) The Superintendent, as group supervisor, transmits to EIOPA the information on the functioning of the colleges of supervisors and on any difficulties encountered so that EIOPA takes them into account when assessing the functioning of the colleges of supervisors under paragraph 6, of article 248 of Directive 2009/138/EC.</p> <p>(9)(a) Schemes for regulatory technical standards may determine the functioning of the college of supervisors on the basis of the guidelines issued by EIOPA under paragraph 6, of article 248 of Directive 2009/138/EC.</p> <p>(b) Schemes for regulatory technical standards may determine the coordination of group supervision for the purposes of this section.</p> <p>(cc) Implementing measures may determine the definition of 'significant branch'.</p>
<p>Cooperation and exchange of information between supervisory authorities.</p>	<p>288.-(1) The Superintendent, either as group supervisor or as the competent supervisory authority of the individual insurance and reinsurance undertakings in a group, shall cooperate closely with the other supervisory authorities concerned, in particular in cases where an insurance or reinsurance undertaking encounters financial difficulties.</p> <p>(2) Subject to his competencies, the Superintendent, either as a group supervisor or as the competent supervisory authority, of the individual insurance and reinsurance undertakings in a group, shall exchange information with the supervisory authorities of the member states concerned, irrespective of whether they are established in the same Member State, to ensure that all the supervisory authorities, including the group supervisor, have at their disposal the same amount of relevant information in order to allow and facilitate the exercise of the supervisory tasks of the other authorities under this Law and Directive 2009/138/EC, and in that regard the Superintendent and the supervisory authorities concerned and the group supervisor, as the case may be, shall communicate to one another without delay all relevant information as soon as it becomes available or they exchange information whenever requested. The information referred to in this subsection includes, among other things, information about actions of the group and supervisory authorities, and information provided by the group.</p> <p>(3) Where the competent supervisory authority has not transmitted the relevant information or the request for cooperation, in particular with regard to the exchange of relevant information, has been dismissed or has not been carried out within two weeks, the Superintendent may refer the matter to EIOPA, who, subject to article 258 of the TFEU, may act in</p>



	<p>accordance with the powers vested in it by article 19 of regulation (EU) no. 1094/2010.</p> <p>(4) The Superintendent, as the competent supervisory authority responsible for the supervision of the individual insurance and reinsurance undertakings in a group or as a group supervisor, may call immediately for a meeting of all supervisory authorities involved in group supervision in at least the following circumstances:</p> <p>(a) where they become aware of a significant breach of the Solvency Capital Requirement or a breach of the Minimum Capital Requirement of an individual insurance or reinsurance undertaking; or</p> <p>(b) where they become aware of a significant breach of the Solvency Capital Requirement at group level calculated on the basis of consolidated data or the aggregated group Solvency Capital Requirement, in accordance with whichever calculation method is used in accordance with Part IV, the Second Chapter, Section 1, Subsection 4 of this Law;</p> <p>(c) where other exceptional circumstances are occurring or have occurred.</p> <p>(5) The items which are, on a systematic basis, to be gathered by the Superintendent, as group supervisor and disseminated to other supervisory authorities concerned or where the Superintendent acts as the supervising authority of the individual insurance and reinsurance undertakings in a group, the elements which he shall transmit to the supervisory authority of the group as well as the items that are essential or relevant for supervision at group level, are determined by implementing measures of the Commission.</p> <p>(6) Regulatory technical standards determine -</p> <p>(a) items to be gathered on a systematic basis by the group supervisor and disseminated to other supervisory authorities concerned or transmitted to the group supervisor by the other supervisory authorities concerned;</p> <p>(b) items that are essential or relevant for supervision at group level with a view to enhancing convergence of supervisory reporting.</p> <p>(7) Implementing technical standards determine the procedures, formats, models for submitting information to the group supervisor as well as the procedure for cooperation and the exchange of information between supervisory authorities as determined in this section.</p>
<p>Consultation between supervisory authorities.</p>	<p>289.-(1) Without prejudice to the provisions of section 287 of this Law, the Superintendent either as the competent group supervisor or as the competent supervisory authority of the individual insurance and reinsurance undertakings in a group, shall, where a decision is of importance for the supervisory tasks of other supervisory authorities, prior to that decision, consult each other in the college of supervisors with regard to the following:</p> <p>(a) changes in the shareholder structure, organisational or management structure of insurance and reinsurance undertakings in a group, which require the approval or authorisation of supervisory authorities;</p>

	<p>(b) the decision with regard to the extension for the recovery period under subsections (3) and (4) of section 145 of this Law;</p> <p>(c) major sanctions or exceptional measures to be taken by supervisory authorities, including the imposition of a capital add-on to the Solvency Capital Requirement under section 40 and the imposition of any limitation on the use of an internal model for the calculation of the Solvency Capital Requirement under Part II, the Sixth Chapter, Section 4, Subsection 3.</p> <p>(2) For the purposes of subsections (b) and (c), the Superintendent shall always seek the opinion of the group supervisor.</p> <p>(3) The Superintendent, when taking a decision with regard to matters determined in subsection (1) and his decision is based on information received from other supervisory authorities, he shall consult other supervisory authorities prior to that decision.</p> <p>(4) Without prejudice to the provisions of section 287 of this Law, the Superintendent may decide not to consult in cases of urgency or where such consultation may jeopardise the effectiveness of the decision but he shall inform the other supervisory authorities concerned without delay.</p>
Requests from the group supervisor to other supervisory authorities.	<p>290.-(1) The Superintendent, as group supervisor, may invite the supervisory authorities of the Member State in which a parent undertaking has its head office, and which do not themselves exercise the group supervision, to request from the parent undertaking any information which would be relevant for the exercise of its coordination rights and duties as laid down in section 286 of this Law, and to transmit that information to the group supervisor.</p> <p>(2) The Superintendent, as group supervisor, shall, when it needs information referred to in subsection (2) of section 293 of this Law, which has already been given to another supervisory authority, contact that authority whenever possible in order to prevent duplication of reporting to the various authorities involved in supervision.</p> <p>(3) The Superintendent, as group supervisor of the parent undertaking, which has its head office in the Republic and which does not itself exercise group supervision, provides any useful information to the supervisory authority in exercising its responsibilities.</p>
Cooperation with authorities responsible for credit institutions and investment firms.	<p>291.-(1) Where an insurance or reinsurance undertaking and either a credit institution or an investment firm or both, are directly or indirectly related or have a common participating undertaking, the Superintendent shall cooperate closely with the authorities responsible for the supervision of those other undertakings.</p> <p>(2) Without prejudice to their respective responsibilities, those authorities shall provide one another with any information likely to simplify their task.</p>
Exchange of information and professional secrecy and confidentiality.	<p>292. Notwithstanding the provisions of any other law, the exchange of information between the Superintendent and the supervisory authorities of other member states as well as between the Superintendent and other authorities as defined in sections 288 to 291 of this Law and the information received in the framework of group supervision, and in particular any exchange of information between the Supervisor and the</p>

	<p>supervisory authorities or other authorities provided for in this Law shall be covered by the provisions of section 345.</p>
Access to information.	<p>293.-(1) Natural and legal persons included within the scope of group supervision, and their related undertakings and participating undertakings, are able to exchange any information which could be relevant for the purposes of group supervision.</p> <p>(2) The Superintendent, as group supervisor, as well as any competent group supervisor, other than the Superintendent, shall have access to any information relevant for the purposes of that supervision regardless of the nature of the undertaking concerned and the provisions of section 38 of this Law shall apply <i>mutatis mutandis</i>.</p> <p>(3) The Superintendent, acting as group supervisor, may limit the regular supervisory report at group level, if its frequency is greater than an annual one, when all the insurance and reinsurance undertakings participating in the group benefit from the particular limitation in accordance with subsection (7) of section 38 of this Law, taking into account the nature, scale and complexity of the risks inherent in the business of all undertakings that are part of the group.</p> <p>(4) The Superintendent, as group supervisor, may grant an exemption in submitting detailed information per element at group level, when all the insurance and reinsurance undertakings participating in the group benefit from the specific exemption in accordance with subsection (11) of section 38, taking into account the nature, scale and complexity of the risks inherent in the business of all undertakings that are part of the group.</p> <p>(5) The supervisory authorities concerned may address the undertakings in the group directly to obtain the necessary information, only where such information has been requested from the insurance undertaking or reinsurance undertaking subject to group supervision and has not been supplied by it within a reasonable period of time.</p>
Verification of information.	<p>294.-(1) The Superintendent has the power, for the purposes of implementing the provisions of this Part, either directly or through persons whom they appoint for that purpose, on-site verification of the information referred to in section 293 of this Law on the premises of any of the following:</p> <p>(a) the insurance or reinsurance undertaking subject to group supervision;</p> <p>(b) related undertakings of that insurance or reinsurance undertaking;</p> <p>(c) parent undertakings of that insurance or reinsurance undertaking;</p> <p>(d) related undertakings of a parent undertaking of that insurance or reinsurance undertaking.</p> <p>(2) When the Superintendent wishes in specific cases to verify the information concerning an undertaking, whether regulated or not, which is part of a group and is situated in another Member State, he shall ask the supervisory authorities of that other Member State to have the verification carried out:</p> <p>Provided that the Superintendent may submit a request to carry out the verification himself and where the verification is carried out by the other competent authority, the Superintendent may participate in the same.</p>

	<p>(3) Where the request has not been acted on within two weeks of the request submitted by the Superintendent to another supervisory authority to carry out a verification in accordance with the provisions of subsection (2) or where the Superintendent is unable to exercise his right to participate in accordance with subsection (2), the Superintendent shall refer the matter to EIOPA and to seek its assistance in accordance with article 19 of regulation (EU) no. 1094/2010, which may act in accordance with the responsibilities vested in it by the said article.</p> <p>(4) Where the competent supervisory authority of another member state submits a request to the Superintendent to verify information with regard to an undertaking situated in the Republic, the Superintendent, within the framework of his competences, acts upon that request either by carrying out the verification directly, by allowing an auditor or expert to carry it out, or by allowing the authority which made the request to carry it out itself and informs the group supervisor of the action taken.</p>
<p>Group solvency and financial condition report.</p>	<p>295.-(1) Participating insurance and reinsurance undertakings or insurance holding companies and participating financial companies shall disclose publicly, on an annual basis, a report on the solvency and financial condition at the level of the group and for this purpose sections 52, 54, 55 and 56 of this Law shall apply <i>mutatis mutandis</i>.</p> <p>(2) A participating insurance or reinsurance undertaking or an insurance holding company or a participating financial company may, subject to the agreement of the Superintendent, as group supervisor or the group supervisor other than the Superintendent, may provide a single solvency and financial condition report which shall comprise the following:</p> <p>(a) the information at the level of the group which must be disclosed in accordance with subsection (1);</p> <p>(b) the information for any of the subsidiaries within the group which must be individually identifiable and disclosed in accordance with sections 52, 54, 55 and 56.</p> <p>(3) The Superintendent, as group supervisor, before granting his agreement, he shall consult and duly take into account any views and reservations of the members of the college of supervisors.</p> <p>(4) Where the report referred to in subsection (2) fails to include the information which the supervisory authority having authorised a subsidiary within the group requires comparable undertakings to provide, and where the omission is material, the Superintendent, as the supervisory authority concerned shall have the power to require the subsidiary concerned to disclose the necessary additional information.</p> <p>(5)(a) Implementing measures determine the further specification of the information which must be disclosed and the means by which this is to be achieved as regards the single solvency and financial condition report and the financial situation in accordance with subsection (2) and the report on solvency and the financial situation in accordance with subsection (1).</p> <p>(b) Implementing technical standards shall determine the procedures, the formats and the models to disclose the single report and the solvency</p>

	report and financial situation of the group, as defined in this section.
Group structure.	296. Insurance and reinsurance undertakings, insurance holding companies and mixed participating financial holding companies shall disclose at group level, on an annual basis, the legal, the administrative and their organisational structure, including a description of all their subsidiaries, their significant related undertakings and their significant branches.
Administrative, management or supervisory body of insurance holding companies.	297. All persons who effectively run the insurance holding company or participating financial companies shall satisfy the conditions of section 44.
Enforcement measures.	<p>298.-(1) Where the insurance or reinsurance undertakings in a group do not comply with the requirements determined in the provisions of sections 256 to 285 of this Law, or where the requirements are met but solvency may nevertheless be jeopardised or where the intra-group transactions or the risk concentrations are a threat to the financial position of the insurance or reinsurance undertakings, the following shall require the necessary measures in order to rectify the situation as soon as possible:</p> <p>(a) by the Superintendent, as the competent group supervisor, with respect to the insurance holding company or the participating financial companies;</p> <p>(b) by the Supervisor, the individual insurance and reinsurance undertakings in a group and is subject, in accordance with the provisions of this Law, to the supervision of the Superintendent.</p> <p>(2) Where, in the case referred to in paragraph (a) of subsection (1), the insurance holding company or the participating financial company does not have its head office in the Republic, the Superintendent, as group supervisor, shall inform the supervisory authorities of the member state in which the undertaking has its head office of its findings with a view to enabling them to take the necessary measures.</p> <p>(3) Where the insurance or reinsurance undertaking does not have its head office in the Republic and the Superintendent is the competent group supervisor, the Superintendent shall inform the supervisory authorities of the home member state of the insurance or reinsurance undertaking, of its findings with a view to enabling them to take the necessary measures. Without prejudice to the provisions of subsection (4), the Superintendent may determine the measures which may be taken with respect to insurance holding companies and participating financial companies and, where appropriate, shall coordinate their enforcement measures.</p> <p>(4) Implementing measures may determine details for the coordination of enforcement measures referred to in this section.</p> <p>(5) Without prejudice to the provisions of Part IX of this Law as to criminal offences, where there is an infringement of the provisions of this Part by an insurance holding company, the Superintendent, either as the competent</p>

	<p>supervisory authority of the insurance undertaking of a group, as the case may be, shall impose an administrative fine on the undertaking and/or on the person effectively managing its board of directors, in accordance with the provisions of sections 399 and 400 of this Law.</p> <p>(6) The Superintendent shall cooperate with the supervisory authorities of other member states to ensure that the sanctions and the administrative fine of subsection (5) are effective, in particular when the central administration or main establishment of an insurance holding company is not located at its head office.</p>
<p>CHAPTER IV THIRD COUNTRIES</p>	
<p>Parent undertakings outside the Community: verification of equivalence.</p>	<p>299.-(1) 1. In the case referred to in paragraph (c) of subsection (3) of section 251 of this Law, the Superintendent, as the supervisory authority concerned, shall verify whether the insurance and reinsurance undertakings, the parent undertaking of which has its head office outside the Union, are subject to supervision, by a third-country supervisory authority, which is equivalent to that provided for by this Part on the supervision at the level of the group of insurance and reinsurance undertakings referred to in paragraphs (a) and (b) of subsection (2) of section 251.</p> <p>(2) Where implementing measures have not been issued in accordance with the provisions of this section, the verification shall be carried out by the Superintendent, if he is the group supervisor, in accordance with the criteria of subsection (1) of section 286 (hereinafter quasi group supervisor, at the request of the parent undertaking or of any of the insurance and reinsurance undertakings authorised in the Union or on his own initiative. EIOPA shall assist the Superintendent, in accordance with article 33 paragraph 2 of regulation (EU) no. 1094/2010.</p> <p>(3) In the framework of subsection (2), before taking a decision as to equivalence, as a quasi group supervisor, assisted by EIOPA, shall consult the other supervisory authorities, and they shall then take their decision in accordance with the criteria that have been determined according to subsection (5), provided that he does not take any decisions, with regard to a third country, which are in conflict with older decisions for the particular third country, only where it is necessary to take into account significant changes in the supervisory regime determined in Part II and the supervisory regime of the third country.</p> <p>(4) Where the Superintendent is the supervisory authority concerned and is not acting as a quasi group supervisor, and disagrees with the decision issued by the quasi group supervisor, in accordance with the corresponding provisions in the legislation of the member state of the said supervisor, may refer the matter to EIOPA and to seek its assistance in accordance with article 19 of regulation (EU) no. 1094/2010, within three months from the communication of the decision by the quasi group supervisor, acting in accordance with the responsibilities vested in him by the said article of the Regulation.</p> <p>(5) Implementing measures specifying the criteria to assess whether the</p>

	<p>prudential regime in a third country for the supervision of groups is equivalent to that laid down in this Part.</p> <p>(6) Where the third country satisfies the criteria determined in accordance with subsection (5), the Commission may, in accordance with article 301a of Directive 2009/138/EC and assisted by EIOPA in accordance with article 33 paragraph 2 of regulation (EU) no. 1094/2010, issue implementing measures specifying that the prudential regime in a third country is equivalent to that laid down in this Part.</p> <p>(7) If the Commission does not issue implementing measures in accordance with subsections (6) or (8) section 301 of this Law shall apply.</p> <p>(8) Implementing measures may specify that the prudential regime in a third country, which applies to undertakings with their head office outside the Union, on the 1<sup>st</sup> January 2014, is temporary equivalent with that specified in Part II, if the particular third country has complied with the criteria specified in article 260 paragraph 5 of Directive 2009/138/EC.</p> <p>(9) When implementing measures are issued in accordance with subsection (8), with regard to the temporary equivalence of the prudential regime for the supervision of a third country, the Superintendent applies the provisions of section 300 of this Law, unless there is an insurance or reinsurance undertaking established in a member state, who has a balance sheet exceeding the total balance sheet of the parent undertaking established outside the Union.</p>
<p>Parent undertakings outside the Community: equivalence.</p>	<p>300.-(1) In the event of equivalent supervision in accordance the provisions of section 299, the Superintendent, as the supervisory authority concerned, shall rely on the equivalent group supervision exercised by the third-country supervisory authorities, in accordance with the provisions of subsection (2).</p> <p>(2) Sections 286 to 298 shall apply <i>mutatis mutandis</i> to the cooperation with third-country supervisory authorities.</p>
<p>Parent undertakings established in a third country: absence of equivalence.</p>	<p>301.-(1) Where the control carried out in accordance with section 299 of this Law indicates that there is no equivalent supervision, or where the Superintendent does not apply the provisions of section 300, in the case of temporary equivalence, in accordance with subsection (8) of section 299, insurance and reinsurance undertakings shall apply;</p> <p>(a) the provisions of sections 256 to 274 and sections 282 to 298, <i>mutatis mutandis</i>;</p> <p>(b) one of the methods set out in subsection (2).</p> <p>(2) The general principles and methods set out in sections 256 to 298 shall apply at the level of the insurance holding company, participating financial companies, third-country insurance undertaking or third-country reinsurance undertaking. For the sole purpose of the group solvency calculation, the parent undertaking shall be treated as if it were an insurance or reinsurance undertaking subject to the same conditions as laid down in Part II, the Sixth Chapter, Section 3, Subsections 1, 2 and 3 as regards the own funds eligible for the Solvency Capital Requirement and to either of the following:</p> <p>(a) a Solvency Capital Requirement determined in accordance with the</p>

	<p>principles of section 264 of this Law where it is an insurance holding company or a participating financial company;</p> <p>(b) a Solvency Capital Requirement determined in accordance with the principles of section 265 of this Law, where it is a third-country insurance undertaking or a third-country reinsurance undertaking.</p> <p>(3) The Superintendent may apply other methods which ensure appropriate supervision of the insurance and reinsurance undertakings in a group provided that they are agreed by the group supervisor, after consulting the other supervisory authorities concerned. The Superintendent may in particular require the establishment of an insurance holding company which has its head office in the Union or a participating financial company that has its head office in the Union and apply the provisions of this Part to the insurance and reinsurance undertakings in the group headed by that insurance holding company or participating company. The methods chosen by the Superintendent shall allow the objectives of the group supervision as defined in this Title to be achieved and shall be notified by the Superintendent to the other supervisory authorities concerned and the Commission.</p>
'Parent undertakings outside the Union: levels'.	<p>302.-(1) Where the parent undertaking referred to in section 299 of this Law is itself a subsidiary of an insurance holding company or a participating financial company having its head office in a third country or of a third-country insurance or reinsurance undertaking, the Superintendent shall apply the verification provided for in section 299 only at the level of the ultimate parent undertaking which is a third-country insurance holding company, a third-country insurance undertaking or a third-country reinsurance undertaking, a participating financial company or a third country insurance or reinsurance undertaking.</p> <p>(2) The Superintendent may decide, in the absence of equivalent supervision referred to in section 299, to carry out a new verification at a lower level where a parent undertaking of insurance or reinsurance undertakings exists, whether a third-country insurance holding company, or a participating financial company or a third-country insurance undertaking or a third-country reinsurance undertaking and in such a case the shall explain his decision to the group.</p> <p>(3) For the purposes of this section, the provisions of section 301 of this Law shall apply <i>mutatis mutandis</i>.</p>
Cooperation with third-country supervisory authorities.	<p>303. The Superintendent shall cooperate with the third country supervisory authorities in the scope of the agreements the Commission may enter into with third countries with regard to the means in exercising supervision at group level of insurance and reinsurance undertakings that have their head office in the Union and which have subsidiaries or hold participations in undertakings outside the Union or for the supervision at the level of the group of third country insurance and reinsurance undertakings which have their head office in their territories and which have subsidiaries or hold participations in undertakings in one or more member states.</p>
CHAPTER FIVE	



