REPUBLIC OF ALBANIA
PARLIAMENT

LAW No.
52/2014

ON THE ACTIVITY OF INSURANCE AND REINSURANCE

Pursuant to Articles 78 and 83(1) of the Constitution, upon the Council of Ministers’ proposal

THE
PARLIAMENT

THE REPUBLIC OF ALBANIA

DECIDED:

CHAPTER I
GENERAL PROVISIONS

Article 1

Purpose

This Law applies to the establishment, activity and supervision of insurance, reinsurance and intermediation companies, so that the insurance market operates in a safe, stable and transparent environment, where consumers’ rights and interests are protected.

Article 2

Scope

This Law shall apply to the natural and legal persons carrying out activity of insurance and reinsurance, insurance and reinsurance mediation, and operations that are directly related to the activity of insurance and reinsurance in the Republic of Albania.

Article 3

Responsible Authority

The Financial Supervisory Authority shall be the authority responsible for supervising the implementation of this Law.

Article 4

Definitions

1. For the purposes of this Law, the following terms shall have these meanings:
   1. “Managing director” means the person specified in Article 158 of Law No. 9901 of 14 April 2008 “On Entrepreneurs and Companies”, as amended;
   2. “Risk management” means the set of methods and rules that is used by an insurance company to identify, assess, monitor and manage any potential risks, in order to avoid any financial losses;
   3. “Qualifying shareholder” means a holder of qualifying holding;
   4. “Authority’s act” means a regulation, guideline, manual or methodology as adopted by the Board of the Authority pursuant to its powers as laid down in this Law and in the relevant legislation in force in fulfilment of its regulatory and supervisory functions;
   5. “Actuary” means a person licensed by the Authority in accordance with the provisions of this Law the responsibilities of whom include, but are not limited to, the calculation of premium tariffs, probability tables, provisions and dividends, based on the scientific theories related to investment, statistics, mathematics, finance and demographics;
   6. “Annuity” means an insurance contract providing periodic payments specified for a number of years or for life;
   7. “Authority” means the Financial Supervisory Authority;
8. “Responsible supervisory authority” means an authority in the member or foreign country, which is authorised by the relevant legislation to exercise supervision of the activity of insurance, reinsurance and intermediation;

9. “Coinsurance” means the service provided by two or more insurers by means of a single contract to cover the damages caused by the risks specified in that contract against an overall premium, or which provides benefits under the contract terms and conditions at the agreed amount, and which requires the establishment and management of reserves by each insurer in accordance with their respective share of the commitment;

10. “Cession” means the transfer of a part of the insured risk from an insurance company to a reinsurance company;

11. “Outsourcing” means the transfer of one or more functions of the activity of an insurance company to another person;

12. “Insurance claim” means any amount an insurer owes to an insured person, beneficiary or a damaged third party, deriving as a right under an insurance contract or insurance activity, in accordance with the classes provided for in Annex I of this Law, including any amounts put aside by the abovementioned persons, where some elements of the obligation are yet unknown;

13. “Key functionary” means a department or directorate director, an actuary or a head of the internal audit unit of an insurance company;

14. “Close relatives” means the persons specified in Article 13(3)(a), (b), (c) and (ç) of Law No. 9901 of 14 April 2008 “On Entrepreneurs and Companies”, as amended;

15. “Group” means a group of companies consisting of a parent company, its subsidiaries and all entities in which the parent company or one of its subsidiaries has a qualified holding or an interest;

16. “Financial institution” means:

   a) a bank pursuant to Article 4 (1.1) and/or a non-bank financial entity pursuant to Article 4 (1.31) (i) of Law No. 9662 of 18 December 2006 “On Banks in the Republic of Albania”, as amended;

   b) an insurance and/or reinsurance company;

   c) a brokerage company, as specified in Article 44 of Law No. 9879 of 21 February 2008, “On Securities”;

   ç) a management company of collective investment undertakings, as specified in Article 2(25) of Law No. 10198 of 10 December 2009 “On Collective Investment Undertakings”;

   d) a management company of voluntary pension funds, as specified in Article 4(th) of Law No. 10197 of 10 December 2009 “On Voluntary Pension Funds”;

17. “Insurable interest” means the interest in, and need for, being protected against the consequences of an insured event;