MIXED-ACTIVITY INSURANCE HOLDING COMPANIES	
Intra-group transactions.	304.-(1) Where the parent undertaking of one or more insurance or reinsurance undertakings is a mixed-activity insurance holding company, the Superintendent, as the supervisory authority responsible for the supervision of those insurance or reinsurance undertakings exercises general supervision over transactions between those insurance or reinsurance undertakings and the mixed-activity holding company and its related undertakings. (2) Sections 284 to 294 and 298 shall apply <i>mutatis mutandis</i> .
Cooperation with third countries.	305. As concerns cooperation by the Superintendent with third countries, the provisions of section 303 of this Law shall apply <i>mutatis mutandis</i> .
CHAPTER SIX SUPPLEMENTARY SUPERVISION OF A FINANCIAL CONGLOMERATES	
Supplementary supervision of the Superintendent.	306. The Superintendent has the competency to exercise supplementary supervision on the activities of a financial conglomerate as defined in the Directives on the activities of financial conglomerates which are issued by the Superintendent, with regard to the supplementary supervision of credit institutions, insurance undertakings and investments firms of financial conglomerates , as amended or replaced at any given time.
PART V REORGANISATION AND WINDING-UP OF INSURANCE UNDERTAKINGS CHAPTER I SCOPE AND DEFINITIONS	
Scope of application of this Part.	307. This Part shall apply to reorganisation measures and winding-up proceedings concerning the following: (a) insurance undertakings; (b) establishments situated in the territory of the Republic of third-country insurance undertakings.
Definitions.	308.-(1) Unless the context otherwise provides, for the purposes of this Part – 'insurance claim' means an amount which is owed by an insurance undertaking to insured persons, policy holders, beneficiaries or to any injured party having a direct right of action against the insurance undertaking and which arises from an insurance contract or from any operation provided for in paragraphs (a) and (b) of subsection (1) of section 4 of this Law, in direct insurance business, including an amount set aside for those persons, when some elements of the debt and premiums owed by the insurance undertaking as a result of the non-conclusion or cancellation of an insurance contract or operation, in accordance with the law applicable to such a contract or operation before the opening of the winding-up proceedings; 'competent authorities' means the administrative or judicial authorities of the Member States which are competent for the purposes of the reorganisation measures or the winding-up proceedings, including administrative or judicial authorities in the Republic; 'winding-up proceedings' means collective proceedings involving the

	<p>realisation of the assets of an insurance undertaking and the distribution of the proceeds among the creditors, shareholders or members as appropriate, which necessarily involve any intervention by the competent authorities, including where the collective proceedings are terminated by a composition or other analogous measure, whether or not they are founded on insolvency or are voluntary or compulsory and which are carried out in accordance with the provisions of the Companies Law and this Law;</p> <p>administrator' means a person or body appointed by the competent authorities for the purpose of administering reorganisation measures;</p> <p>'liquidator' means a person or body appointed by the competent authorities or by the governing bodies of an insurance undertaking for the purpose of administering winding-up proceedings;</p> <p>'reorganisation measures' means measures involving any intervention by the Superintendent which are intended to preserve or restore the financial situation of an insurance undertaking and which affect pre-existing rights of parties other than the insurance undertaking itself, including, <i>inter alia</i>, to measures involving the possibility of a suspension of payments, suspension of enforcement measures or reduction of claims;</p> <p>'branch' means a permanent presence of an insurance undertaking in the territory of a Member State other than the home Member State which pursues insurance activities.</p> <p>(2) For the purpose of applying this Part to reorganisation measures and winding-up proceedings concerning a branch situated in the Republic of a third-country insurance undertaking the following definitions shall apply-</p> <p>'competent authorities' means the competent authorities of the home Member State;</p> <p>'supervisory authorities' means the supervisory authorities of the home Member State;</p> <p>'home Member State' means the Member State in which the branch was granted authorisation in accordance with sections 158 to 162 of this Law.</p>
<p>CHAPTER II REORGANISATION MEASURES</p>	
<p>Adoption of reorganisation measures applicable law.</p>	<p>309.-(1) Reorganisation measures with respect to Cypriot insurance undertakings shall be decided by the Superintendent and are regulated by legislation applicable in the Republic. The reorganisation measures shall not preclude the opening of winding-up proceedings.</p> <p>(2) Reorganisation measures on Cypriot insurance undertakings and any branches of the Cypriot insurance undertaking in other member states or in a third country, shall also be fully effective from their receipt by the Superintendent in the said member states or the third country, as the case may be, including any third parties, without any further formalities, even where the legislation of those other Member States does not provide for such reorganisation measures or makes their implementation subject to conditions which are not fulfilled.</p> <p>(3) Reorganisation measures on branches of insurance undertakings in a member state that have been ordered by the competent authorities of</p>

	the said member states automatically apply in the Republic, including third parties, without any further formalities, even where the legislation of the Republic does not provide for such reorganisation measures or makes their implementation subject to conditions which are not fulfilled.
Information to the supervisory authorities.	310. The Superintendent shall inform as a matter of urgency the supervisory authorities of all the other member states of his decision on any reorganisation measures, where possible before the adoption of such a measure including the possible practical effects of such measures.
Publication of decisions on reorganisation measures.	311.-(1) The Superintendent shall publish the reorganisation measures in the Official Gazette of the Republic as well as in two daily newspapers, at the earliest opportunity, but no later than two months, in the Official Journal of the European Union, in the Greek language. (2) The publication shall expressly state that the Superintendent, as the authority that took the reorganisation measures and that these are governed by the law of the Republic. (3) The publications of this section are not required where the reorganisation measures that have been ordered solely affect the interests of shareholders, members or employees of the company. (4) Reorganisation measures shall apply regardless of the provisions concerning publication set out in subsection (1) and shall be fully effective as against creditors. (5) The Superintendent may publish in the Official Gazette of the Republic reorganisation measures taken in another member state, of which he has been informed.
Information to known creditors right to lodge claims.	312. The Superintendent shall inform the creditors of taking reorganisation measures whose habitual residence, domicile or head office is situated in the Republic in accordance with section 331 and subsection (1) of section 332 as well as known creditors whose habitual residence, domicile or head office is situated in another Member State.
CHAPTER III WINDING-UP PROCEEDINGS	
Prohibition of voluntary winding-up of an insurance undertaking without the prior transfer of the portfolio.	313.-(1) The voluntary winding-up insurance undertaking is prohibited, unless there has been a prior transfer of portfolio of non-life or life insurance policies, as determined in the Tenth Chapter of Part III. (2) The provisions of this Chapter also apply to the voluntary winding-up of a Cypriot insurance undertaking, which are otherwise governed by sections 203 to 208, 261 or 292 and 298 to 344 of the Companies Law.
Opening of winding-up proceedings information to the supervisory authorities.	314.-(1) The Court may order the dissolution and winding-up of an insurance undertaking that is subject to the provisions of this Law, in accordance with the provisions of the Companies Law, the relevant provisions of which apply in such a case: Provided that the Court may order the dissolution of this undertaking with an application by at least thirty policy holders with a total annual premium that consists of at least 10% of the annual turnover of the said business, based on the last audited accounts.

	<p>(2) Notwithstanding the provisions of section 362 of the Companies Law, the Court does not have the competency to order the dissolution and winding-up of a branch of an insurance undertaking of another member state that operates in the Republic and the winding-up proceedings of a branch of insurance undertakings of other member states that operate in the Republic are governed by the law of the home member state.</p> <p>(3) The winding-up of a Cypriot insurance undertaking also includes any branches it may have in other member states.</p> <p>(4) To commence winding-up proceedings as determined in the Companies Law, prior reorganisation measures are not required.</p> <p>(5) An application to dissolve or wind-up a Cypriot insurance undertaking in accordance with the provisions of this section is submitted only with the leave of the Court, which is granted provided that the Court finds that the application is <i>prima facie</i> justified and the applicants have provided a satisfactory guarantee for the legal expenses that the application involves.</p> <p>(6) The decision in subsection (1) to commence winding-up proceedings takes effect immediately both in the Republic and in the entire Union without further formality.</p> <p>(7) A decision to commence winding-up proceedings that have been taken by the competent authorities in other member states, takes effect immediately in the Republic from the time it is effective in the member state in which the decision was taken.</p> <p>(8) The Superintendent shall inform as a matter of urgency the supervisory authorities of the other Member State of the decision to commence winding-up proceedings, where possible before the proceedings are commenced and failing that immediately thereafter including the possible practical effects of such proceedings.</p>
Applicable law.	<p>315.-(1) Subject to the provisions of sections 335 to 342, the provisions of sections 301 to 306 of the Companies Law with regard to the assets of an insurance undertaking as well as the treatment of assets acquired by the insurance undertaking or devolving to the insurance undertaking after the commencement of the winding-up proceedings, shall apply <i>mutatis mutandis</i>.</p> <p>(2) Subject to the provisions of sections 335 to 342, the provisions of sections 233, 270, 271, 272, 273, 274, 282, 283, 286, 288 and 290 of the Companies Law, with regard to the respective powers of an insurance undertaking and the liquidator, shall apply <i>mutatis mutandis</i>.</p> <p>(3) Subject to the provisions of sections 335 to 342, the provisions of paragraph (h) of subsection (2) of section 233 and of section 300 of the Companies Law with regard to the conditions under which set-off may be invoked and the rules governing the distribution of the proceeds from the winding-up, the classification of claims and the rights of creditors who have obtained partial satisfaction after the commencement of winding-up proceedings by virtue of a right in rem or through a set-off shall apply <i>mutatis mutandis</i>.</p> <p>(4) Subject to the provisions of sections 335 to 342, the provisions of</p>

	<p>sections 301 to 303 of the Companies Law with regard to the effects of the winding-up proceedings on current contracts to which the insurance undertaking is party and sections 215, 220, 305 and 306 of the Companies Law with regard to the effects of the winding-up proceedings on proceedings brought by individual creditors shall apply <i>mutatis mutandis</i>.</p> <p>(5) The effects of lawsuits pending on the assets of the insurance undertaking or on the rights the insurance undertaking has declined are governed by the law of the member state in which the lawsuit is pending.</p> <p>(6) Subject to the provisions of sections 335 to 342, the provisions of sections 224, 251, 298, 299 and 300 of the Companies Law, with regard to the rules governing the lodging, verification and admission of claims, shall apply <i>mutatis mutandis</i>.</p> <p>(7) Subject to the provisions of sections 335 to 342, the provisions of sections 254 and 274 of the Companies Law with regard to the party who is to bear the costs and expenses incurred in the winding-up proceedings shall apply <i>mutatis mutandis</i>.</p> <p>(8) Sections 301k, 302 and 303 of the Companies Law with regard to the rules relating to the nullity, voidability or unenforceability of legal acts detrimental to all the creditors, shall apply <i>mutatis mutandis</i> unless the person who benefited from the legal act that is harmful to all the creditors proves that –</p> <p>(a) the said legal act is governed by the law of another member state and</p> <p>(b) this law does not provide for the specific case of challenging the legal act.</p>
<p>Dependent undertakings.</p>	<p>316.-(1) If the insurance business of an insurance undertaking or part of such business is transferred to another insurance undertaking subject to the provisions of this Law and it is agreed that the first insurance undertaking (hereinafter in this section referred to as the 'dependent insurance undertaking') or its creditors shall have claims against the insurance undertaking to which the transfer was made (hereinafter in this section referred to as the 'parent insurance undertaking'), then, in the case of dissolution and winding-up of the parent insurance undertaking by the Court or under the supervision of the Court, the Court shall issue a dissolution and winding-up order of the dependent undertaking, jointly with the parent insurance undertaking, as if it were only one insurance undertaking.</p> <p>(2) The Court may appoint the same liquidator, for the winding-up of the parent and also of the dependent insurance undertaking.</p> <p>(3) Unless the Court orders otherwise, the commencement of the dissolution of the parent insurance undertaking also constitutes the commencement of the dissolution of the dependent undertaking.</p> <p>(4) When regulating the rights and obligations between the members of various undertakings, the Court shall take into account the charter of such undertakings and the agreements between them and the rights and obligations of various types of contributors, in the case of dissolution of only one insurance undertaking.</p>

	<p>(5) In the case where an insurance undertaking purported to be a dependent of another, is not dissolved at the same time as the parent undertaking and opposes its dissolution, the Court shall try the opposition and shall order its dissolution only if it seems that this insurance undertaking is actually a dependent of the parent undertaking under dissolution and that the dissolution of the same, jointly with the parent insurance undertaking is a correct and fair measure.</p> <p>(6) An application for the dissolution of an insurance undertaking jointly with the parent insurance undertaking may be submitted by any creditor or any other person that has any interest in the parent or dependent insurance undertaking.</p>
Communication of application for dissolution to the Superintendent.	317. In every case, when an application for the dissolution of an insurance undertaking is submitted by any person other than the Superintendent, a copy of this application is communicated to the Superintendent, who has the right to attend the hearing of the application, to express his views and, if he deems appropriate for the public interest, to request the Court to dissolve and wind-up the insurance undertaking during the proceedings for the compulsory dissolution and winding-up in this Part.
Compulsory dissolution and winding-up in the case of withdrawing the authorisation to pursue insurance business.	<p>318.-(1) Subject to the provisions of subsection (2), the revocation of an authorisation to pursue insurance business that was granted to an insurance undertaking that is subject to the provisions of this Law, is subject to the compulsory dissolution and winding-up of such an undertaking by the Court under the Companies Law, whose relevant provisions apply to the extent that they do not conflict with the provisions of this Law and the Regulations issued thereunder that are submitted to the House of Representatives for approval:</p> <p>Provided that in the case provided for in subsection (1), the provisions of the Tenth Chapter of Part II do not apply.</p> <p>(2) The revocation of an authorisation under the provisions of section 151 of this Law does not imply the compulsory dissolution and winding-up of the insurance undertaking:</p> <p>Provided, however, that in such cases, the insurance undertaking whose authorisation has been withdrawn shall transfer its portfolio, non-life insurance policies or life insurance policies, as defined in the Tenth Chapter of Part II of this Law.</p>
Voluntary dissolution prohibited.	<p>319.-(1) The voluntary dissolution and winding-up of an insurance undertaking –</p> <p>(a) whose authorisation to pursue insurance business on grounds that arise from its compulsory dissolution and winding-up, as defined in section 318 of this Law; or</p> <p>(b) for which a prohibition or restriction of the free disposal of its assets, placed by the Superintendent applies, as defined in this Law is not permitted.</p> <p>(2) In the cases provided for in subsection (1), the dissolution and winding-up of the insurance undertaking is carried out by the Court on the application of the Superintendent. From the date of submitting the application and up to the completion of the winding-up a receiving order</p>

	shall not be issued against the insurance undertaking concerned.
Appointment of provisional liquidator.	320.-(1) The Superintendent appoints a person as provisional liquidator of the insurance undertaking, with special knowledge and experience on insurance undertaking business and with the same decision specifies the remuneration of the provisional liquidator and determines his terms of reference. The decision to appoint a provisional liquidator is published in the Official Gazette of the Republic and in two local daily newspapers. (2) Until the appointment of the liquidator by the Court, the provisional liquidator exercises all the powers of the liquidator.
Appointment of liquidator.	321.-(1) Subject to the provisions of section 31 of the Motor Vehicles (Third Party Insurance) Law of 2000, as amended or replaced at any given time, a person with special knowledge and experience on insurance business is appointed by the Court as liquidator. (2) The appointment of the liquidator is published by the Superintendent in the Official Gazette of the Republic and in two local daily newspapers. (3) The liquidator prepares a report as to the condition of the insurance undertaking when the winding-up proceedings commence and submits the same to the Superintendent and at the same time the liquidator shall provide the Superintendent with any information or particulars requested, in order to determine the course of the winding-up. (4) The liquidator informs the creditors on matters that concern them, in particular with regard to the course of the winding-up, in writing at least every six months.
Transfer of portfolio.	322.-(1) The liquidator is prohibited from transferring the portfolio of an insurance undertaking under winding-up to one or more insurance undertakings without the prior leave of the Court, which is provided having heard the views of the Registrar on this matter. (2) Where the insurance undertaking under winding-up pursued non-life insurance business and life insurance business at the same time, the transfer of the entire portfolio of a class of insurance is permitted, under the conditions of subsection (1), even if the transfer of another class is not effected. The partial transfer, however, of the portfolio of one or another class is only permitted provided such a transfer shall not affect the satisfactory winding-up.
Termination of non-life insurance contracts	323. The compulsory dissolution and winding-up of an insurance undertaking implies the termination of existing non-life insurance contracts at the same time as the publication of the appointment of a provisional liquidator by the Superintendent in the Official Gazette of the Republic.
Continuation of life insurance business during winding-up	324.-(1) The compulsory dissolution and winding-up of an insurance undertaking does not imply the termination of existing life insurance contracts. (2) Unless the Court, having also heard the views of the Superintendent, orders otherwise, the liquidator shall continue the life insurance business of the insurance undertaking under winding-up with a view to transferring then same as a living undertaking to another insurance undertaking that either exists or is specifically established for this purpose. (3) During the conduct of such business, the liquidator may agree to

	<p>amending the insurance contracts in existence at the time of the appointment he is prohibited, however, from concluding new insurance contracts.</p> <p>(4) With the leave of the Court, that is granted having also heard the views of the Superintendent on this matter, the liquidator may appoint a special administrator for such insurance business. With the judgment of the Court permitting the appointment of a special administrator, the terms of appointment and the powers of the special administrator are also determined.</p> <p>(5) With the leave of the Court, that is granted having also heard the views of the Superintendent on the matter, the liquidator may reduce the obligations of the insurance undertaking deriving from the life insurance contracts, in order to achieve the transfer of the portfolio of the undertaking under winding-up.</p> <p>(6) Following the application of the liquidator, the special administrator appointed in accordance with the provisions of subsection (4) or the Superintendent, the Court may appoint an independent actuary to investigate the life insurance business of the insurance undertaking under winding-up.</p> <p>(7) Such an independent actuary shall provide an opinion as to whether it is appropriate to continue such business or a reduction of the obligations referred to in the preceding subsection and suggests measures that are deemed necessary for the successful continuation of the business.</p> <p>(8) The independent actuary prepares a report within the time frame specified by the Court and submits the same to the persons, whose application resulted in his appointment.</p> <p>(9) In the case where it is not feasible to transfer the portfolio as specified in the Eleventh Chapter of Part II of this Law, with the leave of the Court, that is granted having also heard the views of the Superintendent on the matter, the liquidator may terminate the life insurance contracts in the interests of the entire body of beneficiaries under such contracts.</p> <p>(10) In the case of subsection (9), the amount of the claims of such beneficiaries shall correspond to the total value of the mathematical reserves and other benefits provided for in the insurance contract they concluded, without any reduction for the expense involved in the management or the termination of such a business.</p>
Reinsurance contracts.	<p>325.-(1) Following the appointment of a liquidator, the renewal of those insurance contracts of the insurance undertaking under winding-up, with which this undertaking undertook to cover reinsurance risks is prohibited.</p> <p>(2) The liquidator shall endeavour to ensure the appropriate reinsurance cover for the insurance undertaking under winding-up, throughout the entire winding-up proceedings.</p> <p>(3) The winding-up proceedings do not exclude the set-off of reinsurance claims and obligations.</p>
Variation in the investments of the undertaking.	<p>326.-(1) From the commencement of winding-up proceedings of an insurance undertaking any variation in the investments of non-life or life insurance, which the insurance undertaking concerned has placed</p>