18. “Non-executive” means a member of an insurance company’s board of directors who is not an employee of the insurance company and is not part of its management and has no other relations with the insurance company;

19. “Insurance class” means the classification of a set of similar risks or operations specifying the activity an insurance company may carry out under a licence;

20. “Consumer” means any person using or benefiting from the services provided by an insurer or from the services of an intermediary;
21. “Ultimate controller” means any person exercising any influence on a licensee, either directly or indirectly through a third party. This includes, but is not limited to, any persons in accordance with whose direction and instructions the members of the board of directors, members of the supervisory board and key functionaries of the insurance company act and whose opinions are influential in the company’s decision-making process;

22. “Protection of insurers’ interests” means the maintenance of insurance company financial stability and the protection of insured persons’ legal rights;

23. “Insured event” means the event foreseen in the insurance contract, which happens under the terms and within the period covered by the insurance;

24. “Insurance period” means the period for which an insurer covers an insurance risk;

25. “Person” means a natural and/or legal person.

26. “Beneficiary” means a third person for whose benefit an insurance contract is concluded or who received benefits under an insurance contract;

27. “Participation” means a direct or indirect holding of voting shares in an insurance company by a legal or natural person, who, individually or in association, holds 20% or more of the shares with voting rights in the insurance company capital;

28. “Qualifying holding” means a direct or indirect holding of voting shares in an insurance company by a legal or natural person, who, individually or in association, holds 10% or more of the shares with voting rights in the insurance company capital, which also includes the case where a legal or natural person owns less than 10% but exerts influence on the management of the insurance company;

29. “Insurance portfolio” means the entirety of the insurance contracts of one or different insurance classes concluded by one insurer.

30. “Insurance product” means a specific contract (policy) prepared and issued by an insurance company to cover a single specific risk or a number of specific risks, under the agreed terms and conditions;

31. “Technical provision” means a sum calculated on the basis of an expectation and in accordance with the set actuarial methods, which is kept by an insurer in order to cover the liabilities stemming from insurance contracts;

32. “Gross technical provisions” means the total amount of technical provisions comprising the technical provisions calculated by an insurer and the technical provisions for risks calculated by an insurer;

33. “Mathematical provision” means a sum calculated on the basis of an expectation and in accordance with the set actuarial methods, which is kept by an insurer in order to cover the liabilities stemming only from life assurance contracts;

34. “Retrocession” means the transfer of a part of the insured risk from a reinsurance company to another reinsurance company;

35. “Reinsurance” means the acceptance of risks ceded by an insurance/reinsurance company to another reinsurance company;

36. “Insurance risk” means the objective likelihood of proprietary and non-proprietary losses occurring in uncertain circumstances that are unknown to, and independent from, the will of the insured person;

37. “Insurance” means the transfer of an eventual risk of proprietary and non-proprietary loss from the insured to the insurer under an insurance contract;
38. “Life assurance” means the insurance of risk, under the classes specified in Annex I, Section B, attached to this Law;
39. “Non-life assurance” means the insurance of risk, under the classes specified in Annex I, Section A, attached to this Law;
40. “Insured” means a person whose potential of proprietary and non-proprietary loss is covered by an insurance contract. Under life assurance contracts, the insured is the person on whose life the insurance contract was concluded;
41. “Insurer” means an insurance company underwriting a risk by means of an insurance contract;
42. “Association” means the association of insurance and reinsurance companies;
43. “Insurance company” means a legal person licensed to carry out the activity of insurance and other operations that are directly or indirectly related to the activity of insurance, in accordance with this Law;
44. “Domestic insurance/reinsurance company” means an insurance/reinsurance company established in the Republic of Albania;
45. “Reinsurance company” means a legal entity licensed to carry out reinsurance activity, in accordance with this Law;
46. “Insured amount” (limit of liability) means the amount agreed on by the parties to an insurance contract, or which is specified by the laws and regulations on compulsory insurance in power, and which represents the maximum limit of insurer’s liability towards the insured/beneficiary;
47. “Member country” means a member state of the European Union or another country belonging to the European Economic Area;
48. “Foreign country” means any country other than the Republic of Albania and a member country;
49. “Insurance activity” means the drafting, offering, conclusion and performance of life and non-life assurance contracts by an insurance company;
50. “Reinsurance activity” means the drafting, offering, conclusion and performance of reinsurance contracts on the transfer, in part or wholly, of underwritten risk to a reinsurance company;
51. “Indirect holder” means a person who, on behalf of another person that is a direct holder, has benefited shares, voting rights or other rights conferring to their holder the right to participating in the management. A person shall be considered indirect holder if that person is related to a direct holder.
52. “NRC” means the National Registration Centre;
53. “IFRSs” means the International Financial Reporting Standards;
54. “OECD” means the Organisation for Economic Co-operation and Development;

II. For the purpose of this Law, unless otherwise specified:
1. Wherever “insurance company” is referred to in this Law it shall be taken to also refer to “insurance and/or reinsurance company”.
2. Wherever “insurance intermediary” is referred to in this Law it shall be taken to also refer to “insurance and/or reinsurance intermediary”.
3. Wherever “technical provisions” is referred to in this Law it shall be taken to also refer to “technical and/or mathematical provisions”.
Article 5

Classification of risk

1. The classification of risks into insurance classes is provided in Annex I, Sections A and B, attached to this Law.
2. Classification in insurance groups is provided in Annex II, attached to this Law.
3. Classification of large risks is provided in Annex III, attached to this Law.

Article 6

Activity of insurance/reinsurance companies

1. Insurance companies shall carry out insurance activity in accordance with the classes they have received a licence for by the Authority, and may not carry out any other commercial activity.
2. An insurance company carrying out insurance activity for the classes of life assurance shall not perform at the same time insurance activity for the non-life assurance classes and vice versa.
3. An insurance company may carry out reinsurance activity only after having received a special licence from the Authority in compliance with the provisions of this Law.
4. In derogation from Paragraph 2 of this Article, an insurance company that has been licensed to carry out insurance activity for life classes 19, 20 and 21 of Section B in Annex I may be licensed by the Authority to provide insurance under classes 1 and 2 of Section A in Annex I attached to this Law, respectively the risks of body injuries, including occupational disability, accidental death or disability resulting from an accident or sickness. In such a case, the insurance company shall manage those two activities separately from each other, in compliance with the rules adopted by the Authority.
5. An insurance company that has been licensed to cover a main risk pertaining to one or several non-life classes may also provide insurance of ancillary risks included in other non-life classes for which it does not have a licence, provided one of the following conditions is met:
   (a) The insurer covers a risk that:
       (i) is related to the main risk;
       (ii) is related to the subject of the main risk;
       (iii) is covered by the same insurance contract;
   (b) The risks specified in class 17 of Section A in Annex I may be considered ancillary risk for class 18 of Section A in Annex I if the conditions laid down in point (a) of this Paragraph have been met and if the main risk is related only to the provision of assistance to persons in trouble when travelling, when they are far away from their country or from the country they are residents of;
   (c) The risk specified in class 17 of Section A in Annex I may be considered ancillary if the conditions laid down in point (a) of this Paragraph have been met and if it is related to disputes or risks stemming from, or related to, the use of sea vessels.
6. Except for what is provided for in Paragraph 5(b) of this Article, the risks included in classes 14, 15 and 17 of Section A in Annex I of this Law may not be considered ancillary risks for other insurance classes.

7. In derogation from the provisions of Paragraph 1 of this article, an insurance company may also carry out the following operations that are directly or indirectly related to the activity of insurance:
   (a) intermediation in sale or sale of damaged property covered by property insurance, which, in the claim settlement process, has become the property of the insurance company;
   (b) taking measures for the minimization and prevention of risks likely to be detrimental to the persons and property insured;
   (c) determination of insurance premium;
   (ç) assessment of level of exposure to insured property risk and claims adjustment;
   (d) management of own funds and assets covering technical and mathematical provisions;
   (dh) provision of services under class 18 of Section A in Annex I attached to this Law through the employees of the insurance company and its own equipment;
   (e) electronic data processing;
   (ë) performance of intellectual and technical services in relation to insurance activity.

8. Reinsurance activity may be carried out by reinsurance companies that have been licenced by the Authority. Reinsurance companies may carry out reinsurance activity only.

9. A reinsurance company may carry out reinsurance activity for the classes of life, non-life or both life and non-life assurance.