	<p>adequate assets to cover its technical reserves is not permitted. Such a variation is permitted to correct technical errors or with the leave of the Superintendent.</p> <p>(2) Where it is not feasible to transfer the portfolio of an insurance undertaking under winding-up, the investments are liquidated and become a fund, that is available to satisfy the beneficiaries as specified in subsection (5).</p> <p>(3) Where the insurance undertaking under winding-up was also pursuing non-life and life insurance business at the same time, the investments in every class are liquidated and become two separate and independent funds, one fund for non-life insurance and one fund for life insurance, that are available to satisfy its beneficiaries separately in every class.</p> <p>(4) In each fund, the yield and value of the net policies are added, which are collected for a particular category of actions between the commencement of the winding-up proceedings and the date of paying the insurance claims or until any transfer of portfolio is effected.</p> <p>(5) From each fund the expense resulting from the dissolution and winding-up of the undertaking is deducted, including the remuneration of the provisional liquidator, the special administrator or independent actuary, that are satisfied in priority over any other from these funds.</p> <p>(6) In the event that the proceeds from the liquidation of the asset that constitutes part of the investments falls short of the value of such an asset, as calculated in the accounting books of the insurance company, the liquidator shall justify such a difference to the Superintendent.</p> <p>(7) When an asset, which is being used to cover technical reserves, is subject to a lien in favour of a creditor or a third person or ownership of such an asset has been withheld in favour of a creditor or a third person or when the creditor has a right to request a set-off of his claim against the claim of the insurance undertaking, in the case where the insurance undertaking is under winding up, it is liquidated and paid into the fund provided for in subsection (2), unless the provisions of sections 336, subsections (1) to (3), 337 and 338 of this law apply to this asset.</p>
Treatment of insurance claims.	<p>327.-(1) Notwithstanding the provisions of section 300 of the Companies Law, insurance claims take precedence over other claims against the insurance undertaking as to the whole of its assets.</p> <p>(2) Subject to the provisions of subsection (1) with regard to the whole or part of the expenses arising from the winding-up proceedings, the provisions of section 300 of the Companies law shall apply.</p>
Special register.  First Appendix.	<p>328.-(1) Every insurance undertaking shall keep at its head office a special register of the assets used to cover the technical provisions calculated and invested in accordance with the provisions of this Law.</p> <p>(2) Where an insurance undertaking carries on both life and non-life insurance activities, it shall keep at its head office separate registers for each type of business:</p> <p>Provided that insurance undertakings that cover life and the risks listed in classes 1 and 2 of Part A of the First Appendix of this Law, must keep a single register for the whole of their activities.</p>

	<p>(3) The total value of the assets entered, valued in accordance with the provisions of this Law, shall at no time be less than the value of the technical provisions.</p> <p>(4) Where an asset entered in the register is subject to a right in rem in favour of a creditor or a third party, with the result that part of the value of the asset is not available for the purpose of covering commitments, that fact shall be recorded in the register and the amount not available shall not be included in the total value referred to in subsection (3).</p> <p>(5) Once winding-up proceedings have been commenced, the composition of the assets entered in the register in accordance with subsections (1) to (5) shall not be changed and no alteration other than the correction of purely clerical errors shall be made in the registers, except with the authorisation of the Superintendent and the Official Receiver:  Provided that the liquidators shall add to those assets the yield therefrom and the value of the pure premiums received in respect of the class of insurance concerned between the commencement of the winding-up proceedings and the time of payment of the insurance claims or until any transfer of portfolio is effected.</p> <p>(6) Where the product of the realisation of assets is less than their estimated value in the registers, the liquidators shall justify this to the supervisory authorities of the home Member States.</p>
Compulsory dissolution and winding-up where the authorisation for insurance business has been withdrawn.	<p>329.-(1) Where the commencement of winding-up proceedings of an insurance undertaking the authorisation of that undertaking shall be withdrawn by the Superintendent, in accordance with the procedure laid down in section 151 of this Law, except to the extent necessary for the purposes of subsection (2).</p> <p>(2) The withdrawal of authorisation pursuant to subsection (1) shall not prevent the liquidator from pursuing some of the activities of the insurance undertaking in so far as that is necessary or appropriate for the purposes of winding-up and having obtained the express and special consent and under the supervision of the Superintendent for such activities.</p>
Publication of decisions on winding-up proceedings.	<p>330.-(1) The decision to commence winding-up proceedings by the Superintendent is published in the Official Gazette of the Republic within one month and as extract of this is published in the Official Journal of the European Union within two months. The publication shall specify that the applicable law is the law that applies in the Republic and that the competent authority for the purpose of the winding-up is the Official Receiver as determined in the companies Law.  The publication shall also specify the name of the liquidator appointed. The publication shall be in the Greek language.</p> <p>(2) The Superintendent may publish in the Official Gazette of the Republic the decision of the competent authority of another member state with regard to the commencement of the winding-up proceedings of an insurance undertaking.</p>
Information to	<p>331.-(1) The liquidator or any person appointed for that purpose by the</p>

<p>known creditors in other member states.</p>	<p>Superintendent shall without delay individually inform by written notice each known creditor whose habitual residence, domicile or head office is situated in another Member State. The liquidator shall notify the Superintendent, who, if he establishes any omissions or errors in the notification process, shall without undue delay, inform the creditors who have not been notified by the liquidator or repeats the notification.</p> <p>(2) The written notice referred to in subsection (1) shall cover in particular –</p> <p>(a) the notification time limits for claims pursuant to section 251 of the Companies Law, the sanctions laid down with regard to non-compliance with those time-limits; the competent authority for the notification of claims or observations with regard to claims, which is the liquidator, as well as other measures that may have been imposed;</p> <p>(b) information to creditors whose claims are preferential or secured in <i>rem</i>, as to whether they need to lodge their claims, to the extent they are not covered in <i>rem</i>; and</p> <p>(cc) the general effects of the commencement of winding-up proceedings and in particular the date on which the insurance contracts or the operations will cease to produce effects pursuant to section 181, as well the rights and duties of insured persons with regard to the contract.</p> <p>(3) The form provided for in this section is determined by the Superintendent by notification in the Official Gazette of the Republic.</p>
<p>Right to lodge claims.</p>	<p>332.-(1) Any creditor, including public authorities of Member States, whose habitual residence, domicile or head office is situated in a Member State other than the home Member State shall have the right to lodge claims or to submit written observations relating to claims.</p> <p>(2) The claims of all creditors referred to in subsection (1) shall be treated in the same way and given the same ranking as claims of an equivalent nature which may be lodged by creditors whose habitual residence, domicile or head office is situated in the Republic, without discrimination.</p> <p>(3) Except in cases where the Companies Law otherwise allows, a creditor shall send to the liquidator copies of any supporting documents and shall indicate the following:</p> <p>(a) the nature and the amount of the claim;</p> <p>(b) the date on which the claim arose;</p> <p>(c) whether he alleges preference, security in <i>rem</i> or reservation of title in respect of the claim;</p> <p>(d) where appropriate, what assets are covered by his security.</p> <p>(4) The precedence granted to insurance claims by section 327 of this Law, need not be indicated.</p>
<p>Languages and form.</p>	<p>333.-(1) The written information to the creditors by the liquidator under subsection (1) of section 331 of this Law, shall be provided in the Greek language on a form bearing the title 'Invitation to lodge a claim and time-limits to be observed' in all the official languages of the European Union.</p> <p>(2) Where a creditor is the holder of an insurance claim, the information shall be provided in the official language or one of the official languages</p>

	<p>of the Member State in which the habitual residence, domicile or head office of the creditor is situated.</p> <p>(3) Creditors whose habitual residence, domicile or head office is situated in another Member State, including the public authorities in the other member states, may lodge their claims in the official language or one of the official languages of that other Member State.</p> <p>(4) The form referred to in subsection (4) is determined by the Superintendent by notification in the Official Gazette of the Republic.</p>
Regular information to the creditors.	<p>334.-(1) Liquidators shall, in an appropriate manner, keep creditors regularly informed on the progress of the winding-up.</p> <p>(2) The Superintendent provides information requested on developments in the winding-up procedure from the supervisory authorities of the Member States.</p>
<p>CHAPTER IV COMMON PROVISIONS FOR ALL MEMBER STATES</p>	
Effects on certain contracts and rights.	<p>335. By way of derogation from sections 309 and 315 of this Law, the effects of the commencement of reorganisation measures or of winding-up proceedings shall be governed as follows:</p> <p>(a) in regard to employment contracts and employment relationships, exclusively by the law of the Member State applicable to the employment contract or employment relationship;</p> <p>(b) in regard to contracts conferring the right to make use of or acquire immovable property, exclusively by the law of the Member State where the immovable property is situated; and</p> <p>(c) in regard to rights of the insurance undertaking with respect to immovable property, a ship or an aircraft subject to registration in a public register, exclusively by the law of the Member State under the authority of which the register is kept.</p>
Rights in <i>rem</i> of third parties.	<p>336.-(1) The commencement of reorganisation measures or winding-up proceedings shall not affect the rights in <i>rem</i> of creditors or third parties in respect of tangible or intangible, movable or immovable assets – both specific assets and collections of indefinite assets as a whole which change from time to time – which belong to the insurance undertaking and which are situated within the territory of another Member State at the time of the commencement of such measures or proceedings.</p> <p>(2) The rights referred to in subsection (1) shall include at least:</p> <p>(a) the direct right or through a third party, to dispose of assets and to obtain satisfaction from the proceeds of or income from those assets, in particular by virtue of a lien or a mortgage;</p> <p>(b) the exclusive right to have a claim met, in particular a right guaranteed by a lien in respect of the claim or by assignment of the claim by way of a guarantee;</p> <p>(c) the right to demand or to require restitution by anyone having possession or use of them contrary to the wishes of the party so entitled;</p> <p>(d) a right to the beneficial use of assets.</p> <p>(3) The right, recorded in a public register and enforceable against third parties, under which a right in <i>rem</i> within the meaning of subsection</p>

	<p>(1) may be obtained, shall be considered to be a right in rem.</p> <p>(4) Subsection (2) shall not preclude actions for nullity, voidability or unenforceability referred to in subsection (8) of section 315.</p>
Reservation of title.	<p>337.-(1) The commencement of reorganisation measures or winding-up proceedings against an insurance undertaking purchasing an asset shall not affect the rights of a seller which are based on a reservation of title where at the time of the commencement of such measures or proceedings the asset is situated within the territory of another Member State.</p> <p>(2) The commencement, after delivery of the asset, of reorganisation measures or winding-up proceedings shall not constitute grounds for rescinding or terminating the sale and shall not prevent the purchaser from acquiring title where at the time of the commencement of such measures or proceedings the asset sold is situated within the territory of another Member State.</p> <p>(3) Subsections (1) and (2) shall not preclude actions for nullity, voidability or unenforceability referred to in section 315 of this Law.</p>
Set-off.	<p>338.-(1) The commencement of reorganisation measures or winding-up proceedings shall not affect the right of creditors to demand the set-off of their claims against the claims of the insurance undertaking.</p> <p>(2) Subsections (1) and (2) shall not preclude actions for nullity, voidability or unenforceability referred to in section 315 of this Law.</p>
Regulated markets.	<p>339.-(1) Without prejudice to the provisions of section 336 of this Law the effects of a reorganisation measure or the commencement of winding-up proceedings on the rights and obligations of the parties to a regulated market shall be governed solely by the law applicable to that market.</p> <p>(2) The provisions of subsection (1) shall not preclude actions for nullity, voidability, or unenforceability referred to in section 315 which may be taken to set aside payments or transactions under the law applicable to that market.</p>
Detrimental acts.	<p>340. Subsection (8) of section 315 shall not apply where a person who has benefited from a legal act which is detrimental to all the creditors provides proof of that act being subject to the law of a Member State other than the home Member State, and proof that that law does not allow any means of challenging that act in the relevant case.</p>
Protection of third-party purchasers.	<p>341. The following law shall be applicable where, by an act concluded after the adoption of a reorganisation measure or the opening of winding-up proceedings, an insurance undertaking disposes, for consideration, of any of the following:</p> <p>(a) in regard to immovable assets, the law of the Member State where the immovable property is situated;</p> <p>(b) in regard to ships or aircraft subject to registration in a public register, the law of the Member State under the authority of which the register is kept;</p> <p>(c) in regard to transferable or other securities, the existence or transfer of which presupposes entry in a register or account laid down by law or which are placed in a central deposit system governed by the law of a</p>

	Member State, the law of the Member State under the authority of which the register, account or system is kept.
Lawsuits pending.	342. The effects of reorganisation measures or winding-up proceedings on a pending lawsuit concerning an asset or a right of which the insurance undertaking has been divested shall be governed solely by the law of the Member State in which the lawsuit is pending.
Administrators and liquidators.	343.-(1) The Court, should it deem necessary, shall appoint one or more deputy administrators or liquidators who shall assist or may represent the administrator or liquidator during the winding-up or reorganisation measures, in particular in the host member states, and shall assist in overcoming any difficulties the creditors may encounter in the host member state. (2) The appointment of the administrator or the liquidator shall be evidenced by a certified copy of the original decision of appointment or by any other certificate issued by the competent authorities of the home Member State. (3) Where the administrator or liquidator appointed by the supervisory authority of another member state wishes to act in the Republic, the Superintendent may require a translation of the above documents into the Greek language: Provided that no formal authentication of that translation or other similar formality shall be required. (4) Where the administrator or liquidator appointed by the supervisory authority of another member state, is entitled to exercise the powers he is entitled to exercise on the basis of their appointment in the Republic, and an obligation to apply the Laws of the Republic, and in particular with regard to procedures for the realisation of assets and the informing of employees.
Registration of reorganisation measures.	344.-(1) The administrator or liquidator may request that a reorganisation measure or the decision to commence winding-up proceedings be registered with the lands office, on the commercial and any other public register kept in the Republic or in another Member State. However, where a Member State provides for mandatory registration, the authority or person referred to in the first subparagraph shall take all the measures necessary to ensure such registration: Provided that, if a member state provides for a mandatory registration, the administrator or the liquidator shall take all the requisite measures to ensure such a registration. (2) The costs of registration shall be regarded as costs and expenses incurred in the proceedings.
Professional secrecy.	345. All persons required to receive or divulge information in connection with the procedures laid down in sections 310, 314 and 346 of this Law, shall be bound by the provisions on professional secrecy, as laid down in section 65 of this Law, with the exception of any judicial authorities to which the provisions that govern proceedings before the Court apply.
Treatment of branches of	346. Where an insurance undertaking, the head office of which is situated outside the Union, has branches established in more than one Member

third-country insurance undertakings.	State, each branch shall be treated independently with regard to the application of the provisions with regard to reorganisation measures and the winding-up of insurance undertakings independently. The Superintendent shall coordinate his actions with the competent authorities of other member states, in which the branches of the third country insurance undertaking are situated. Any appointed administrators or liquidators of third country insurance undertakings in the territory of the Republic shall coordinate their actions with the administrators or liquidators of other member states, in which the branches of the third country insurance undertaking are situated.
TITLE V OTHER PROVISIONS	
Right to recourse to the Permanent Secretary and the right to judicial protection.	<p>347.-(1) Notwithstanding the provisions of subsection (2), any decision taken under this Law, either by the Superintendent or by the Permanent Secretary, which is issued as set out in subsections (3) to (7) and ratifies any adverse decision of the Superintendent, may be challenged with a recourse under section 146 of the Constitution.</p> <p>The following decisions or omissions of the Superintendent may also be challenged before the Permanent Secretary by the legal or natural persons who are directly affected:</p> <p>(a) the dismissal of an application by an insurance or reinsurance undertaking for authorisation to pursue insurance or reinsurance business in the Republic or the extension of its business to another or other classes under sections 27 and 28 of this Law.</p> <p>(b) the withdrawal of an authorisation or partial withdrawal in one or more classes of an insurance or reinsurance undertaking, under sections 151 and 152 or 156 of this Law, respectively.</p> <p>(c) the approval of the appointment of any person to an insurance or reinsurance undertaking under section 44 or of a person who shall be carrying out the actuarial function under subsection (8) of section 49 or of a representative of a third country insurance or reinsurance undertaking under paragraph (e) of subsection (1) of section 177 or of a representative for a branch of a Cypriot insurance undertaking in another member state under subsection (1) of section 160 of this Law, as the case may be.</p> <p>(d) the non-approval for the acquisition of a participation in an insurance or reinsurance undertaking under section 59 or the imposition of sanctions with regard to acquiring a participation in an insurance or reinsurance undertaking under section 63 of this Law, as the case may be.</p> <p>(e) a claim for the immediate termination of the appointment of an auditor under paragraph (a) of subsection (7) of section 74 of this Law.</p> <p>(f) the dismissal of an application by a Cypriot insurance undertaking for the freedom of establishment or the freedom to provide services in another member state under subsection (4) of section 160 or of subsection (6) of section 1162 of this Law, respectively.</p> <p>(f) the dismissal of an application for the transfer of a portfolio under paragraph (a) of subsection (2) of section 204 of this Law.</p>

(g) the striking off of a person from the Register under paragraphs (c), (d) and (f) of subsection (1) of section 379 of this Law.

(h) the refusal to approve the establishment of a branch, representation, office or a subsidiary company and in general taking on and pursuing mediation business with regard to risks and obligations in a third country under paragraph (a) of subsection (2) of section 387 of this Law.

(i) the imposition of an administrative find under section 400 of this Law.

(j) the failure to issue a decision within three months by the Superintendent from the day an application for registration on the Register is submitted under paragraph (a) of subsection (2) of section 378 of this Law.

(3)(a) With regard to the right to recourse before the Permanent Secretary against the decision of the Superintendent as described in paragraphs (b) and (f) of subsection (2), and in the event this right has been exercised by the insurance or reinsurance undertaking that has been directly affected, the said undertaking shall terminate the pursuit of new business until the Permanent Secretary has issued his decision.

(b) With regard to the right to recourse before the Permanent Secretary against the decision of the Superintendent described in paragraph (h) of subsection (2) and in the event this right is exercised by the natural or legal person directly affected that is registered on the Registers of insurance mediators of the Service, that are kept on the basis of the provisions of paragraphs (a) and (b) of subsection (1) of section 370 of this Law, the said person shall terminate the pursuit of new business until the Permanent Secretary has issued his decision.

(4) The right to challenge the decision of the Superintendent before the Permanent Secretary, as set out in this section, is pointed out by the Superintendent to the insurance or reinsurance undertaking concerned or to the natural or legal person concerned, when notifying his abovementioned decision.

(5) The recourse before the Permanent Secretary may be exercised in writing, with written representations, through the Superintendent, within a time limit of thirty days, from the notification of the decision against which the recourse turns.

(6) The Permanent Secretary shall examine whether the decision of the Superintendent against which this recourse turns, was taken in compliance with all the procedures and provisions established in this Law and issues his decision within a time limit of forty five days from the date the recourse was exercised. Before issuing his decision the Permanent Secretary –

(a) requests the insurance or reinsurance undertaking concerned or the natural or legal person concerned to proceed with verbal representations, if he so wishes and

(b) requests the Superintendent to express his contentions and views on the written and verbal representations of the insurance or reinsurance undertaking or persons concerned.

(7) The Permanent Secretary shall take into account the said



	representations, contentions and views, before he proceeds with issuing his decision in ratifying or revoking the decision of the Superintendent. (8) The decision of the Permanent Secretary in every case must be duly justified.
Cooperation with other member states and the European Union.	348.-(1) The Republic shall cooperate with the other member states to facilitate the supervision of insurances and reinsurances within the Union and in applying this Law. (2) The Superintendent shall closely cooperate with the European Commission and the supervisory authorities of the other member states, to facilitate the supervision of the insurances and reinsurances within the Union and to examine any difficulties that may arise when applying this Law and informs the European Commission with regard to the significantly difficulties that arise with regard to applying this Law.
Review of amounts determined in this Law.	349. The amounts provided for in this Law, excluding amounts referred to in Part VIII and amounts referred to in any fines imposed pursuant to this Law in the event that any offences have been committed, are reviewed every five years in accordance with the provisions of article 300 of Directive 2009/138/EC and adopted by the Republic with a circular of the Superintendent.
PART VIII PROVISIONS WITH REGARD TO INSURANCE AND REINSURANCE UNDERTAKINGS THAT ARE EXEMPT FROM PART OF THE PROVISIONS OF THIS LAW UNDER SECTION 6	
Authorisation to pursue insurance business by undertakings that falling under the provisions of section 6 of the Law.	350.-(1) Insurance undertaking that fall in the scope of application of section 6 of this Law and do not submit an application for authorisation to pursue insurance business under section 14, shall submit an application for authorisation under the provisions of this section. (2) The provisions of this Law apply in accordance with the principle of proportionality and with regard to insurance undertakings of section 6, excluding the provisions of paragraphs (a) and (b) of subsection (1) of section 40, sections 45 and 46, subsection (2) of section 106, section 107, sections 109 to 134, section 140 and sections 158 to 176. (3) Authorisation to pursue insurance business that is granted under this Part, to undertakings that fall within the scope of application of section 6, restricts the right to pursue the said business only in the Republic.
Calculation of technical provisions.	351.-(1) Notwithstanding the provisions of section 79 of this Law, in calculating technical provisions, other generally accepted actuarial or statistical methods may be used, subject to the prior approval of the Superintendent. (2) The Superintendent may issue Directives with regard to the method of calculating technical provisions, which are mandatory and must be complied with on an ongoing basis.
Calculation of basic own funds.	352. Notwithstanding the provisions of section 94 of this Law, with regard to calculating basic own funds of the undertaking, only the assets which are considered as approved investments free of any foreseeable obligations.
Approved investments of	353.-(1) For the purposes of this Law 'approved investments' means investments that satisfy the conditions of this section including –

<p>insurance undertakings of section 6.</p>	<p>(a) the categories of investments, which insurance undertakings of section 6 of this Law may place their assets; and</p> <p>(b) percentage restrictions with regard to the amounts that may be invested in every investment category and which are included in Directives issued from time to time by the Superintendent, hereinafter referred to as the 'directives for approved investments' which are subject to review, where the Superintendent deems appropriate.</p> <p>(2) The directives for approved investments issued in accordance with the preceding subsection cannot impose on insurance undertakings of section 6 the obligation to place assets in a particular category of approved investments; they may however provide for rules of valuation for assets that are included in approved investments, as well as any other criteria and conditions for better functioning.</p> <p>(3) Notwithstanding any provision contrary to this Law, insurance undertakings of section 6 shall invest their approved investments free of any charges.</p> <p>(4) The approved investments, in which insurance undertakings of section 6 are obliged to place assets, shall be kept separately in relation to their level and type and classified in the following categories:</p> <p>(a) approved non-life insurance investments;</p> <p>(b) approved life insurance investments, that are linked to investment funds (class III of the First Appendix);</p> <p>(c) approved insurance group pension fund management operations and operations that are dependent on the duration of human life that are determined or provided for by social insurance legislation (classes VII and VIII of the First Appendix);</p> <p>Approved life insurance investments that do not fall in categories (ii) and (iii) of this subsection;</p> <p>(d) approved investments for solvency capital requirements.</p> <p>(5) For the purpose of covering technical provisions concerning life insurance policies that are linked to investment funds and notwithstanding the provisions of any other general or special law, an insurance undertaking of section 6 is permitted to acquire shares in its parent company, provided that such acquisition shall not exceed the rate of participation in the share capital of its parent company, as laid down in the Directives for Approved Investments and provided that to acquire such shares, any other criteria and conditions included in the Directives for Approved Investments are complied with.</p> <p>(6) Insurance undertakings of section 6 are prohibited from investing their assets, that cover their technical provisions –</p> <p>(a) in categories other than those laid down in Directives for Approved Investments that apply at any given time; and</p> <p>(b) in a manner that exceed the percentage restrictions that are laid down in these Directives.</p> <p>(7) By way of an exception of the provisions of subsection (5), in exceptional and justified cases, the Superintendent, with his duly justified</p>
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	<p>decision, may permit an insurance undertaking of section 6 upon its request-</p> <p>(a) to invest for a certain period of time in other categories of approved investments to cover its technical provisions and/or</p> <p>(b) to deviate for a certain period of time from the percentage restrictions laid down in the Directives for approved investments.</p> <p>(8) An insurance undertaking and any person who acts in breach of the provisions of this section are subject to an administrative fine in accordance with the provisions of sections 399 and 400 of this Law.</p>
Calculating the solvency capital requirement.	<p>354. The solvency capital requirement of insurance undertakings of section 6 of this Law, is calculated as the higher amount of:</p> <p>(a) three times the linear function of the minimum capital requirements in accordance with the provisions of subsection (2) of section 136 of this Law; and</p> <p>(b) the absolute minimum threshold of the minimum capital requirement in accordance with the provisions of paragraph (d) of subsection (1) of section 136.</p>
Regulations.	<p>355. Regulations that are submitted to the House of Representatives for approval, may determine any further particulars with regard to insurance undertakings that are governed by the provisions of section 6 of this Law and the provisions of this Law.</p>
<p>PART VIII</p> <p>MEDIATION ACTIVITIES IN THE INSURANCE SECTOR</p> <p>CHAPTER ONE</p> <p>THE RIGHT TO PURSUE MEDIATION ACTIVITIES</p>	
<p>Definitions for the purpose of this Part.</p> <p>208(l) of 2012 111(l) of 2014.</p>	<p>356. For the purpose of this Part, unless the context otherwise provides –</p> <p>‘sub-agent’ means any natural or legal person who for remuneration or a fee, takes up mediation activities and is registered on one of the Registers of section 370 of this Law;</p> <p>‘insurance-based investment product’, for the purpose of section 369, means an insurance product which offers a maturity or surrender value s wholly or partially exposed, directly or indirectly, to market fluctuations and shall not include:</p> <p>(a) non-life insurance products as listed in the First Appendix of this Law;</p> <p>(b) life insurance contracts where the benefits under the contract are payable only on death or in respect of incapacity due to injury, sickness or infirmity;</p> <p>(c) pension products which, under any law of the Republic, are recognised as having the primary purpose of providing the investor with an income in retirement, and which entitles the investor to certain benefits;</p> <p>(d) officially recognised occupational pension schemes under this Law;</p> <p>(e) individual pension products for which a financial contribution from the employer is required under any law of the Republic, including the Social Insurance Law of 2010, as amended or replaced at any given time, and where the employer or the employee has no choice as to the pension product or the provider.</p>

	<p>'third-country mediation activities' means an undertaking established in a third country the object of which is to pursue mediation business notwithstanding the legal form which surrounds it;</p> <p>'mediation business' means the activities which consist of introducing, proposing preparatory work to the conclusion of contracts of insurance or reinsurance, or of concluding such insurance or reinsurance contracts, or of assisting in the administration and performance of such insurance or reinsurance contracts, in particular in the event the insurance risk occurs;</p> <p>'home member state of a sub-agent' means:</p> <p>(a) if the sub-agent is a legal person, the member state in which, according to the national law of the said state, the registered office of the legal person is situated or its head office;</p> <p>(b) if the sub-agent is a natural person, the member state in which the natural person resides and in which he carries on business;</p> <p>'host member state of a sub-agent' means the member state in which the sub-agent establishes a branch or provides services.</p>
<p>Powers and competencies of the Superintendent with regard to mediation</p>	<p>357.-(1) The Superintendent keeps Insurance Sub-Agents' Registers according to the provisions of this Part and decides on the registration or deletion of any person on such a Register in accordance with the provisions of this Part.</p> <p>(2) The Superintendent supervises the pursuit of mediation activities and of the sub-agents pursuing such activities, as laid down in this Part.</p> <p>(3) The provisions of this Law concerning the powers of the Superintendent when exercising his supervisory authorities with regard to insurance and reinsurance undertakings, also apply, <i>mutatis mutandis</i>, to the supervision exercised under this Part.</p> <p>(4) In exercising his responsibilities and powers, the Superintendent shall cooperate with the supervisory authorities of other member states or the corresponding third country supervisory authorities with regard to the supervision in the pursuit of mediation activities.</p>
<p>The pursuit of mediation in the insurance or reinsurance sector.</p>	<p>358.-(1) Insurance or reinsurance agents, insurance or reinsurance brokers, insurance or reinsurance sub-agents, insurance or reinsurance advisors as well as ancillary insurance advisors who are registered on the corresponding Register, in accordance with what is laid down in section 370 of the Law, may pursue mediation activities in the insurance or reinsurance sector.</p> <p>(2) Anyone who pursues mediation activities as above, in all the documents he issues and in all his transactions, must expressly state his capacity as well as the number of his certificate of registration, which is in his possession.</p> <p>(3) Where reference is made in this Part to mediation activities, unless the context provides otherwise, insurance and reinsurance mediation activities are included.</p> <p>(4) Subject to the provisions of section 369, where the relevant activities are undertaken by insurance undertakings, insurance undertakings of a member state and third country insurance undertakings as well as their employees acting under the responsibility of these undertakings are not</p>

	<p>deemed mediation activities.</p> <p>(5) Activities of a casual nature, consisting in the provision of information on insurance contracts given in the scope of another professional activity are not deemed mediation activities:</p> <p>Provided that the purpose of the activity in which the information is given is not for providing assistance in preparing or performing an insurance contract particularly in the case where a risk has occurred, or the professional assessment activities and claims settlement.</p>
Exceptions.	<p>359. Persons who carry out mediation activities are excluded from the provisions of this part under the following cumulative conditions:</p> <p>(a) the insurance contract requires knowledge of the insurance cover;</p> <p>(b) the insurance cover does not fall under life insurance;</p> <p>(c) the insurance contract does not cover any type of civil liability;</p> <p>(d) the main professional activity of such persons is not mediation in the insurance sector;</p> <p>(e) the insurance is supplementary to the product or the service provided by any supplier, provided that the insurance contract covers:</p> <p>(i) the risk of damage, loss or damage to goods supplied by the supplier or</p> <p>(ii) the damage of loss to luggage and other risks related to travelling for which there was a reservation by the supplier, even if the insurance covers life insurance or civil liability risks, on condition that this cover is ancillary to the main cover concerning risks related to the journey; and</p> <p>(f) the annual premiums do not exceed five hundred Euro (€500) and the total duration of the insurance contract including renewals, does not exceed five years.</p>
Insurance agent.	<p>360.-(1) An insurance agent is a natural or legal person whose main activity, under an agency contract, as determined in section 367 of this Law, who for remuneration and or a fee pursues mediation activities as defined in subsection (4) on behalf of one or more insurance undertakings:</p> <p>Provided that with Directives by the Superintendent, criteria may be laid down and/or clarifications provided to determine and or set the boundaries of the main activities.</p> <p>(2) Where the activities laid down in subsection (4) are pursued by a legal person, registered under the Companies Law, such a person shall, for the purpose of this Law, hereinafter be referred to as an 'insurance agency company'. The name of such a company must include the words 'insurance agency company' or grammatical variations of this term, indicating the purpose of establishing the company, in exercising insurance agency activities. These words may also be formulated in a foreign language, other than Greek, provided that the company is registered under this language.</p> <p>(3) Unless the context provides otherwise, the term 'insurance agent' shall also include the terms 'reinsurance agent', 'insurance agency company' and 'reinsurance agency company'.</p> <p>(4) An insurance agent may conduct the following activities:</p>

	<p>(a) to present, suggest, prepare, endorse or enter into insurance contracts on behalf of one or more insurance undertakings;</p> <p>(b) to provide any necessary assistance or advice during the validity of an insurance contract and in particular after the right to submit a claim has arisen;</p> <p>(c) to collect the premiums due that are handed over to the insurance undertaking and/or proceeds with the settlement of claims where a risk has occurred, where the brokerage contract makes provision for the same.</p>
<p>Obligations of an insurance agent. Criminal offence.</p>	<p>361.-(1) Subject to the provisions of subsection (2), an insurance agent must place the insurances he has concluded with the insurance undertakings he represents.</p> <p>(2) By way of an exception, an insurance agent may place the insurances he has concluded in insurance undertakings which he does not represent, provided that he shall conclude a brokerage contract with them, in the following cases:</p> <p>(a) if the insurance concerns a class of business that is not pursued by the insurance undertakings he represents; or</p> <p>(b) if the insurance has been rejected in writing by the insurance undertakings which he represents; or</p> <p>(c) if all the insurance undertakings which he represents, consent to this insurance in writing.</p> <p>(3) The insurance agent must keep a book, a separate book for every insurance undertaking he represents, entering the insurance contracts that have been concluded through him, as well as, if applicable, a book for collecting premiums and a book for settling claims in relation to such contracts. Failure to keep such books or an irregularity in keeping such books constitutes a criminal offence punishable with a fine up to three thousand five hundred euro (€3.500): Provided that when keeping the books in this subsection the insurance agent must comply with the directions of the insurance undertaking, which he represents.</p> <p>(4) The books referred to in the previous subsection are subject to inspection and control by the Superintendent, whenever it is deemed necessary. Every insurance undertaking, represented by an insurance agent, has the same right but only with regard to the books, referred to in its own business.</p> <p>(5)The transfer of an insurance contract to another insurance undertaking is not permitted without the written consent of the insured, that is provided in the prescribed form: Provided that adherence to the prescribed form in the case of a new insurance contract that was concluded in accordance with the provisions of this Law, after the expiry of the previous one, is not required.</p>
<p>Insurance broker. Criminal offence.</p>	<p>362.-(1)An insurance broker is a natural or legal person, whose main activity, for remuneration or a fee that is paid by the insurance or reinsurance undertakings, is to pursue, at the instruction of any person, mediation business as laid down in subsection (5), without being bound as</p>

	<p>to the choice of the insurance undertaking:          Provided that with Directives by the Superintendent, criteria may be laid down and/or clarifications provided to determine and or set the boundaries of the main activities.</p> <p>(2) Where the activities laid down in subsection (5) of this section are pursued by a legal person, such a person must be registered under the Companies Law and shall, for the purpose of this Law, hereinafter be referred to as a 'insurance brokerage company'. The name of such a company must include the words 'insurance brokerage company' or grammatical variations of this term, indicating the purpose of establishing the company, in exercising insurance brokerage activities. These words may also be formulated in a foreign language, other than Greek, provided that the company is registered under this language.</p> <p>(3) Unless the context provides otherwise, the term 'insurance broker' shall also include the terms 'reinsurance broker', 'insurance brokerage company' and 'reinsurance brokerage company'.</p> <p>(4) An insurance broker must have legal and financial independence towards the insurance and reinsurance undertakings with which he transacts. Without prejudice to the provisions of section 365 of this Law, where an insurance broker has any legal or financial connection with the insurance or reinsurance undertaking, that may affect the freedom of choice when pursuing his activities, he must notify this in writing to every person interested in concluding an insurance or reinsurance contract, before the said contract is entered into. Breach of this provision constitutes a criminal offence punishable with a fine up to three thousand five hundred euro (€3.500).</p> <p>An insurance broker may conduct the following activities:</p> <p>(a) he brings the person who is interested in concluding an insurance or reinsurance cover with insurance or reinsurance undertakings and proceeds with all the requisite preparatory work to conclude insurance or reinsurance contracts;</p> <p>(b) he prepares and or ensures the acceptance of this contract both by the insurance or reinsurance undertaking and by the insured;</p> <p>(c) he provides the insured with any assistance during the validity of the insurance or reinsurance contract and in particular after a risk has occurred;</p> <p>(d) he collects the premiums due and hands them over to the insurance or reinsurance undertaking and/or proceeds with the settlement of claims where a risk has occurred, provided that he has the written authorisation by the insurance or reinsurance undertaking.</p>
<p>Obligations of insurance broker.</p>	<p>363.-(1)An insurance broker, when pursuing his activities, has the following obligations:</p> <p>(a) to submit to the insurance or reinsurance undertaking a document stating all the terms and conditions in accepting the insurance from this undertaking, which also confirms in writing that the risk has been accepted;</p> <p>(b) to issue a coverage certificate in accordance with the document</p>

	<p>referred to in the previous paragraph, which is handed over to the insured; and</p> <p>(cc) to hand over to the insured the relevant insurance, or in the case of reinsurance mediation, the relevant supporting documentation for reinsurance, immediately after its issue, in replacement of the coverage certificate.</p> <p>(2) The insurance broker is liable towards the insured only for the true observance of their written instructions.</p>
Insurance sub-agent.	<p>364.-(1) An insurance sub-agent is a natural or legal person, who, under a mediation contract, as defined in section 367 of this Law, has as his main activity, for remuneration or a fee, the pursuit of mediation activities that are defined in subsection (4) on behalf of one or more insurance agents or insurance brokers:</p> <p>Provided that with Directives by the Superintendent, criteria may be laid down and/or clarifications provided to determine and or set the boundaries of the main activities.</p> <p>(2) Where the activities laid down in subsection (4) are pursued by a legal person, registered under the Companies Law, such a person, for the purpose of this Law, shall hereinafter be referred to as an 'insurance consulting company'. The name of such a company must include the words 'insurance consulting company' or grammatical variations of this term, indicating the purpose of establishing the company, in exercising insurance consulting activities. These words may also be formulated in a foreign language, other than Greek, provided that the company is registered under this language.</p> <p>(3) Unless the context provides otherwise, the term 'insurance consultant' shall also include the terms 'reinsurance consultant', 'insurance consulting company' and 'reinsurance consulting company'.</p> <p>(4) An insurance consultant may conduct the following activities:</p> <p>(a) he presents and explains on behalf of the insurance undertakings, for which he is acting, insurance contracts; he is however deprived of the right to sign such contracts:</p> <p>Provided that the insurance consultant may not prepare or endorse insurance contracts;</p> <p>(b) he collects the premiums due, where this is provided in the insurance sub-agent contract, and hands them over to the insurance agent or broker whom he represents; he is however deprived of the right to proceed with settling claims where a risk has occurred.</p>
Insurance consultant.	<p>365.-(1) An insurance consultant is a natural or legal person, who, under an insurance consultant contract, as defined in section 367 of this Law, has as his main activity, for remuneration or a fee, the pursuit of mediation activities that are defined in subsection (4) on behalf of one or more insurance agents or insurance undertakings:</p> <p>Provided that with Directives by the Superintendent, criteria may be laid down and/or clarifications provided to determine and or set the boundaries of the main activities.</p> <p>(2) Where the activities laid down in subsection (4) are pursued by a legal</p>



	<p>person, registered under the Companies Law, such a person, for the purpose of this Law, shall hereinafter be referred to as an 'insurance sub-agent company'. The name of such a company must include the words 'insurance sub-agent company' or grammatical variations of this term, indicating the purpose of establishing the company, in exercising insurance sub-agent activities. These words may also be formulated in a foreign language, other than Greek, provided that the company is registered under this language.</p> <p>(3) Unless the context provides otherwise, the term 'insurance Sub-Agent' shall also include the terms 'reinsurance sub-agent', 'insurance Sub-Agent company' and 'reinsurance Sub-Agent company'.</p> <p>(4) An insurance sub-agent may conduct the following activities:</p> <p>(a) he presents and explains on behalf of the insurance agent or the insurance broker, for whom he is acting, insurance contracts; he is however deprived of the right to sign such contracts:          Provided that the insurance sub-agent may not prepare or endorse an insurance contracts;</p> <p>(b) he collects the premiums due, where this is provided in the insurance consultant contract, and hands them over to the insurance agent or broker whom he represents; he is however deprived of the right to proceed with settling claims where a risk has occurred.</p>
<p>Associated insurance advisor.</p>	<p>366.-(1) An ancillary insurance advisor is a natural or legal person who, under an associated insurance advisor contract, as defined in section 367 of this Law, pursues, on behalf of an insurance undertaking, for remuneration or a fee mediation activities laid down in subsection (5) in addition to his main professional activities, and supplementary to the same:</p> <p>Provided that mediation activities are supplementary to the main professional activity of the ancillary insurance advisor when the insurance constitutes a supplement of the goods or the services that are provided in the scope of the said main activity:</p> <p>Provided further that with Directives by the Superintendent, criteria may be laid down and/or clarifications provided in classifying the mediation activities of the ancillary insurance advisor as supplementary to his main activity.</p> <p>(2) Notwithstanding the provisions of subsection (1), the ancillary insurance advisor may act on behalf of more than one insurance undertaking, provided that with regard to each one he mediates for the provision of insurance cover that do not compete with each other.</p> <p>(3) An ancillary insurance advisor acts under the full liability of the insurance undertaking on behalf of which he pursues mediation business.</p> <p>(4) The ancillary insurance advisor may not pursue reinsurance mediation activities.</p> <p>(5) The ancillary insurance advisor presents and explains on account of the insurance undertakings for whom it is acting, insurance contracts; he is deprived however of the right to endorse these contracts and of the right to collect the premiums due or to settle any claims if an insurance risk</p>