Article 7

Related persons or parties

1. Related persons or parties shall be such related persons as:
   (a) close relatives;
   (b) members of the board of directors/supervisory board or their representatives or close related;
   (c) qualifying shareholders and their close relatives;
   (ç) employees under employment contracts and their close relatives;
   (d) legal persons in the capital of which the persons listed in Points (a) to (ç) of this Paragraph hold more than 20 percent of the voting shares;
   (dh) legal persons in the capital of which the insurance company holds more than 20 percent of the voting shares.

2. In addition to the provisions of Paragraph 1 of this Article, related persons or parties shall include those persons whose relations are interrelated in one of the following ways through:
   (a) management, capital or in another way, as a result of such relationship, they mutually create business policy and act in a concerted manner with the aim of achieving common business objectives;
(b) influence on decision-making in the area of funding and management;
(c) the significant impact that the operations of one person or its operating results may have on the operations or operating results of another person.

Article 8

Compulsory Insurance

Activity of compulsory insurance shall be regulated by special laws.

Article 9

Exemption from statutory reserve requirements

Insurance companies shall be exempt from the statutory reserve requirements provided for in Law No. 9901 of 14 April 2008 “On Entrepreneurs and Companies”, as amended.

CHAPTER II

INSURANCE AND REINSURANCE COMPANY

Section I

Establishment of Insurance Companies

Article 10

Operation of insurance business

1. Insurance activity may be carried out by the following persons only:
   (a) insurance companies having their head office in the Republic of Albania;
   (b) branches of insurance companies from foreign countries;
   (c) insurance companies from a member country, which have the right to carry out insurance activity in the Republic of Albania either directly or through a branch.

2. An insurance company from a foreign country shall not provide and conduct direct insurance of a risk pertaining to a person, object or liability that is located in the territory of the Republic of Albania.

3. Paragraph 2 of this Article shall not apply to the insurance of risks related to maritime and air transport, reinsurance for foreign investment, insurance of persons not residing in the Republic of Albania, or otherwise provided in international agreements to which the Republic of Albania is a party.
Article 11

Legal Form of Insurance Companies

1. Insurance companies shall only be established as joint-stock companies, having their head office in the Republic of Albania, in accordance with Law No. 9901 of 14 April 2008 “On Entrepreneurs and Companies”, as amended, and the provisions of this Law.

2. Insurance companies shall register with the NRC only after having received prior approval from the Authority to carry out insurance activity.

Article 12

Names of Insurance Companies and Language Used

1. An insurance company’s name must include the word “sigurim” [insurance], or a derivative of that word in the Albanian language.

2. A reinsurance company’s name must include the word “risigurim” [reinsurance], or a derivative of that word in the Albanian language.

3. Any documentation and correspondence kept in the Republic of Albania by any persons that are subject to this Law shall be in the Albanian language.

4. Persons that have not been licensed to carry out insurance/reinsurance activity may not use the words “sigurim” [insurance], “risigurim” [reinsurance] or derivatives thereof for publicity or other purposes.

Article 13

Initial minimal capital

1. The initial minimal capital of an insurance company may not be less than the minimum amount of the guarantee fund as specified in Article 81 of this Law, and shall be entirely payable in cash.

2. An insurance company shall, in addition to its initial basic capital, have an additional fund, hereinafter called start-up fund, in order to cover the establishment, operational and management costs, which shall nonetheless be no less than 5% of its initial basic capital.

3. Shareholders shall pay to the insurance company the respective amount of its initial basic capital and start-up fund in cash in a special escrow account in one of the banks or foreign bank branches in the Republic of Albania. The capital referred to in Paragraph 1 of this Article shall be fully paid prior to the date of the submission of the licence application to the Authority.

Article 14

Shareholding structure

An insurance company may be established by domestic or foreign natural or legal persons in accordance with the provisions of this Law.
Article 15

Shares

1. Insurance companies shall issue registered shares only. One share shall have the right of one vote.

2. Any shares issued up to the amount of the initial core capital of a company shall be paid up in cash only.

3. Insurance companies may not grant a loan and/or issue a guarantee, directly or indirectly, to a person seeking to buy shares in that insurance company or in another company.

Shareholders may not insurance company shares as collateral. Where the provisions of this Paragraph have been violated, the transaction shall be considered null and void.