	<p>occurs:</p> <p>Provided that the ancillary insurance advisor subject to subsection (6) may not prepare or endorse any insurance contracts.</p> <p>(6) With the directive of the Superintendent an ancillary insurance advisor may endorse, by way of an exception, certain categories of insurance contracts under terms that may be laid down in the Directives.</p>
<p>Mediation contract. Criminal offence.</p>	<p>367.-(1) In order to pursue mediation activities, other than the pursuit of insurance broker activities, the prior conclusion of a mediation contract is required, which, as the case may be, is referred to in this Law as:</p> <p>(a) an insurance agent contract; or  (b) an insurance sub-agent contract; or  (c) an insurance advisor contract; or  (d) an ancillary insurance advisor contract.</p> <p>(2) A mediation contract is drafted in writing, it is concluded between the persons who shall pursue mediation activities and the persons on whose behalf they shall be acting and expressly lays down the pursuit of their activities, as defined in the Regulations issued under this Law and are submitted to the House of Representatives for approval.</p> <p>(3) The mediation contract may exclude or restrict his right to pursue mediation activities in concluding a similar contract with any other person.</p> <p>(4) The mediation contract enters into force, with regard to pursuing mediation activities, from the date of registration of the person who shall be conducting mediation services on one of the Registers of section 370 of this Law:</p> <p>Provided that when drafting a mediation contract, if the person who shall be pursuing mediation activities is already registered on one of the Registers of section 370 of the Law, then the mediation contract enters into force from the date that the declaration of the person on whose behalf mediation activities is pursued is entered on the relevant Register.</p> <p>(5) Third country insurance and reinsurance undertakings within the first quarter of every year shall submit to the Superintendent a statement of the mediators acting on their behalf.</p> <p>(6) Breach of the terms of the contract by the contracting parties does not affect the rights of the insured in any manner.</p> <p>(7) If the mediation contract ceases to apply for any cause, other than in the case provided for in section 378 of this Law, the mediator as well as the person on whose behalf mediation activities are being pursued, shall promptly announce the fact in writing to the Superintendent and state the reasons why the contract has ceased to apply. Breach of this provision constitutes a criminal offence punishable with a fine up to three thousand five hundred euro (€3.500).</p>
<p>Representation of a mutual fund management company. 78(l) of 2012.</p>	<p>368. The sub-agent is entitled to act as a representative of a Mutual Fund Management Company provided that he satisfies the requirements of the open-ended collective investments Law of 2012, as amended or replaced at any given time.</p>

<p>Additional requirements for customer protection in relation to insurance investment products.</p>	<p>369.-(1) Subject to the provisions of subsection (4) of section 358, this section lays down the additional requirements for insurance mediation activities and the direct sales by insurance undertakings and their employees who are acting under the liability of these undertakings, when these activities concern insurance investment products and for the purpose of this Law, these activities are referred to as distribution of insurance products activities.</p> <p>(2) The mediator or insurance undertaking shall adhere to and apply effective organisational and administrative arrangements in order to take all the reasonable measures to prevent a conflict of interest, as laid down in subsection (3) so that the interests of their clients are not adversely affected.</p> <p>(3) The sub-agent and insurance undertaking shall take all the appropriate measures to locate any conflicts of interest between them, including their directors, their employees and their associated sub-agents, or any person connected, directly or indirectly, with them concerning control, and their clients, or between two of their clients, in the pursuit of the distribution of insurance products and where the organisational or administrative arrangements that they apply in accordance with subsection (2) as to managing conflict of interests are not adequate to ensure with reasonable certainty that the risk of damage in the interests of their clients shall be avoided, the sub-agent or the insurance undertaking, as the case may be, notifies the client as to the general nature and/or the source of the conflict of interests, before taking on the pursuit of activities on its behalf.</p> <p>(4) In the pursuit of insurance products distribution, the sub-agents or the insurance undertakings shall act in an honest, fair and professional manner, facilitating in the best possible manner the interests of their clients and ensure that all the information, including any advertising announcements, that the sub-agent or the insurance undertaking addressed to clients or potential clients are fair, verar and not misleading and are clearly marked as such.</p> <p>(5) Implementing measures of the Commission determine:</p> <p>(a) the actions that sub-agents or insurance undertakings are reasonably expected to undertake in order to locate, prevent, manage and communicate conflicts of interest in conducting distribution of insurance products activities;</p> <p>(b) appropriate criteria in identifying the forms of conflicts of interest the existence of which could be detrimental to the interests of the clients or potential clients of the sub-agent or insurance undertaking.</p>
<p>CHAPTER TWO RETAINING A REGISTER FOR THE REGISTRATION OF PERSONS PURSUING MEDIATION BUSINESS – CONDITIONS FOR REGISTRATION</p>	
<p>Registers for the registration of legal and natural persons, pursuing</p>	<p>370.-(1) The Service shall retain the following Registers for the registration of persons who are pursuing mediation business –</p> <p>(a) In the case of natural persons –</p> <p>(i) an Insurance Agents’ Register;</p>

<p>mediation business.</p>	<p>(ii) an Insurance Brokers' Register;          (iii) an Insurance Sub-Agents' Register;          (iv) an Insurance Advisors' Register;          (v) an Ancillary Insurance Intermediaries Register          (b) In the case of legal persons –          (i) an Insurance Brokerage Company Register;          (ii) an Insurance Sub-Agent Company Register;          (iv) an Insurance Advisor Company Register; and          (v) an Ancillary Insurance Advisory Company Register          (c) In the case of natural persons who reside in a member state, and in the case of legal persons who have their registered office or their head office in a member state, for information purposes only for the insured or the persons who are interested in concluding an insurance, a Sub-Agent Companies Register, under the freedom to provide services or the freedom of establishment:          Provided that sub-agents are entered on the Register regardless as to whether they pursue insurance or reinsurance sub-agent activities.          (2) Registration on the Register of paragraphs (a) and (b) of subsection (1) is carried out upon application submitted in accordance with section 375 of this Law. Registration on the Register of paragraph (c) of subsection (1) is carried out by the Superintendent in accordance with the provisions of section 389. Regulations submitted to the House of Representatives for approval, may define and specify the particulars to be retained on the Register, the manner in which the Registers are retained, the manner to access the same and issues regarding the issue and replacement of certificates of registration.          (3) Whoever so wishes, may be informed by the Service if a natural or legal person is entered on the Registers of subsection (1) as well as, in the case of a legal person, the names of the managing directors or partners who are liable for the mediation activities.</p>
<p>Common conditions for the registration of legal and natural persons.</p>	<p>371.-(1) Sub-agents shall, at the time of their registration on the Registers of section 370 of this Law and throughout the entire time they are pursuing insurance intermediary business, have professional liability insurance which covers the entire territory of the European Union and of the European Economic Area or any other similar civil liability guarantee which arises from professional negligence, for an amount of at least one million, two hundred fifty thousand six hundred and eighteen euro (€1.250.618), per claim and one million eight hundred fifty seven nine hundred and twenty seven euro (€1.857.927) per annum for all claims unless the said insurance or other similar guarantee has already been provided by an insurance or other undertaking on behalf of which it is acting or for which the sub-agent is authorised to act, or if the said undertaking has fully undertaken the liability for the actions of the sub-agent.          (2) The Superintendent has the power to issue Directives with regard to establishing a special guarantee fund and to regulate matters with regard to its function.</p>

	<p>(3) The amounts referred to in subsection (1) are reviewed every five years, commencing on 15 January 2013, according to the European Union consumer price index as published by Eurostat and subsequently during the period from the last review to the date of the new review.</p>
<p>Conditions for the registration of natural persons.</p>	<p>372.-(1) The Superintendent shall register every natural person who resides in the Republic and intends to pursue mediation activities on one of the Registers referred to in paragraph (a) of subsection (1) of section 370 of this Law, as the case may be, provided that in the opinion of the Superintendent this person satisfies the conditions of this section and of sections 371 and 375 of this Law and is capable and suitable to pursue these activities within the meaning of subsections (2) and (3).</p> <p>(2) The person referred to in subsection (1) is deemed capable and suitable to pursue mediation activities, provided that the requirements of paragraph (b) of subsection (1) and of subsection (2) of section 44 of this Law are satisfied, <i>mutatis mutandis</i>, and has adequate general, commercial and professional knowledge and abilities, depending on the business he intends to pursue, in non-life insurance or life insurance and has in particular the qualifications defined by Regulations, that are submitted to the House of Representatives for approval:</p> <p>Provided that, in particular with regard to mediation business by a person that was previously registered on the Registers of subsection (1) of section 370, no person is deemed appropriate within the meaning of this subsection, where the Superintendent has serious reasons to believe that one and/or more of the reasons for striking him off the said Registers, as laid down in paragraphs (b) – (h) of subsection (1) of section 379 of this Law continue to exist, unless the said person proves that the reasons for striking him off the said Registers no longer exist.</p> <p>(3) No natural person is registered on the Ancillary Insurance Advisors Register if the insurance undertaking on behalf of which he is acting has not expressly undertaken in writing the liability as to his actions or omissions.</p> <p>(4) In the case of registration of a natural person on the Insurance Broker Register, no natural person who is already registered on one of the other Registers provided for in paragraph (a) of subsection (1) of section 371 and does not have the financial ability that equates, on a permanent basis, to 4% of the annual collected premiums, with a minimum threshold of €18.760:</p> <p>Provided that the provisions of this subsection do not apply with regard to any natural persons who are already registered on the Register of Insurance Brokers as at the date that this Law comes into effect.</p>
<p>General conditions for the registration of legal persons.</p>	<p>373.-(1) Subject to the provisions of section 374 of this Law in the case of a foreign mediation undertaking, the Registrar shall register any legal person who has his registered office in the Republic of Cyprus and intends to pursue mediation business, on one of the Registers referred to in paragraph (b) of subsection (1) of section 371 of the Law, as the case may be, if it is considered that the conditions laid down in sections 371 and 375 of this Law, the following conditions of this subsection, as well as</p>

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54(I) of 2011  
146(I) of 2011  
147(I) of 2014.

those specific conditions established by Regulations, that are submitted to the House of Representatives for approval, are satisfied:

(a) such a legal person has as its main activity the pursuit of business either as an insurance agent as defined in section 361 of this subsection or as an insurance broker as defined in section 363, or as an insurance sub-agent, as defined in section 365 of this Law, or as an insurance consultant, as defined in section 365 of this Law, as the case may be, and any business similar to the same, excluding the pursuit of any other commercial activity. By way of an exception the Registrar shall register on the Register of subparagraph (v) of paragraph (b) of subsection (1) of section 370 every legal person in pursuit of insurance mediation, which may be supplementary to his main professional active, where the insurance constitutes a supplement of goods or services that are provided in the context of his said main activity and the insurance undertaking on whose behalf he is acting has expressly undertaken in writing the liability for his acts or omissions;

(b) in the case of registered companies under the Companies Law -

(i) an adequate number and at least two of the directors of the company and all natural persons in pursuit of mediation business on behalf of the company, are registered as insurance agents, as insurance brokers, as insurance sub-agents or as insurance advisors, as the case may be, in accordance with the provisions of the Law; and

(ii) the directors of the company as well as any person who directly or indirectly has a qualifying holding in the company are persons who satisfy the conditions of section 372 of this Law, capable and suitable to ensure the sound and prudent management of the company;

(c) in the case of a general or limited partnership, registered under the General or Limited Partnerships and Business Names Law, an adequate number and at least two of the partners of the legal person as well as any other person carrying out intermediary business on its behalf, are registered in accordance with the provisions of the Law as insurance agents, insurance sub-agents or as insurance advisors, as the case may be, and in addition all partners are capable and appropriate persons, within the meaning of subsections (2) and (3) of section 372 of this Law, able to ensure the sound and prudent management of the legal person.

(d) in the case of the registration of an insurance broker company the said company shall possess funds on a permanent basis, equal to 4% of the annual collected premiums, with a minimum threshold of 18.760 euro and it must also not be registered on one or the other Registers established in paragraph (b) of subsection (1) of section 371:

Provided that the provisions of this subsection do not apply with regard to any persons already registered on the Register of Insurance Brokers as at the date this Law comes into force.

(2) The Superintendent shall not examine an application for Registration on the Registers provided for in paragraph (b) of subsection (1) of section 370 of this Law, if the legal person has not submitted in writing the information that the Superintendent has requested with regard to the

	<p>legal person itself or with regard to the persons who have any financial or other interest therein.</p>
<p>Specific conditions for the registration of a foreign mediation business undertaking.</p>	<p>374.-(1) A foreign mediation business undertaking may pursue mediation business in the Republic provided that the requirements of the Companies Law are satisfied and provided that it has been registered on the relevant Register of paragraph (b) of subsection (1) of section 370 of this Law.</p> <p>(2) The Registrar shall register the foreign mediation business undertaking which seeks to pursue intermediary business in the Republic in the form of a branch on the relevant Register, if he deems that, in addition to the conditions set out in this section 374, the following conditions are also satisfied:</p> <p>(a) the said foreign undertaking is authorised by its headquarters in pursuing similar mediation business; and</p> <p>(b) maintains on an ongoing basis in the Republic a representative, who satisfies the following conditions:</p> <p>(i) he is registered in accordance with the provisions of the Law as an insurance agent, an insurance broker, insurance consultant or an insurance sub-agent, as the case may be;</p> <p>(ii) he is authorised to act on behalf of this foreign undertaking;</p> <p>(iii) he manages in business of the branch; and</p> <p>(iv) he is a person other than the lawful auditor or partner or employee of the approved audit office of the branch:</p> <p>Provided that where the representative is a legal person, an adequate number and at least two of the directors of the company as well as the natural persons to pursue mediation business on behalf of the company, shall be registered, in accordance with the provisions of the Law, as insurance agents, as insurance brokers, as insurance sub-agents or as insurance advisors, as the case may be.</p>
<p>Application for registration on a Register.</p>	<p>375.-(1) An application for the registration of a natural or legal person on one of the Registers kept under the provisions of paragraphs (a) and (b) of subsection (1) of section 370 of this Law is submitted to the Superintendent in writing in the prescribed form. The documents, specified by Regulations, which are submitted to the House of Representatives for approval, are also submitted with the application and the appropriate prescribed fee.</p> <p>(2) The Superintendent, at any time after submitting the application, may request the production of additional information it deems necessary in order to consider the application.</p> <p>(3) Subject to subsection (4), the application for the registration of natural persons on one of the relevant Registers, is submitted by the natural persons seeking registration on the corresponding Register and is accompanied by:</p> <p>(a) in the case of registration on the Insurance Agents' Register or the Insurance Advisors Register, a declaration of the insurance undertaking on behalf of which the natural person applying for registration is acting, that it agrees with the proposed registration;</p> <p>(b) in the case of registration of the Insurance Sub-Agents Register, a</p>

declaration by the insurance agent or the insurance broker company, as the case may be, on behalf of which the natural person applying for registration is acting, that it agrees with the proposed registration:

Provided that, in the case of a natural person applying for his registration on one of the Registers of paragraph (a) of subsection (1) of section 370 of this Law, on the basis of paragraphs (b) and (c) of subsection (1) of section 372, the application shall be accompanied by a declaration of the legal person on behalf of which they are acting or of which they are directors or partners that it agrees with the proposed registration.

(4) An application to register natural persons on the Ancillary Insurance Intermediaries Register of subparagraph (v) of paragraph (a) of subsection (1) of section 370 is submitted by the insurance undertaking, on behalf of which the natural persons shall act and is accompanied by a statement of the insurance undertaking that:

(a) the natural persons referred to in the application satisfy the conditions of section 372 of the Law for the registration of natural persons on the registers; and

(b) the insurance undertaking assumes full responsibility of the actions of such persons:

Provided that the application of this subsection is submitted to the Superintendent in writing, in the prescribed form and that the documents, specified by Regulations, which are submitted to the House of Representatives for approval, are also submitted with the application and the appropriate prescribed fee.

(5) The application for the registration of a legal person on the relevant Registers, is submitted by the legal persons applying for registration on the corresponding Register and is accompanied by:

(a) in the case of registration on the Insurance Agent Company Register or on the Insurance Advisors Company Register, a declaration of the insurance undertaking on behalf of which the legal person applying for registration is acting, that it agrees with the proposed registration;

(b) in the case of registration of the Insurance Sub-Agent Company Register, a declaration by the insurance agent or the insurance agency company or the insurance broker company, as the case may be, on behalf of which the legal person applying for registration is acting, that it agrees with the proposed registration.

(6) The date of the submission of the application for the purposes of this section and sections 377 and 378 of this Law, relating to the renewal of the registration and the dismissal of the application for registration or the renewal of registration shall be deemed to be the day on which a valid application was submitted to the Registrar in accordance with the provisions of subsection (1).

(7) The provisions of the preceding subsections also apply in the case of an application relating to a person who is already registered on one of the Registers and wishes to extend his registration, in order to represent other persons or to pursue mediation business and non-life insurance other than life insurance, which he already pursues or vice versa.



<p>Registration on the Register and issuing a certificate of registration. Criminal offence.</p>	<p>376.-(1) The Superintendent, if satisfied that all the conditions under the law have been met, as the case may be, shall approve the application and shall –</p> <p>(a) enter the applicant natural or legal person on the relevant Register, within three (3) months from submitting a valid application in accordance with the above;</p> <p>(b) issue a certificate of registration, in the prescribed form, stating, <i>inter alia</i>, the following –</p> <p>(i) in the case of a natural person, the personal particulars and the capacity of the person to whom the certificate was granted and the number of his registration;</p> <p>(ii) in the case of a legal person, the particulars and the capacity of the legal person, to which the certificate was granted, its registration number and the particulars and capacity of at least two directors or partners of the legal person who are responsible for mediation activities;</p> <p>(iii) the class of insurance, non-life and/or life insurance in which he may pursue mediation business:</p> <p>Provided that the Superintendent shall not issue a certificate of registration if the natural person is registered as the manager or the partner of a legal person under paragraphs (b) and (c) of subsection (1) of section 373 of this Law;</p> <p>(c) in the case only of natural persons who are registered on the Registers of subsections (i) to (iv) of paragraph (a) of subsection (1) of section 370 of this Law, issue an insurance identity card, stating the particulars provided for in Directives and or which constitutes <i>prima facie</i> proof of the fact that this person is lawfully pursuing the mediation business stated on this identity card. Any natural person who pursues mediation business, other than ancillary insurance advisors, shall show this identity card to every person interested in entering insurance, before drafting any deed.</p> <p>(2) The Superintendent, on the certificate of registration, may include terms, that he deems necessary to safeguard the interests of the insured and the insurance market in general.</p> <p>(3) The certificate of registration, which is issued in accordance with the provisions of this section or a certified copy that is displayed by its holder in a prominent place wherever he conducts his business, where the public has access, and if not requested by an interested party, a copy of the same is displayed.</p> <p>(4) Breach of the provisions of the last sentence in paragraph (c) of subsection (1) or of subsection (3) constitutes a criminal offence and is punishable with a fine up to three thousand five hundred euro (€3.500).</p>
<p>Duration and renewal of registration on the Registers.</p>	<p>377.-(1) The registration on the Registers of section 370 of this Law has a validity of three years, from the date that the certificate of registration is issued and may be renewed in accordance with the provisions of subsection (2).</p> <p>(2) In order to renew the validity of the registration on the Registers, an application is submitted to the Superintendent in the prescribed form, as defined in section 377 of the Law at least one month before the expiry of</p>

	<p>its validity. The documents, specified by Regulations, which are submitted to the House of Representatives for approval, are also submitted with the application and the prescribed fee. Where the application is not submitted promptly, in accordance with the above, charges are added to the renewal fees, as provided for in the Regulations that are submitted to the House of Representatives for approval.</p> <p>(3) The Superintendent, if satisfied that all the legal requirements, as the case may be, have been met, shall approve the application and proceeds with renewing the registration of the sub-agent.</p>
<p>CHAPTER THREE DISMISSAL OF AN APPLICATION FOR REGISTRATION AND STRIKING OFF THE REGISTER</p>	
<p>Dismissing an application for registration.</p>	<p>378.-(1) The Superintendent dismisses an application for Registration on one of the Registers that are kept in accordance with the provisions of section 370 of the Law, if he deems that all the conditions for registration as established in the preceding sections of this Law are not satisfied.</p> <p>(2)(a) The Superintendent shall issue his decision within three months from the day the application is submitted setting out the grounds justifying its dismissal. In the case where the Superintendent omits to issue his decision within three months he is entitled to recourse to the Permanent Secretary in accordance with the provisions of section 347 of this Law: Provided that the above omission of the Superintendent may be challenged directly under article 146 of the Constitution.</p> <p>(2) The negative decision of the Permanent Secretary on a recourse according to paragraph (a), may be challenged with a recourse in accordance with article 146 of the Constitution: Provided that pending the decision of the Permanent Secretary, no recourse may be filed under article 146 of the Constitution.</p>
<p>Grounds for striking off the Registers. Criminal Offence.</p>	<p>379.-(1) The Superintendent strikes a person off the Registers kept in accordance with the provisions of paragraphs (a) and (b) of subsection (1) of section 370:</p> <p>(a) in the case where any of the conditions that are required for the registration or the renewal of registration are no longer satisfied;</p> <p>(b) in the case of false, erroneous or misleading information with regard to material facts that are contained in the documents that are submitted in accordance with this Law and the Regulations issued thereunder, which are submitted to the House of Representatives for approval, or concealing such information from the Service;</p> <p>(c) in the case of a breach, to a significant extent, by the person registered, of any of his statutory obligations;</p> <p>(d) in the case of a breach of any term that may have been imposed for the registration;</p> <p>(e) in the case of a final conviction of the criminal offence provided for in section 404 of this Law for issuing false accounts;</p> <p>(f) for pursuing business in an non-prudent or professionally unethical manner, that may overlook the interests of the insurance market or the public in general;</p> <p>(g) in the case of usurpation or unlawfully withholding any amount that is</p>

	<p>in his possession or care as a trustee;</p> <p>(h) in the case of a breach, to a significant extent, by the person registered, of the terms of the mediation contract, including the terms for financial cooperation with the insurance undertaking;</p> <p>(i) in the case where the registered person seeks to be struck off or has not acted promptly to renew his registration or does not commence his business within twelve months from the issue of his certificate of registration.</p> <p>(2) A person registered on the Register, who does not commence his business within twelve months from the date that his certificate of registration is issued, shall notify the Superintendent in writing of this fact, within one month of the expiry of the twelve (12) months. Breach of this obligation constitutes a criminal offence punishable with a fine up to three thousand five hundred euro (€3.500).</p> <p>(3) The decision of the Superintendent to strike off any person from the Register on which he is registered shall be duly justified and communicated to every person concerned.</p> <p>(4) The decision of the Superintendent to strike off any person from the Register on which he is registered is notified to the competent authorities of the member states in which the person who was struck off provided services under the regime of free services or under the regime of free establishment.</p>
<p>Representations against the decision to strike off and the right to recourse.</p>	<p>380.-(1) Before proceeding with his decision to strike off, the Superintendent shall notify in writing his intention to every interested party and set out the grounds, as defined in the preceding section, which justify his intention and shall point out the rights that are granted to such a person under the following subsection. The Superintendent however, may, where justified in the public interest and for the protection of the insured, order, with this notification, the immediate suspension of the business of such a person, until the end of the procedure provided for in this section:</p> <p>Provided that the provisions of this section do not apply where striking off is carried out at the request of the person registered or on the grounds of not promptly renewing his registration or where there is no longer any mediation contract in force.</p> <p>(2) The person to whom a document was communicated in accordance with the above, has the right within fifteen (15) days of the communication of the document to make written and, if he so wishes, oral representations to the Superintendent, however if he was also communicated the decision of the Superintendent to suspend his business at the same time he shall immediately comply with this decision.</p> <p>(3) The Superintendent shall take into account such representations before taking his decision to strike off.</p> <p>(4)(a) The decision of the Superintendent to strike off may be challenged before the Permanent Secretary in accordance with the provisions of section 347 of this Law, where this concerns striking off under paragraphs (c), (d) or (f) of subsection (1) of section 379 of this Law:</p>

	<p>Provided that the above decisions of the Superintendent to strike off may be challenged directly by a recourse under article 146 of the Constitution.</p> <p>(b) The negative decision of the Permanent Secretary on a recourse according to paragraph (a), may be challenged with a recourse in accordance with article 146 of the Constitution:</p> <p>Provided that pending the decision of the Permanent Secretary, no recourse may be filed under article 146 of the Constitution.</p> <p>(c) the right to challenge the decision of the Superintendent under section 347 of this Law or of article 146 of the Constitution and the relevant time limits are pointed out by the Superintendent when notifying the above decisions.</p>
<p>Return of the certificate of registration. Criminal offence.</p>	<p>381.-(1) The person who is struck off from the Registers of section 370 of this Law, shall return his certificate of registration or any certified copy of the same as well as, in the case of a natural person, his insurance identity card, at the latest within fifteen days from:</p> <p>(a) the lapse of the time to exercise a recourse under paragraph (f) of subsection (2) of section 347 of this Law, before the Permanent Secretary and no action has been taken or from the issue of the decision of the Permanent Secretary, ratifying the decision of the Superintendent, in the case of paragraphs (c), (d) or (f) of subsection (1) of section 379 of this Law; or</p> <p>(b) being notified of the decision of the Superintendent to being struck off, in the remaining cases of subsection (1) of section 379.</p> <p>(2) Breach of the provisions of the preceding subsection constitutes a criminal offence which is punishable with a fine up to three thousand five hundred euro (€3.500).</p> <p>(3) Any person, on whose behalf the person who was struck off was acting for, as soon as he is notified the final decision to strike off, shall immediately terminate the mediation contract that he had concluded with the person that was struck off.</p> <p>(4) The Superintendent, where deemed necessary, may publish the final decision to strike off in two or more daily local newspapers, or to publish the same in any manner he deems appropriate in order to protect the proper functioning of the market and of the insured or of the persons wishing to take out insurance.</p>
<p>Information provided by the sub-agent when providing mediation services.</p>	<p>382.-(1) Subject to the provisions of sections 226, 227 and 228 of this Law, as the case may be, prior to concluding the initial insurance contract and, if applicable, when amending or renewing the same, the sub-agent shall provide the person who wishes to take out insurance or where appropriate to the insured person, information with regard to himself, the Register on which he is registered and, where the sub-agent is a legal person, any shareholder relationship he may have with an insurance or reinsurance undertaking. The sub-agent shall also provide the person who wishes to take out insurance, or where appropriate to the insured person, information with regard to the right to report the sub-agent as well as information as to the manner (impartial or not) in which the sub-agent provides services and communicates to such a person the grounds on</p>

	<p>which he bases the advice given.</p> <p>(2) Regulations that are submitted to the House of Representatives for approval may be specified and establish further particulars sub-agents shall notify to the persons who wish to take out insurance or to the insured as well as the form and the manner of notifying such particulars.</p> <p>(3) The information referred to in this section are not required to be provided when the mediation concerns the insurance of major risks, or where the subject matter of the mediation is risk reinsurance.</p> <p>(4) Breach of the provisions of this section and the Regulations issued thereunder that are submitted to the House of Representatives for approval constitutes a criminal offence punishable with a fine up to three thousand five hundred euro (€3.500).</p>
Out of court settlement of disputes.	383. With Regulations that are submitted to the House of Representatives for approval, may establish a procedure to resolve disputes between sub-agents and the insured or the persons who wish to take out insurance put of Court.
<p>CHAPTER FOUR</p> <p>GENERAL AND PENAL PROVISIONS WITH REGARD TO PURSUING MEDIATION BUSINESS</p>	
Notification of changes to the specified particulars. Criminal offence.	384. Any person, who pursues mediation business, under the provisions of this Part shall notify the Superintendent, the latest within fifteen days, of every change that occurs to information and particulars, that are contained in the documents that are submitted in accordance with this Law and the Regulations issued thereunder, that are submitted to the House of Representatives for approval. Breach of this provision constitutes a criminal offence punishable with a fine up to nine thousand euro (€9.000).
Submitting statements by an insurance broker company	385.-(1) Insurance broker companies, within six months from the end of their financial year, shall submit to the Service a copy of every audited financial statement that were prepared in accordance with the Companies Law. (2) During the first quarter of every year, commencing from the first of January of the following year from its registration, every insurance broker company shall submit to the Superintendent, in the prescribed form, a statement with regard to the distribution of its business with various insurance or reinsurance undertakings, within the year that lapsed.
Return of premiums.	386.-(1) Persons who pursue mediation business are responsible as trustees for every premium or any other amount they collect when pursuing their business and shall return the same to the beneficiary within the specified time. Regulations that are submitted to the House of Representatives for approval, may regulate specific issues with regard to the obligations of sub-agents that are entitled to collect money on behalf of insurance undertakings. (2) Sub-agents, who collect premiums to return the same to insurance or reinsurance undertakings, shall keep strictly separated clients bank accounts. Where the same account premiums are kept for several insured, the sub-agent shall identify precisely in his books on behalf of which insured he holds every amount:

	<p>Provided that in the case of bankruptcy of the sub-agent, clients accounts are separated from the bankruptcy estate and cannot be used to settle other creditors of the sub-agents.</p> <p>(3) Subject to subsection (4), where sub-agents collect premiums from the insured to return to insurance undertakings, the premiums are deemed to have been paid to the insurance undertaking having collected by the sub-agent whereas where the sub-agents collect funds from insurance undertakings to return to the insured, the funds are not deemed to have been paid to the insured unless the insured actually receives the same.</p> <p>(4) A mediation contract may provide that subsection (3) does not apply to transactions of the sub-agent with the insured. This is specifically notified in writing to the Superintendent by the insurance undertaking: Provided that the sub-agent shall state this to the person interested in taking out insurance in accordance with subsection (1) of section 382 of this Law.</p>
<p>Establishment of a branch or pursuing mediation business in a third country.</p>	<p>387.-(1) Without prejudice to the provisions of section 388 of this Law, legal persons, who pursue mediation business in the Republic, may establish branches, agencies, offices or subsidiary companies and in general to undertake and pursue mediation business with regard to risks and obligations in a third country, only if they have obtained the prior approval of the Superintendent.</p> <p>(2)(a) The Superintendent grants such an approval only if he deems that the business to be undertaken in a third country shall be managed by a person who holds a corresponding certificate of registration, if applicable: Provided that the refusal of the Superintendent for approval may be challenged before the Permanent Secretary in accordance with the provisions of section 347 of this Law: Provided further that the above decision of the Superintendent may be challenged by a recourse under article 146 of the Constitution.</p> <p>(b) The negative decision of the Permanent Secretary on a recourse exercised in accordance with paragraph (a), may be challenged with a recourse in accordance with article 146 of the Constitution: Provided that pending the decision of the Permanent Secretary, no recourse may be filed under article 146 of the Constitution.</p>
<p>Freedom to provide services and establishment in member states of the Union.</p>	<p>388.-(1) Sub-agents, from their registration on the corresponding Register of paragraphs (a) and (b) of subsection (1) of section 370 of this Law, may undertake and pursue mediation business in other member states under the freedom to provide services or under the freedom of establishment following a relevant notification to the Superintendent.</p> <p>(2) The Superintendent within one month from submitting the notification shall transmit to the competent authority of the host member state, if the competent authority wishes, a similar notification and shall notify the sub-agent accordingly.</p> <p>(3) The sub-agent may undertake and pursue mediation business one month after being notified by the Superintendent in accordance with subsection (2).</p>

<p>Freedom to provide services and establishment in the Republic. Official Journal of the E.U. L.9 15.01.2003, p. 3.</p>	<p>389.-(1) Sub-agents who pursue mediation business in other member states following their registration on the registers of the competent authorities of the home member state, equivalent, according to national legislation, to those of article 3 of Directive 2002/92/EC of the European Parliament and of the Council of 9 December 2002 on insurance mediation, may undertake and pursue mediation business in the Republic if the Superintendent has been notified by the competent authority of the home member state of the intention of the applicant to undertake and pursue mediation business in the Republic on how to undertake mediation business provided one month has lapsed from the relevant notification.</p> <p>(2) The Superintendent, for information purposes of those interested in taking out insurance, register the applicant to undertake and pursue mediation business in the Republic, on the Insurance Sub-Agents' Register under the freedom to provide services or the freedom of establishment in accordance with paragraph (c) of subsection (1) of section 370 of this Law.</p>
<p>Criminal offence for assigning business to a person who is not registered on the Registers.</p>	<p>390.-(1) An insurance undertaking, which knowingly uses for the pursuit of mediation business a person who is not registered for such business on the relevant Register of section 370 of this Law commits a criminal offence which is punishable with a fine up to thirty four thousand euro (€34.000).</p> <p>(2) This offence provided for in subsection (1) is also committed by an insurance agent, an insurance agent company, an insurance broker company, an insurance Sub-Agent company or in general a sub-agent who knowingly uses for the pursuit of mediation business a person who is not registered on the corresponding Register for such business.</p>
<p>Criminal offence to continue factoring business after the termination of the factoring contract.</p>	<p>391. An insurance agent who continues to conclude insurance contracts in the name and of behalf of an insurance undertaking, despite the termination of the agent agreement with this undertaking, is committing a criminal offence which is punishable with a fine up to seventeen thousand euro (€17.000) or with imprisonment up to two years and or both such punishments.</p>
<p>Usurping the work of a sub-agent.</p>	<p>392. Any person who does not fall in the exception of section 359 of this Law, pursues mediation business without being registered on the corresponding Register or after being struck off from the relevant Register and any person who falsely professes or appears or advertises himself as registered on one of the Registers provided for in section 370 of this Law, is committing a criminal offence which is punishable with imprisonment up to two years or with a fine up to seventeen thousand euro (€17.000) and or with both such punishments.</p>
<p>False statements of a sub-agent.</p>	<p>393.-(1) A sub-agent registered on one of the Registers of section 370 of this Law, who in the pursuit of his business knowingly makes a false, misleading or deceptive statement as to a material factor or knowingly conceals anything material, for the purpose of convincing or encouraging another in the conclusion of or the proposal to conclude an insurance contract is committing a criminal offence with is punishable</p>

<p>Cap. 148 87 of 1973 54 of 1978 156 of 1985 41 of 1989 73(l) of 1992 101(l) of 1996 49(l) of 1997 29(l) of 2000 154(l) of 2002 129(l) of 2006 171(l) of 2006 82(l) of 2008.</p>	<p>with imprisonment up to two years or with a fine up to seventeen thousand euro (€17.000) or to both such punishments. In the case, however, where the insured has stated in writing, prior to concluding the insurance contract, that he has perused and fully understood all the information that was notified to him, in accordance with the provisions of sections 225, 226 and 227, as the case may be, this fact constitutes <i>prima facie</i> proof that this offence has been committed.</p> <p>(2) In the case that an insurance contract has been concluded under the circumstances provided for in the preceding subsection, the insured has the right –</p> <p>(a) to request the cancellation of the contract and to restore the damage sustained, in accordance with the provisions of the Civil Wrings Law, as amended or replaced at any given time; or</p> <p>(b) to insist on the performance of the contract and to demand an adjustment of those terms of the contract, which were affected by the statement or the concealment, which forms the foundation for the commission of the criminal offence of subsection (1).</p> <p>(c) in the case where the sub-agent referred to in subsection (1) is registered on the Register kept in accordance with the provisions of paragraph (c) of subsection (1) of section 370 of this Law, the Superintendent may also prohibit the further pursuit of mediation business within the Republic by the sub-agent applying section 383 accordingly and to order his striking off the Register:</p> <p>Provided that the Superintendent shall inform the competent authorities of the home member state of the sub-agent as to the offence committed and the sanctions or measures taken.</p>
<p>Administrative sanctions.</p>	<p>394. Notwithstanding any criminal liability, taking into account the severity of the breach, the Superintendent shall impose an administrative fine on any person in breach of the provisions of this Law, or the Regulations issued thereunder, which are submitted to the House of Representatives for approval or Directives, that does not exceed thirty thousand euro (€30.000).</p>
<p>PART IX AUTHORITY TO COLLECT INFORMATION, ENTRY AND SEARCH – IMPOSING ADMINISTRATIVE SANCTIONS – PENAL PROVISIONS</p>	
<p>Power of the Superintendent</p>	<p>395.-(1) The Superintendent has the authority to collect any information it deems necessary in the exercise of his responsibilities and powers and to</p>



<p>to collect information. Imposing an administrative fine.</p>	<p>address a relevant written request to any natural or legal person who is under his control and supervision, as well as any other natural or legal person who reasonably alleges that he is in a position to provide information related to the effective exercise of his powers under this Law or the Regulations issued thereunder that are submitted to the House of Representatives for approval, directives or implemented measures or regulatory or implementing technical standards.</p> <p>(2) The written request of the Superintendent determine the fundamental legislative and regulatory provisions, the reasoning behind the request, the reasonable agreed time limit within which to provide information and the possible sanctions in the case of non-compliance to the abovementioned obligation to provide information.</p> <p>(3) The information referred to in subsection (1) and in this subsection includes any information the insurance or reinsurance undertakings are obliged to provide under the provisions of this law or by virtue of the Regulations issued under the provisions of this Law which are submitted to the House of Representatives for approval or directives or implementing measures or regulatory or implementing technical standards or by any other law in force and the Superintendent may request that documents contained in the information of this subsection, are checked by a lawful auditor in accordance with the provisions of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 and 2013, as amended or replaced at any given time, and of the provisions of this Law.</p> <p>(4) The person to whom the request of the Superintendent is addressed shall provide the requested information in a prompt, complete and accurate manner, unless the provision of information affects any professional, banking or other statutory protected secret.</p> <p>(5) In the case of an omission to provide the requested information within the specified time limit, the Superintendent shall impose on the person at fault an administrative fine in accordance with the provisions of section 399 of this Law, as well as a fine of two hundred euro (€200) for every day that the failure to comply with the instructions of the Superintendent continues, which may be increased to three hundred euro (€300) per day for the omission to comply, in the event that the undertaking repeatedly continues to be in breach:</p> <p>Provided that, for the purpose of this section, an omission to provide information is also deemed to be the provision of information or the submission of accounts or other documents, that are manifestly inadequate, erroneous or inaccurate.</p> <p>(6) For the purpose of this section, the 'obligation to provide information' also includes the obligation to produce and submit any type of written particulars and the availability of information stored on computers.</p> <p>(7) The Superintendent may request that the information provided is in the official language of the Republic.</p> <p>(8) When exercising supplementary supervision on undertakings under this Law, the Superintendent has the power to request the grant of information under this section directly from –</p>
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42(l) of 2009  
163(l) of 2013.

	<p>(a) the associated businesses of insurance undertakings;  (b) the participating undertakings in the insurance undertaking; and  (c) the associated undertakings of a participating undertaking of the insurance undertaking, as defined in this Law,  and in the case that the above undertakings refuse or omit to provide the requested information within the time specified by the Superintendent, the provisions of subsection (5) shall apply.  (9) The costs for the supervisory control, following a request for information, incurred by the Superintendent, shall burden the controlled undertaking and Regulations submitted to the House of Representatives for approval, determine the scale of fees that are paid depending on the nature of the supervisory control.</p>
<p>Power of the Superintendent to enter and search.</p>	<p>396.-(1) The Superintendent in the exercise of his responsibilities and powers under this Law, has the power to conduct on-site controls necessary in the exercise of his responsibilities in investigating a possible breach of the obligations under this Law, including controls under section 37 of this Law and to this end has the power –  (a) to inspect records, books, accounts and other documents as well as particulars stored on computers of any person who is reasonably alleging that he is in possession of particulars that may assist the Superintendent in his search;  (b) to take copies or extracts of the above; and  (c) to enter offices and professional areas.  (2) In the exercise of his responsibilities under this Law, the Superintendent has the power to request from every person any relevant information.  (3) The costs of the supervisory controls conducted by the Superintendent under the provisions of section 37 and of this section, shall burden the controlled undertaking and Regulations submitted to the House of Representatives for approval determine the scale of fees that are paid depending on the nature of the supervisory control.</p>
<p>Entry and search procedure and imposing an administrative fine.</p>	<p>397.-(1) The on-site controls referred to in the preceding section are conducted by the Superintendent either in urgent and specifically justified cases, without previously warning the person to whom the request to control is addressed.  (2) The instructions of the Superintendent shall be in writing and determines the purpose of the supervisory control, fixes the date the control commences, the legislative provision on which this power of the Superintendent is based and the possible sanctions, in the event that the person to whom the instructions is addressed, refuses to comply with the same.  (3) The person on whom the control is conducted may advise his counsel throughout the duration of the control, but his presence does not constitute a legal prerequisite for a valid <i>on-site</i> control.  (4) No entry into a dwelling house or the conduct of a control in a dwelling house is not permitted for the purpose of this Law, unless a warrant has been issued and in accordance with the provisions of the Constitution.</p>

	<p>(5) In the case of non-compliance to instructions of the Superintendent pursuant to the provisions of this section to conduct an <i>on-site</i> control, the Superintendent shall impose an administrative fine in accordance with the provisions of section 399 of this Law, as well as a fine of two hundred euro (€200) for every day that the failure to comply with the instructions of the Superintendent continues, which may be increased to three hundred euro (€300) per day for the omission to comply, in the event that the undertaking repeatedly continues to be in breach.</p>
<p>Actions of the Superintendent in the case of breaches.</p>	<p>398. In the case where the Superintendent, in the exercise of his power to collect information or conduct an <i>on-site</i> control or from particulars that would otherwise be before him, establishes the possibility of a breach of the provisions of this Law or of the Regulations issued thereunder that are submitted to the House of Representatives for approval –</p> <p>(a) prepares his findings and submits the same, together with the particulars in his possession, to the Attorney General of the Republic, who shall decide, from the particulars before him, whether there is a case of criminal liability and a prosecution is justified against the person at fault; and/or</p> <p>(b) deals with the case himself and decides whether imposing an administrative fine is justified, in accordance with section 399 of this Law or imposing other administrative sanctions, that may be provided for in this Law and the Regulations issued thereunder that are submitted to the House of Representatives for approval; and/or</p> <p>(c) decides, whether he may withdraw the authorisation in accordance with the provisions of this Law and, in such a case, proceeds with withdrawing the authorisation to pursue insurance or reinsurance business and submits an application to the Court for the compulsory dissolution and winding-up of the insurance or reinsurance undertaking pursuant to the provisions of section 318 of this Law.</p>
<p>Administrative fine.</p>	<p>399.-(1) Unless otherwise provided with regard to imposing an administrative fine by any other provision of this Law or the Regulations issued thereunder that are submitted to the House of Representatives for approval, the Superintendent has the power to impose an administrative fine up to one hundred thousand euro (€100.000) and in the event of repetition up to two hundred thousand euro (€200.000), depending on the severity of the breach, and in the case that it is established that a legal person who is subject to the provisions of this Law is in breach of any of the obligations imposed thereon by the provisions of this Law or by the Regulations issued thereunder, that are submitted to the House of Representatives for approval, or any implementing measures or regulatory or implementing technical standards.</p> <p>(2) Subject to the provisions with regard to the criminal liability of any person, where it is established that the person in breach has benefitted unfairly from such a breach, the Superintendent has the power to impose an administrative fine up to double the amount of the benefit that the person in breach unfairly benefitted from.</p>