Article 16

Source of Capital

1. Each shareholder of the insurance company shall give information to the Authority on the sources of the initial basic capital paid at the establishment of the company, as well as any addition to the capital during the course of the insurance company’s activity.

2. For the purpose of verifying the sources of initial basic capital and any addition of the capital, the following information and documentation shall be submitted to the Authority:

   (a) For legal persons:
      i) evidence of capital creation sources, such as authorised auditor’s reports, annual financial statements, gifts or other sources designated to be used for the purchase of insurance company shares;
      ii) certificates issued by the competent authorities, stating data on the company’s balance sheet and its compliance with taxation obligations;
      iii) a certificate on its position in relation to loans in the banking system.

   (b) For natural persons:
      i) evidence of capital creation sources, such as buy and sell transactions, gifts, salaries, cash deposits in banks and/or branches of foreign banks or other evidence of capital creation sources;
      ii) certificates evidencing payment of tax duties;
      iii) a certificate on their position in relation to loans in the banking system.

3. Contributions to an insurance company capital may not come from public loans, bank loans, other loans, illegal proceeds or down payments from third parties.

4. The Authority shall, with a view to prevent money laundering, cooperate with the Directorate General of Money Laundering Prevention, pursuant to the modalities and rules laid down in a joint Memorandum of Understanding.

5. The procedures and methods of submitting the information and documentation provided for in this Article shall be laid down in a regulation adopted by the Authority.
Article 17

Fit and proper requirements

1. Any person who is, or is to be, a qualifying shareholder, member of the board of directors/supervisory board, managing director/management board, ultimate controller, or key functionary of the insurance company shall be fit and proper to hold the particular position.

2. The Authority shall make an assessment whether the member of the board of directors/supervisory board, managing director, ultimate controller or key functionary is fit and proper to hold the particular position, on the basis of the following requirements:
   (a) possess the qualities required to fulfil the tasks and responsibilities of the particular position in the insurance company;
   (b) have integrity, honesty and commitment in the fulfilment of his tasks;
   (c) possess the necessary qualifications and professional experience in line with the responsibilities of the particular position;
   (d) maintain his independence so that the company’s interests are not affected by any conflict of interests that might arise in the course of performing his duties.

3. The Authority shall make an assessment whether the qualifying shareholder is fit to hold the particular position, if he enjoys a sound financial position and has integrity.

4. The Authority shall, in addition to the above, make an assessment of the past behaviour and business or financial activity of the persons referred to in Paragraph 1 of this Article. It shall especially consider whether there is any evidence showing that the person:
   (a) has been convicted by a final judgment of organizing and operating fraudulent and pyramid borrowing schemes, money laundering and financing of terrorism;
   (b) is engaged in, or associated with, any financial losses due to dishonesty, incompetence or malpractice in the provision of financial services or the management of other companies;
   (c) is engaged in business practices which the Authority considers as fraudulent, oppressive or otherwise improper, or which in some way reflect lack of personal values in the provision of financial services or other business transactions;
   (d) has been convicted of any other criminal offences in the past five years.

5. The fit and proper requirements shall be complied with by the abovementioned persons during all the time they hold the respective positions. The Authority shall, whenever it deems it appropriate, have the right to ask from insurance companies to provide proof of their being fit and proper.

6. The Authority shall lay down detailed rules on how the assessment of the requirements is to be done in accordance with the position and responsibility of each person subject to this Article, in line with the international standards in the area of insurance.
Section II

Management of Insurance Companies

Article 18

Insurance company organization requirements

1. Insurance companies that have been licensed to carry out insurance activity shall operate through an appropriate administrative and accountability structure, and an adequate internal audit structure and risk management structure, of a size and capability appropriate for the business it conducts.

2. Insurance company organizational structure must reflect an appropriate separation and clear designation of responsibilities, and have an effective internal system of information dissemination.

Article 19

Organisation of insurance companies

1. Insurance companies shall provide for how they are to be organized in their articles of association.

2. An insurance company shall have the following managing bodies:
   (a) the general meeting;
   and, depending on the provisions of the articles of association,
   (b) the board of directors, as a single governing body, which shall concurrently have functions of managing and supervising the company activity (the one-tier system);
   (c) the supervisory board and the managing director/management board, where the managerial and supervisory functions are allocated to those two governing bodies (the two-tier system).