Written notification of imposing a fine.	<p>400.-(1) Before his decision is taken to impose an administrative fine in accordance with section 399 of this Law, the Superintendent shall notify his intention in writing to all persons concerned, setting out the grounds justifying his intention to impose an administrative fine and to point out the rights provided to him under subsection (2).</p> <p>(2) The person to whom the intention of the Superintendent has been notified, in accordance with the provisions of subsection (1), has the right, within fifteen days from the notification of the said intention, to make written and oral representations to the Superintendent, if he so wishes.</p> <p>(3) The Superintendent shall take into account such representations before issuing his decision to impose an administrative fine and before determining the amount due.</p> <p>(4) The decision of the Superintendent to impose an administrative fine shall be duly justified and are notified in writing to every interested person.</p> <p>(5)(a) The decision of the Superintendent to impose an administrative fine in accordance with the provisions of this section may be challenged before the Permanent Secretary, according to the provisions of section 347 of this Law:  Provided that the abovementioned decision of the Superintendent may be challenged directly with a recourse under article 146 of the Constitution.</p> <p>(b) The negative decision of the Permanent Secretary on a recourse according to paragraph (a), may be challenged with a recourse in accordance with article 146 of the Constitution.  Provided that pending the decision of the Permanent Secretary, no recourse may be filed under article 146 of the Constitution.</p>
Collecting an administrative fine.	<p>401.-(1) The administrative fine, that is imposed by the Superintendent pursuant to the provisions of this Law, shall be placed in the Consolidated Fund of the Republic.</p> <p>(2) Failure to pay the fine imposed under this Part, the fine is collected as a civil debt owed to the Republic.</p>
False declarations or announcements to deceive the public	<p>402. Any person who knowingly makes false declarations or announcements to the public, with intent to deceive the public and incite the same in concluding or offering to conclude an insurance contract, commits a criminal offence which is punishable with imprisonment up to ten years or with a fine up to four hundred thousand euro (€400.000) and or to both such punishments.</p>
False declarations, concealing particulars or preventing control.	<p>403. Any person who knowingly, when providing information for any of the purposes of this Law or the Regulations issued thereunder that are submitted to the House of Representatives for approval, makes false, misleading or deceiving declarations as to a material particular thereof or conceals anything material or omits, following a relevant written request of the Superintendent pursuant to the provisions of this Law, submits any particulars or any other information requested or otherwise prevents the Superintendent from exercising his powers, commits a criminal offence which is punishable with imprisonment up to five years or with a fine up to two hundred thousand euro (€200.000) and or with both such</p>

	punishments.
False accounts.	404. Any person who knowingly or negligently issues or participates in any manner in issuing or signing an account, balance sheet, financial statement or other document, the issue of which is provided for in this Law, with false, misleading or deceiving particulars is committing a criminal offence which is punishable with imprisonment up to five years or with a fine up to two hundred thousand euro (€200.000) and or with both such punishments.
Pursuing insurance or reinsurance business without authorisation or by undertakings that do not satisfy the provisions of this Law.	405. Pursuing insurance or reinsurance business by insurance or reinsurance undertakings without the authorisation of the Superintendent that is issued under this Law, where required, or pursuing insurance or reinsurance business by undertakings that do not adhere to the provisions of this law constitutes a criminal offence which is punishable with a fine up to two hundred thousand euro (€200.000): Provided that where an insurance contract has been concluded or a policy has been issued by an undertaking that does not hold an authorisation to pursue insurance business, the contract or the policy is not rendered invalid and the said insurance undertaking is not discharged from any obligation deriving there from.
Failure to notify non-commencement or stay of business of the undertaking.	406. An insurance undertaking, that omits to notify the Superintendent of not commencing business or of the suspension of its business, according to the provisions of this Law, is subject to an administrative fine by the Superintendent.
Criminal offence for the issue of new policies by an insurance undertaking whose authorisation has been withdrawn.	407. An insurance or reinsurance undertaking, whose authorisation has been withdrawn following the decision of the Superintendent or by the decision of any supervisory authority of another member state, and which, after the revocation of the authorisation continues to issue policies, is committing a criminal offence and in the case of its conviction is punishable with a fine up to two hundred thousand euro (€200.000).
Criminal offence for failure to return the authorisation.	408. An insurance undertaking that fails to return its authorisation to pursue insurance business once it is withdrawn by decision of the Superintendent, in accordance with the provisions of this Law, is committing an offence and in the case of its conviction is punishable with a fine up to five thousand euro (€5.000).
Ties between insurance and other companies. Criminal offence.	409.-(1) Where an insurance undertaking that is subject to the supervision of the Superintendent has financial, commercial or administrative ties with another undertaking, irrespective as to whether or not this is an insurance company, this insurance undertaking shall disclose these ties to the Superintendent pursuant to the provisions of section 21 of this Law. (2) Failure to disclose these ties in accordance with the preceding subsection constitutes a criminal offence that is punishable in the case of conviction to a fine up to fifty thousand euro (€50.000).
Breach of	410. The insurance or reinsurance undertakings, the persons referred to in

provisions of this Law.	section 44 of this Law and their employees, the holders of a special participation, those pursuing mediation business, the persons who are responsible for actuarial studies and auditors, who knowingly breach the provisions of this Law, are committing a criminal offence which is punishable, in the absence of any other punishment in any other provision of this Law, with a fine up to twenty thousand euro (€20.000).
Criminal and civil liability for offences committed by legal persons.	411.-(1) Any members of the Board of Directors, the General Manager, the Secretary or any other officer or other governing body of the legal person who acted on behalf of the legal person and is shown that he consented or collaborated in committing the offence, also has criminal liability, other than the legal person itself, for the criminal offences under this Law that were committed by a legal person. (2) Persons who, according to the provisions of the previous subsection, have criminal liability for offences committed by legal persons, they are jointly and or severally liable with the legal person for any damage to third parties on the grounds of the action or the omission that constitutes the offence.
Sanctions for breaching the implementation measures of the European Union.	412. The Superintendent may impose an administrative fine in accordance with the provisions of this Part in the case of a breach of any provision in Regulations issued under this Law, as well as in the case of a breach of any provision of a regulatory nature and with a coercive character for undertakings, included in implemented measures or regulatory or implementing technical standards issued under Directive 2009/138/EC as amended or replaced at any given time.
PART X ADVISORY COMMITTEE – FINAL AND TRANSITIONAL PROVISIONS	
Insurance Advisory Committee.	413.-(1) By decision of the Minister, published in the Official Gazette of the Republic, an Insurance Advisory Committee is established, hereinafter briefly known as 'Advisory Committee', comprising the following persons- (a) the Superintendent and the Deputy Superintendents; and (b) four other members, who are appointed by the Minister, having consulted the Insurance Association of Cyprus. (2) persons of acknowledged experience and education in the field of insurance, capable of providing a valid opinion on issues that fall within the competency of the Advisory Committee are appointed as members of the Advisory Committee. (3) The term of office of the appointed members of the Advisory Committee is four years and may be renewed for further terms of four years by decision of the Minister. (4) The Superintendent is nominated as the Chairman of the Advisory Committee and as Secretary of the Committee any of the Deputy Superintendents, who ensures that minutes are kept. (5) The Advisory Committee, if deemed necessary, may invite any other person or representative of organised groups who have a connection with the issues under consideration, to attend its meeting as an observer.
Proceedings before the	414.-(1) The Advisory Committee convenes a meeting by the Superintendent, at regular intervals, as determined in the by-laws on

Advisory Committee.	<p>proceedings, but the Superintendent shall convene the Committee at the request of at least two of the appointed members, who have also suggested the issues to be discussed.</p> <p>(2) The Superintendent or in the event that the Superintendent is unable to attend, an Deputy Superintendent and at least two appointed members present at the meeting shall constitute a quorum.</p> <p>(3) The Superintendent determines the agenda for the meetings of the Advisory Committee in accordance with the proceedings determined in the by-laws.</p> <p>(4) Decisions are taken by majority and in the case of an equality of votes, the vote of the chairman of the meeting shall prevail.</p> <p>(5) The Advisory Committee with its by-laws may decide any issue it deems necessary as determined with reference to the procedure before it.</p>
Vacancy.	<p>415.-(1) The position of the person appointed by the Minister as a member of the Committee becomes vacant in the following cases-</p> <p>(a) in the case of death;</p> <p>(b) in the case of written resignation of the appointed person addressed to the Minister; or</p> <p>(c) in the case of revoking the appointment of a member by the Minister for the reasons laid down in subsection (3).</p> <p>(2) Where the position of an appointed member is vacated before the expiry of his term of office, another person is appointed by the Minister, who has whatever is laid down in subsection (2) of section 413 of this Law, for the remaining term of the retiring member.</p> <p>(3) The appointment of a member to the Advisory Committee is revoked by the Minister in the following cases-</p> <p>(a) in the case of his conviction for a criminal offence or involves moral turpitude conduct or where a term of imprisonment has been imposed for committing any other offence;</p> <p>(b) following the suggestion of the Advisory Committee, that is submitted with the agreement of the Superintendent and at least two other members, in the case of repeated unjustified absence of the member from the meetings of the Advisory Committee.</p>
Competencies of the Advisory Committee.	<p>416. The competencies of the Advisory Committee are –</p> <p>(a) to provide an opinion and advice to the Service on specific matters that concern insurance, reinsurance and mediation;</p> <p>(b) to submit proposals to the Minister with regard to making specific legislative or other measures, concerning the improvement of the insurance market, the creation of education systems for those engaged in the insurance market, drafting a Code of Ethics for those pursuing insurance business or mediation business, informing the consumer on insurance matters as well as any other matter directly or indirectly concerning insurance or reinsurance or mediation.</p>
Notification of acquiring participations	<p>417. In the case of proposed acquisitions of participations, for which the notifications in accordance with section 58 of this Law were submitted to the Superintendent before provisions 58 to 64 of this Law came into force,</p>

<p>submitted before provisions 58 to 64 of this Law come into force.</p> <p>41(I) of 2003  165(I) of 2003  69(I) of 2004  70(I) of 2004  136(I) of 2004  152(I) of 2004  153(I) of 2004  240(I) of 2004  17(I) of 2005  26(I) of 2008  105(I) of 2009  50(I) of 2011  132(I) of 2013.</p>	<p>the assessment procedure in acquiring special participations is carried out in accordance with the provisions of the Exercise of Insurance Activities and Other Related Matters Laws of 2002 to 2013 which are hereby repealed.</p>
<p>Duration based equity risk sub-module.</p>	<p>418.-(1) The Superintendent may authorise life insurance undertakings providing retirement benefits paid by reference to reaching or the expectation of reaching retirement, where the premiums paid for those benefits have a tax deduction for the policy holders in accordance with the relevant legislation of the Republic and where –</p> <p>(a) all assets and liabilities corresponding to the business are ring-fenced, managed and organised separately from the other activities of the insurance undertakings, without any possibility of transfer;</p> <p>(b) the activities of the undertaking related to the said retirement benefits, in relation to which the approach referred to in this subsection is applied, are pursued only in the Republic; and</p> <p>(c) the average investment duration of the liabilities corresponding to the business by the undertaking exceeds an average of twelve years.</p> <p>to apply an equity risk sub-module of the solvency capital requirement, which is calibrated using a Value-at-Risk measure, over a time period which is consistent with the standard holding period of equity investments for the undertaking concerned, with a confidence level providing the policy holders and the beneficiaries with a level of protection equivalent to that set out in section 107, where the approach provided for in this section is used only in respect of those assets and liabilities referred to in paragraph (a). In the calculation of the solvency capital requirement, those assets and liabilities shall be fully considered for the purpose of assessing the diversification effects, without prejudice to the need to safeguard the interests of policy holders and beneficiaries in other member states.</p> <p>(2) Subject to the approval of the Superintendent, the approach set out in subsection (1) shall be used only where the solvency and liquidity position as well as the strategies, processes and reporting procedures of the undertaking concerned with respect to asset-liability management are such as to ensure, on an ongoing-basis, that it is able to hold equity</p>



	<p>investment for a period which is consistent with the standard holding period of equity investments for the undertaking concerned. The undertaking shall be able to demonstrate to the Superintendent that the condition is verified with the level of confidence necessary to provide policy holders and beneficiaries with a level of protection equivalent to that set out in section 107.</p> <p>(3) Insurance and reinsurance undertakings shall not revert to applying the approach set out in section 111, except in duly justified circumstances and with the consent of the Superintendent.</p>
<p>Trusts of existing insurance undertakings and release of deposits.</p> <p>41(l) of 2003 165(l) of 2003 69(l) of 2004 70(l) of 2004 136(l) of 2004 152(l) of 2004 153(l) of 2004 240(l) of 2004 17(l) of 2005 26(l) of 2008 105(l) of 2009 50(l) of 2011 132(l) of 2013.</p>	<p>419.-(1) From the entry into force of this Law, any trusts retained under the provisions of section 255 repealed by the Exercise of Insurance Activities and Other Related Matters Laws of 2002 to 2013, shall continue to be retained, provided that the conditions of subsection (2) of the said section continue to be satisfied.</p> <p>(2) With regard to the release of deposits with the Central Bank in relation to insurance undertakings that fall within the scope of application of subsection (3) of section 226 repealed by the Exercise of Insurance Activities and Other Related Matters Laws of 2002 to 2013, the released deposits shall continue to be governed by the provisions of this subsection of the said Laws provided that the conditions provided for therein continue to be satisfied.</p>
<p>Rights acquired by existing reinsurance undertakings.</p>	<p>420.-(1) Reinsurance undertakings with their head office in the Republic before 10 December 2005, that hold an authorisation or the right to pursue reinsurance activities in accordance with the provisions repealed by the Exercise of Insurance Activities and Other Related Matters Laws of 2002 to 2013, shall be presumed to have obtained authorisation in accordance with the provisions of section 14 of this Law, provided that they adhere to the provisions of this Law relating to the pursuit of reinsurance activities, as well as the requirements laid down in section 19, subsection (1), paragraph (b), (d) to (g), (i), sections 21 and 25 and Part II, Sixth Chapter, Sections 2, 3 and 4 of this Law.</p> <p>(2) Reinsurance undertakings with their head office in any other member state in the Union before 10 December 2005, shall be presumed that they have obtained authorisation from the supervisory authority of the home</p>

	<p>member state in accordance with article 14 of Directive 2009/138/EC, provided that they adhere to the provisions of the said Directive in respect of pursuing reinsurance activities, as well as the requirements laid down in section 19, subsection 91), paragraph (b), (d) to (g) and (i), sections 21 and 25 and Part II, Sixth Chapter, Sections 2, 3 and 4 of this Law.</p>
<p>Gradual implementation.</p>	<p>421.-(1) The Superintendent has the power to decide with regard to approving the following matters, from the entry into force of this Law –</p> <ul style="list-style-type: none"> <li>(a) on supplementary own funds in accordance with section 96 of this Law;</li> <li>(b) on classifying own funds referred to in subsection (3) of section 101;</li> <li>(c) on specific parameters per undertaking, in accordance with section 110;</li> <li>(d) on full and partial internal models, in accordance with sections 119 and 120;</li> <li>(e) on special purpose vehicles to be established in the Republic in accordance with section 249;</li> <li>(f) on supplementary own funds of an intermediate insurance holding company in accordance with subsection (2) of section 264;</li> <li>(g) on the group internal model in accordance with sections 268, 269 and subsection (5) of section 272;</li> <li>(h) on applying duration based equity risk sub-module in accordance with section 418;</li> <li>(i) on applying the adjustment due to matching adjustment to the risk-free interest rate term structure, in accordance with sections 81 and 82;</li> <li>(j) on applying the volatility adjustment to the relevant risk-free interest rate term structure, in accordance with section 83 of this Law;</li> <li>(k) on applying the transitional measure for risk-free interest rates in accordance with section 423 of this Law;</li> <li>(l) on applying the transitional measure for technical provisions in accordance with section 424 of this Law.</li> </ul> <p>(2) The Superintendent has the power to decide with regard to the following matters, from the entry into force of this Law –</p> <ul style="list-style-type: none"> <li>(a) to determine the level and extent of the group supervision, in accordance with Sections 2 and 3 of Part IV, First Chapter;</li> <li>(b) to identify, in cooperation with other supervisory authorities, the group supervision in accordance with section 286 of this Law;</li> <li>(c) to set up in cooperation with the other supervisory authorities, the college of supervisors in accordance with section 287.</li> </ul> <p>(3) The Superintendent has the power to decide with regard to the following matters, from the entry into force of this Law –</p> <ul style="list-style-type: none"> <li>(a) to decide on deducting any participation in accordance with the second subsection (2) of section 266 of this Law;</li> <li>(b) to determine the selected method in the calculation of the solvency at the level of the group, in accordance with section 258 of this Law;</li> <li>(c) to verify the equivalence or temporary equivalence, in accordance with sections 265 and 299 of this Law;</li> </ul>

	<p>(d) to permit insurance and reinsurance undertakings to be subject to sections 277 and 278, in accordance with section 275;</p> <p>(e) to proceed with the verifications referred to in sections 301 and 302;</p> <p>(f) to decide, where appropriate, the application of transitional measures, in accordance with section 422.</p> <p>(4) Approvals or requirements of the Superintendent, with regard to applications that are submitted by insurance and reinsurance undertakings for approval or authorisation in accordance with subsections (2) and (3), do not come into effect before the 1<sup>st</sup> January 2016.</p>
<p>Transitional provisions.</p>	<p>422.-(1) Notwithstanding the date of entry into force of this Law and subject to the provisions of section 13, insurance and reinsurance undertakings that up to the 1<sup>st</sup> January 2016, shall have ceased to conclude new insurance or reinsurance contracts and shall only manage their existing portfolio for the purpose of terminating their activities, shall not be subject to Parts II, III and IV of this Law, up to the dates determined in subsection (2), if either-</p> <p>(a) they have convinced the Superintendent that they shall terminate their activity before the 1<sup>st</sup> January 2019 or</p> <p>(b) they have been placed under restructuring measures laid down in Part V, Second Chapter and an administrator has been appointed.</p> <p>(2) Insurance and reinsurance undertakings that fall -</p> <p>(a) within paragraph (a) of subsection (1), are subject to Parts II, III and IV of this Law, from the 1<sup>st</sup> January 2019 or from a previous date, if the Superintendent is not satisfied with the progress made on terminating the activity of the undertaking;</p> <p>(b) within paragraph (b) of subsection (1), are subject to Parts II, III and IV of this Law, from the 1<sup>st</sup> January 2021 or from a previous date if the Superintendent is not satisfied with the progress made on terminating the activity of the undertaking.</p> <p>(3)(a) Insurance and reinsurance undertakings are subject to the transitional measures of subsections (1) and (2), only if the following conditions are satisfied:</p> <p>(i) the undertaking does not belong to a group or, if it does, all the undertakings that belong to the group cease to conclude new insurance or reinsurance contracts;</p> <p>(ii) the undertaking submits to the Superintendent an annual report in respect of the progress made as to terminating its activity.</p> <p>(b) Subsections (1) and (2) do not prevent the said undertakings from functioning in accordance with the provisions of Part II, III and IV of this Law if they so wish.</p> <p>(4) The Superintendent prepares a list of the relevant insurance and reinsurance undertakings and communicates the same to the supervisory authorities of all the other member states.</p> <p>(5) For a period that does not exceed four years from the 1<sup>st</sup> January 2016, the time limit for submitting the information referred to in section 38, subsections (1) to (4) by insurance and reinsurance undertakings on an</p>

<p>35(l) of 2002  141(l) of 2003  165(l) of 2003  69(l) of 2004  70(l) of 2004  136(l) of 2004  152(l) of 2004  153(l) of 2004  240(l) of 2004  17(l) of 2005  26(l) of 2006</p>	<p>annual basis or less frequently, shall be reduced by two weeks every financial year, commencing no later than twenty weeks from the end of the use of the undertaking, for its use that ends from 30 June 2016 and after, but before the 1<sup>st</sup> January 2017 to 14 weeks maximum from the end of the use of the undertaking, for its use that ends from 30 June 2019 and after, but before the 1<sup>st</sup> January 2020.</p> <p>(6) For a period that does not exceed four years from the 1<sup>st</sup> January 2016, the time limit for communicating the information referred to in section 52 of this Law, by insurance and reinsurance undertakings shall be reduced by two weeks every financial year, commencing no later than 20 weeks from the end of the use of the undertaking, for its use that ends from 30 June 2016 and after, but before the 1<sup>st</sup> January 2017 to 14 weeks maximum from the end of the use of the undertaking, for its use that ends from 30 June 2019 and after, but before the 1<sup>st</sup> January 2020.</p> <p>(7) For a period that does not exceed four years from the 1<sup>st</sup> January 2016, the time limit for submitting the information referred to in section 38, subsections (1) to (4) of section 38 of this Law, by insurance and reinsurance undertakings on a quarterly basis, shall be reduced by one week every financial year, commencing no later than eight weeks for any quarter that ends from the 1<sup>st</sup> January 2016 and after, but before the 1<sup>st</sup> January 2017, up to five weeks with every quarter that ends from the 1<sup>st</sup> January 2019 and after, but before the 1<sup>st</sup> January 2020.</p> <p>(8) The provisions of subsections (5), (6) and (7) apply <i>mutatis mutandis</i> to participating insurance and reinsurance undertakings, to insurance holding companies and to a mixed financial holding company at a group level in accordance with sections 293 and 295 of this Law, whereas the time limits referred to in subsections (5), (6) and (7) are extended by six months respectively.</p> <p>(9) Notwithstanding the provisions of section 100 of this Law, basic own fund items included in tier 1 of basic own fund items for a period up to 10 years from the 1<sup>st</sup> January 2016, on condition that the said items:</p> <p>(a) were issued before the 1<sup>st</sup> January 2016 or before the date of entry into force of the implementing measures referred to in section 103, whichever occurred first;</p> <p>(b) on 31 December 2015 they could have been applied to cover the available solvency margin up to 50% of the solvency margin in accordance with the Exercise of Insurance Activities and Other Related Matters Laws of 2002 to 2013;</p>
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105(l) of 2009  
50(l) of 2011  
132(l) of 2013.