3. Where an insurance company is organized in a one-tier system, its articles of association shall provide the following:
   (a) the board of directors of the insurance company shall have, as a minimum, five members;
   (b) the number of directors shall always be an odd number;
   (c) the managing director shall be a member of the board of directors;
   (c) the managing director shall be a natural person;
   (d) the managing director shall not be the same person as the chairman of the board of directors;
   (dh) the majority of the members of the board of directors shall be non-executive directors.

4. Where an insurance company is organized in a two-tier system, its articles of association shall provide the following:
   (a) the supervisory board shall perform supervisory functions;
   (b) the supervisory board shall be composed, as a minimum, of three members;
   (c) the number of the supervisory board members shall always be an odd number;
   (c) the managing director/management board shall perform managerial functions;
   (d) the management board shall be composed, as a minimum, of three members;
   (dh) one of the members of the management board shall be elected chairman of the management board;
   (e) the chairman of the management board may be elected by the shareholders’ general meeting or by the members of the management board;
(ë) the members of the management board shall not be the same persons as the members of the supervisory board.

Article 20

Requirements on board of directors/supervisory board members and managing directors/management board members

1. All persons nominated to be members of the board of directors/supervisory board or managing directors/management board members must meet the following requirements:
   (a) have a professional master’s university degree and the professional qualifications necessary to prudently manage the insurance company business;
   (b) have at least five years of professional experience in one of the areas related to insurance, accounting, jurisprudence, finance, mathematics, statistics, actuarial science, engineering or IT;
   (c) not have been a partner, or a member of a governing or controlling body, or a managing director, of a company that has been subjected to insolvency proceedings and/or of a bank/branch of a foreign bank subjected to liquidation in the past five years. The five-year period begins on the date of insolvency or liquidation decision taken by a competent authority;
   (ç) not have been a member, or a member of a governing or controlling body, or a managing director, of a company and/or of a bank/branch of a foreign bank under provisional administration. The five-year period begins on the date of notification of the provisional administration decision taken by a competent authority;
   (d) not have held any governing or controlling positions in a company or financial institution that has been revoked its right to operate a business in Albania or abroad in the past five years;
   (dh) not have contributed to, or helped in, the establishment of unauthorised business activities of deposit acceptance and collection;
   (e) not have contributed to, or helped in, the operation of unauthorised business activities of insurance and intermediation;
   (ë) not be a member of the board of directors/supervisory board of another insurance company, or a representative or employee of another insurance company or insurance intermediary;
   (f) not be an internal or external auditor of an insurance company;
   (g) not have been turned down by the Authority in the past 12 months his application for membership in the board of directors/supervisory board of a company that is subject to Authority supervision.

2. In addition, managing directors/members of management boards must not have been subject to insolvency proceedings in relation to their liabilities to third parties.
Article 21

Approval of board of directors/supervisory board members and managing director/management boards members

1. Board of directors/supervisory board members and managing directors/management board members of insurance companies may only be appointed after they have been approved by the Authority.

2. Insurance companies shall submit an approval application to the Authority, including the relevant documentation standing proof of compliance with the requirements laid down in Articles 17 and 20 of this Law.

3. The Authority shall lay down the rules on the procedure and documentation required for the approval of insurance company board of directors/supervisory board members or managing directors/management board members.

4. When reviewing the application the Authority may request the candidate to submit his programme for the management and operation of the insurance company.

5. The Authority shall reject the application if:
   (a) the review of the information and documentation shows that one of the requirements laid down in Articles 17 and 20 of this Law has not been met;
   (b) the review of the programme shows that the management and operation of the insurance company will not be carried out in compliance with the provisions of this Law or the legislation in force;
   (c) the candidate has been found to have submitted false data in his application, documentation or management programme submitted to the Authority.

Article 22

Board of directors and supervisory board responsibilities

1. In addition to the tasks laid down in Law No. 9901 of 14 April 2008 “On Entrepreneurs and Companies”, as amended, the board of directors of an insurance company shall also be responsible for the:
   (a) compliance with legislation in force by the insurance company;
   (b) management of the risk to which the insurance company is exposed to in the course of its operation;
   (c) establishment of internal controls and internal audit system in all the areas of operation of the insurance company, and their operation in compliance with the provisions of this Law;
   (c) accounting, preparation of financial and statistical reports of the insurance company, and other reports as required by the Authority, and ensuring the truthfulness and accuracy of the data in compliance with the adopted rules and methods;
   (d) reporting and informing the Authority in compliance with the provisions of this Law.