(c) they could not be otherwise classified in category 1 or in category 2 in accordance with section 100.

(10) Notwithstanding the provisions of section 100, basic own fund items, included in tier 2 of basic own funds for a period up to 10 years from the 1<sup>st</sup> January 2016, on condition that the said items:

(a) were issued before the 1<sup>st</sup> January 2016 or before the date of entry into force of the implementing measures referred to in section 103, whichever occurred first;

(b) on 31 December 2015 they could have been applied to cover the available solvency margin up to 25% of the solvency margin in accordance with the Exercise of Insurance Activities and Other Related Matters Laws of 2002 to 2013;

(11) With regard to insurance and reinsurance undertakings that invest in marketable instruments or other financial instruments based on repackaged loans that were issued before the 1<sup>st</sup> January 2011, the requirements of subsection (2) of section 142 of this Law apply only in circumstances where new underlying exposures are added or substituted after 31 December 2014.

(12) Notwithstanding the provisions of sections 106, 107 subsection (3) and 110 of this Law, the following shall apply:

(a) up to 31 December 2017 the standard parameters that are used in the calculation of the concentration risk sub-module and the credit spread risk sub-module with the standard formula shall, for exposures towards central governments or central banks of member states that have become and have been covered in the local currency of any member state, the same as those that are applied to such exposures that have become or have been covered in the currency of the Republic;

(b) in 2018, the standard parameters that are used in the calculation of the concentration risk sub-module and the credit spread risk sub-module with the standard formula shall be reduced by 80% for exposures towards central governments or central banks of member states that have become and have been covered in the local currency of any member state;

(c) in 2019, the standard parameters that are used in the calculation of the concentration risk sub-module and the credit spread risk sub-module with the standard formula shall be reduced by 50% for exposures towards central governments or central banks of member states that have become and have been covered in the local currency of any member state;

(d) from the 1<sup>st</sup> January 2020, the standard parameters that are used in the calculation of the concentration risk sub-module and the credit spread risk sub-module with the standard formula shall not be reduced for exposures towards central governments or central banks of member states that have become and have been covered in the local currency

<p>35(l) of 2002.</p>	<p>of any member state.</p> <p>(13) Notwithstanding the provisions of sections 106, 107 subsection (3) and 110, the standard parameters that shall be used for the shares the undertaking purchased up to the 1<sup>st</sup> January 2016, in the calculation of the share capital sub-module according to the standard formula, without the selection referred to in section 418 of this Law, are calculated as weighted averages:</p> <p>(a) of the standard parameter that shall be used in the calculation of the share capital sub-module in accordance with section 418; and</p> <p>(b) of the standard parameter that shall be used in the calculation of the share capital sub-module in accordance with the standardised approach, without the selection referred to in section 418.</p> <p>(14) The weighted rate for the parameter in paragraph (b) of subsection (13) is increased at least linearly at the end of every year, from 0% for the year commencing on the 1<sup>st</sup> January 2016 to 100% on the 1<sup>st</sup> January 2023.</p> <p>(15) Implementing measures predict for the further specialisation of the criteria that must be satisfied, <i>inter alia</i>, for the shares that may be subject to the transitional period under subsection (13) and implementing technical standards determine the procedures for applying the provisions of subsections (13) and (14).</p> <p>(16) By derogation from the provisions of subsection (3) of section 145 of this Law, and subject to subsection (4) of the same section, insurance and reinsurance undertakings that comply with the required solvency margin in accordance with the provisions of the Exercise of Insurance Activities and Other Related Matters Laws of 2002 to 2013, but do not comply with the solvency capital requirement in the first year this Law is applied, are requested by the Superintendent to take the requisite measures in order to achieve the level of eligible own funds that cover the solvency capital requirement or to reduce their risk profile in order to restore compliance with the solvency capital requirements under this Law, up to 31 December 2017:</p> <p>Provided that the abovementioned extension for compliance, is lifted by decision of the Superintendent, in the case where the progress report indicates that no significant progress has been made to achieve the level of eligible own funds to cover the solvency capital requirements or in reducing the risk profile of the undertaking to ensure compliance with the solvency capital requirements between the date that non-compliance with the solvency capital requirements was established and the date that the progress report was submitted.</p> <p>(17) For the purposes of subsection (16), the insurance or reinsurance undertaking concerned shall submit every three months a progress report to the Superintendent, identifying the measures that it is taking and the progress made to achieve the level of eligible own funds that cover the solvency capital requirements or to reduce the risk profile to ensure compliance with the solvency capital requirements:</p> <p>Provided that the extension referred to in subsection (16) is lifted in the</p>
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case where the progress report indicates that no significant progress has been made to achieve the level of eligible own funds to cover the solvency capital requirements or in reducing the risk profile of the undertaking to ensure compliance with the solvency capital requirements between the date that non-compliance with the solvency capital requirements was established and the date that the progress report was submitted.

(18) Notwithstanding the provisions of section 277 of this Law, an ultimate holding insurance or reinsurance undertaking, for the period up to 31 March 2022, may submit to the Superintendent, as the group supervisor, applications for the approval of group internal models to be applied to sections of the group, if both the subsidiary and the ultimate holding undertaking are situated in the same member state and if the particular section constitutes a separate section with a significantly different risk profile from the remaining group.

(19) Notwithstanding the provisions of subsections (2) and (3) of section 256, the transitional provisions referred to in subsections (8) to (12) of this section and in sections 423, 424 and 425 of this Law shall apply *mutatis mutandis* at a group level.

(20) Notwithstanding the provisions of subsections (2), (3) and (4) of section 256, the transitional provisions of subsection (16) of this section shall also apply *mutatis mutandis* at a group level when participating insurance or reinsurance undertakings or group insurance or reinsurance undertakings comply with the obligation to adjust the solvency in the Exercise of Insurance Activities and Other Related Matters Laws of 2002 to 2013 that are hereby repealed, but do not comply with the solvency capital requirement at a group level.

(21) Implementing measures determine the changes to the group solvency when the transitional provisions apply that are referred to in subsection (13) concerning:

(a) the elimination of the double use of eligible own funds and the internal creation, in the scope of the group, of the total funds determined in sections 260 and 261 of this Law;

(b) the assessment of the assets and liabilities determined in section 262;

(c) the methods of calculation to be applied in related insurance and reinsurance undertakings determined in section 263;

(d) the methods of calculation to be applied in intermediate insurance holding companies determined in section 264;

(e) the methods of calculating the group solvency, determined in sections 268 and 272;

(f) the calculation of the solvency capital requirements determined in section 269;

(g) the determination of the capital add-on determined in section 271;

(h) the principles in calculating the solvency, at a group level, of an insurance holding company determined in section 274.

<p>Transitional provisions for the risk-free interest rates.</p>	<p>423.-(1) Insurance and reinsurance undertakings, provided that they have obtained the approval of the Superintendent following a relevant application, may apply a transitional adjustment to the relevant term structure for risk-free interest rates in relation to acceptable insurance and reinsurance obligations.</p> <p>(2) For every currency, the adjustment is calculated as a section of the difference between:</p> <p>(a) the interest rate determined by the insurance or reinsurance authority in accordance with the provisions of the Fourth Appendix, Part B, paragraph 6 of the Exercise of Insurance Activities and Other Related Matters Laws of 2002 to 2013 that are hereby repealed.</p> <p>(b) the actual annual interest rate, calculated as the single discounted rate which, when applied to cash flows of the portfolio of insurance or reinsurance obligations, gives a value equal to the value of the best estimate of acceptable portfolio insurance and reinsurance obligations, where the time value of money is taken into account by using the relevant term structure of risk-free interest rates referred to in section 79 subsection (2).</p> <p>(c) The interest rate referred to in paragraph (a) of subsection (2), is determined by using the methods that are used by the insurance or reinsurance undertaking the last date that the Exercise of Insurance Activities and Other Related Matters Laws of 2002 to 2013 was in force.</p> <p>(3) The section referred to in subsection (2) is reduced linearly at the end of every year, from 100% of the year commencing on the 1<sup>st</sup> January 2016 to 0% on the 1<sup>st</sup> January 2032.</p> <p>(4) When insurance and reinsurance undertakings apply the volatility adjustment referred to in section 83 of this Law, the relevant risk-free interest rate term structure referred to in item (b) is the adjusted risk-free term structure determined in section 83.</p> <p>(5) Only insurance and reinsurance obligations that satisfy the following conditions are included in the acceptable insurance and reinsurance obligations:</p> <p>(a) the contracts from which the insurance and reinsurance obligations arise were concluded before the date this Law came into force, excluding renewed contracts that were effected on (or after) this date;</p> <p>(b) up to the last day the Exercise of Insurance Activities and Other Related Matters Laws of 2002 to 2013 was in force, the technical provisions for insurance and reinsurance obligations are identified in accordance with the provisions of the said Laws as they apply on the last day of its application;</p> <p>(c) section 83 does not apply to insurance and reinsurance obligations.</p> <p>(6) Insurance and reinsurance undertakings that apply subsection (1) –</p> <p>(a) do not include acceptable insurance and reinsurance obligations I the calculation of the volatility adjustment that is determined in section 83;</p> <p>(b) do not apply section 423 of this Law;</p> <p>(c) publicly declare in the solvency and financial statement report that is</p>
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	referred to in section 52 that they apply the transitional risk-free interest rate term structure, and assessing the impact of not applying the particular transitional measure to their financial position.
Transitional provisions for technical provisions.	<p>424.-(1) Insurance and reinsurance undertakings, provided that they have obtained the approval of the Superintendent following a relevant application, may apply a transitional deduction of the technical provisions. This deduction may be applied at the level of the homogeneous risk groups referred to in section 86 of this Law.</p> <p>(2) The transitional deduction corresponds to part of the difference between the following two amounts:</p> <p>(a) technical provisions after the deduction of the recoverable amounts from reinsurance contracts and special purpose vehicles, calculated in accordance with section 78, the first date this Law applies;</p> <p>(b) technical provisions after the deduction of the recoverable amounts from reinsurance contracts, calculated in accordance with the Exercise of Insurance Activities and Other Related Matters Laws of 2002 to 2013, as at the date preceding the repeal of the said Law. The maximum deductible section is reduced linearly at the end of every year, from 100% per year commencing on the 1<sup>st</sup> January 2016, to 0% on the 1<sup>st</sup> January 2032. When insurance and reinsurance undertakings apply the volatility adjustment referred to in section 83 on the first date this Law applies, the amount referred to in paragraph (a) of this subsection, is calculated with the volatility adjustment as at the same date.</p> <p>(3) Subject to the prior approval of the Superintendent, the amounts of the technical provisions, including, where applicable, the amount of the volatility adjustment, that is used for the calculation of the transitional reduction referred to in subsection (2), paragraphs (a) and (b), may be recalculated every 24 months, and or more frequently if there is a significant variation in the risk profile of the undertaking.</p> <p>(4) The reduction referred to in subsection (2) may be limited by the Superintendent, if its application may lead to a reduction of requirements in financial resources that apply to the undertaking in comparison to those that are calculated in accordance with the Exercise of Insurance Activities and Other Related Matters Laws of 2002 to 2013 as at the date preceding their repeal under this Law.</p> <p>(5) Insurance and reinsurance undertakings that apply subsection (1) –</p> <p>(a) do not apply section 423 of this Law;</p> <p>(b) in cases where they do not comply with the solvency capital requirement without applying the transitional reduction, shall submit a report to the Superintendent on an annual basis, stating the measures they have taken and the progress they have made with regard to restitution, at the end of the transitional period determined in subsection (2), at a level of eligible own funds which covers the solvency capital requirement, or the reduction of their risk profile in order to restore compliance with the solvency capital requirement;</p> <p>(c) publicly declare in the solvency and financial statement report that is referred to in section 52 that they apply the transitional risk-free interest</p>

	rate term structure, and assessing the impact of not applying the particular transitional measure to their financial position.
Gradual implementation of the transitional provisions for risk-free interest rates and technical provisions.	<p>425.-(1) Insurance and reinsurance undertakings that apply the transitional measures determined in sections 423 or 424 of this Law, shall inform the Superintendent, as soon as they establish that they shall not comply with the solvency capital requirement without applying the said transitional measures. The Superintendent requires insurance and reinsurance undertakings to take the requisite measures to ensure compliance with the solvency capital requirement at the end of the transitional period.</p> <p>(2) Within two months from establishing non-compliance with the solvency capital requirement without applying the transitional measures, the insurance or reinsurance undertaking concerned shall submit to the Superintendent a scheme for gradual implementation determining the measures at a level of eligible own funds to cover the solvency capital requirement, or for the reduction of its risk profile in order to ensure compliance with the solvency capital requirement at the end of the transitional period.</p> <p>(3) The Insurance and reinsurance undertakings concerned shall submit to the Superintendent an annual report, stating the measures they have taken and the progress they have made to ensure compliance with the solvency capital requirement at the end of the transitional period. The Superintendent revokes the approval in applying the transitional measure where the progress report indicates that the prospect of complying with the solvency capital requirement at the end of the transitional period is not realistic.</p>
Operation of existing insurance undertakings and submitting a new application.	<p>426.-(1) Subject to the provisions of sections 420 to 425 of this Law, existing insurance or reinsurance undertakings that operate on the basis of an authorisation from the Superintendent, at the time this Law comes into effect, may continue to pursue insurance business subject always to the provisions of this Law and the authorisation to pursue insurance business that was issued under the provisions of the Exercise of Insurance Activities and Other Related Matters Laws of 2002 to 2013, is presumed to have been issued under this Law and the Superintendent ensures that, having established that the insurance or reinsurance undertakings fully comply with the provisions of this Law, replaces the printed form of the relevant authorisation with the corresponding printed form of the authorisation, under the provisions of this Law.</p> <p>(2) No fees are payable for replacing the printed form of the authorisation.</p>
Legal process for examining applications – transitional provisions.	427. Applications to be granted an authorisation to pursue insurance or reinsurance business that were submitted by insurance or reinsurance undertakings on or after the date of publication of this Law in the Official Gazette of the Republic, irrespective of the date of entry into force of this Law, are considered as applications that were submitted under this Law.

Cancellation or withdrawal of authorisation during the transitional period.	428. Subject to the provisions of sections 420 to 425 of this Law, procedures to cancel or withdraw an authorisation to pursue insurance or reinsurance services, which were commenced by the Superintendent when the Exercise of Insurance Activities and Other Related Matters Laws of 2002 to 2013 were in force, which are hereby repealed, and which were not completed when this Law came into force, if the Superintendent has not taken a final decision, shall continue and be completed in accordance with the procedures determined in sections 152 to 157 of this Law.
Proceedings before the Minister under the previous legislation.	429. In the case of recourse proceedings that are pending before the Minister in accordance with the provisions of the Exercise of Insurance Activities and Other Related Matters Laws of 2002 to 2013, that are hereby repealed, with regard to any decision of the Superintendent taken under the said laws, these shall be completed in accordance with the provisions of the said laws, notwithstanding that this Law has come into force and any decision of the Minister may be challenged with a recourse under article 146 of the Constitution.
Winding-up of undertakings and transfer of portfolio during the transitional period.	430. Where an insurance or reinsurance undertaking is placed under winding-up proceedings or transfer of portfolio, which commenced in accordance with the provisions of the Exercise of Insurance Activities and Other Related Matters Laws of 2002 to 2013 which are hereby repealed, it is deemed that such proceedings commenced in accordance with the provisions of this Law and continue in accordance with the provisions of this Law.
Issue of Regulations.	431.-(1) Notwithstanding the individual provisions of this Law, that provide for the issue of Regulations to regulate specific or particulars matters, the Council of Ministers generally has the power to issue Regulations that are submitted to the House of Representatives for approval, to regulate any other matter that according to this Law requires to be determined or may be determined and which is not regulated by implementing measures, implementing or regulatory technical standards or Directives of the Superintendent, within the meaning of this Law. (2) The Regulations issued under this Law, that are submitted to the House of Representatives for approval, may impose a term of imprisonment up to two years or a fine up to eight thousand euro and or both such punishments, for the criminal offences provided for in these Regulations. (3) The Regulations issued under this Law, that are submitted to the House of Representatives for approval, may grant the Superintendent the power to impose administrative sanctions, other than those provided for in this Law, in the case of a breach of the provisions of these Regulations.
Issue of Directives.	432. Notwithstanding the individual provisions of the basic law that provide for the issue of relevant directives with regard to specific or particular issues, the Superintendent may issue Directives to those being supervised for the best application of the provisions of this Law and generally for the best implementation of its purposes but also for the purpose of applying guidelines and recommendations by EIOPA as well as matters that are regulated by implementing measures or regulatory or implementing technical standards or measures of the Commission, where

	there is such a discretion.
Repeals.	433. With this Law coming into force, the Exercise of Insurance Activities and Other Related Matters Laws of 2002 to 2013, are hereby repealed.
Validity, Directives, Decisions or Administrative Acts etc that were issued under the Exercise of Insurance Business and Other Related Matters Laws of 2002 to 2013.	<p>434.-(1) Directives, Decisions or other administrative actions, that were issued under the provisions of the Exercise of Insurance Activities and Other Related Matters Laws of 2002 to 2013, that are hereby repealed and which are in force when this Law comes into effect, continue to be valid to the extent that they do not conflict with the provisions of this Law, until they are revoked or replaced by implementing measures or regulatory or implementing technical standards or Regulations that are submitted to the House of Representatives for approval, Directives, decisions or other administrative acts to be issued under the provisions of this Law, as the case may be.</p> <p>(2) The appointments made by the supervisory authorities under the provisions of the Exercise of Insurance Activities and Other Related Matters Laws of 2002 to 2013, that are hereby repealed,, and which are in force when this Law came into force, shall continue to apply until they are revoked or replaced under the provisions of this Law.</p> <p>(3) Certificates, authorisations, circulars or printed matter that were issued under the provisions of the Exercise of Insurance Activities and Other Related Matters Laws of 2002 to 2013 that are hereby repealed, and which are in force as at the date this Law comes into force, shall continue to apply, provided they do not conflict with the provisions of this Law, until they are revoked or replaced by others to be issued under this Law.</p> <p>(4) Registers, books or statements, that were retained by the Superintendent, under the provisions of the Exercise of Insurance Activities and Other Related Matters Laws of 2002 to 2013, that are hereby repealed, shall continue to apply until all the contents of such particulars are logged in the Registers, books or statements retained under this Law.</p>