2. In addition to the tasks laid down in Law No. 9901 of 14 April 2008 “On Entrepreneurs and Companies”, as amended, the supervisory board of an insurance company shall also be responsible for the:
   (a) compliance with legislation in force by the insurance company;
(b) establishment of internal controls and internal audit system in all the areas of operation of the insurance company, and their operation in compliance with the provisions of this Law;

(c) supervision of the management of the risk to which the insurance company is exposed to in the course of its operation;

(ç) ensuring the truthfulness and accuracy of the data in financial and statistical reports of the insurance company, and other reports as required by the Authority;

(d) reporting and informing the Authority in compliance with the provisions of this Law.

3. In addition to the tasks laid down in Law No. 9901 of 14 April 2008 “On Entrepreneurs and Companies”, as amended, in the case of managing directors of two-tier insurance companies the managing director/member of the management board shall also be responsible for the:

(a) compliance with legislation in force by the insurance company;

(b) management of the risk to which the insurance company is exposed to in the course of its operation;

(c) accounting, preparation of financial and statistical reports of the insurance company, and other reports as required by the Authority, in compliance with the adopted rules and methods;

(ç) reporting and informing the Authority in compliance with the provisions of this Law.

4. The Authority may lay down in regulations additional responsibilities of insurance company governing bodies.

Article 23

Conflict of Interests and Related Party Transactions

1. All board of directors/supervisory board members, managing directors, management board members and key functionaries must avoid any private interest that would conflict with the interests of the insurance company.

2. All board of directors/supervisory board members, managing directors, management board members and key functionaries shall report in advance to the board of directors any private interests of theirs that would affect their judgment with respect to a particular transaction or matter, thus resulting in a conflict of interest. A private interest shall be an interest based on or stemming from:

(a) direct or indirect economic or business relations of any nature;

(b) any other legal-civil relations;

(c) gifts, promises, favours, preferential treatments;

(ç) potential negotiations for employment or any other forms of relations of private interest entered into by the directors/managing directors, while they are holding this position, for future gains after leaving their current positions;

(d) engagements in other private profit-making activities or any other income-generating activities;

(dh) related party transactions.

3. The statement of private interests as per the provisions of Paragraph 2 in this Article shall be submitted to the board of directors/supervisory board in writing periodically, but not less than once a year.
4. Related and third party relations and transactions in which a member of the board of directors/supervisory board has an interest shall be held and performed at arm’s length.

5. Insurance companies must put in place procedures for addressing conflicts of interest, which must include disclosure of potential conflict of interest, requirements for arm’s length transactions, and, when appropriate, the taking of interim decisions by the board of directors/supervisory board on conducting such transactions.

6. The board of directors/supervisory board may establish and authorise ad hoc committees composed of its non-executive members, which are assigned to addressing conflict of interest on a case-by-case basis.

7. Insurance companies shall establish effective internal controls for related party transactions, including monitoring of agreements, as well as side letters, of long duration or great importance to the insurer for conflicts of interest.

8. In case of nondisclosure of conflict of interest in compliance with this Article or where contracts or legal transactions have been concluded in conflict of interest the following actions shall be taken:
   (a) the board of directors/supervisory board and any shareholder of the insurance company may submit a petition to the court to declare as null the agreement or the legal transaction;
   (b) the Authority may suspend up to one year a member of the board of directors/supervisory board or key functionary or ask the insurance company to dismiss them.

Article 24

Lapse of approval

The approval of persons referred to in Article 21(1) of this Law shall lapse in the following cases:
   (a) if, within six months from the date when the insurance company was licensed, the person, for whom the approval was granted to hold the position of member of board of directors/supervisory board and managing director, has not started to perform the duties of that position in the insurance company;
   (b) if, within three months from the date of notification of the approval of the member of board of directors/supervisory board or managing director, the person has not been appointed by the insurance company;
   (c) on the date of termination of the office of the member of board of directors/supervisory board or managing.
Article 25

Change of board of directors/supervisory board members and managing directors/management board members

1. An insurance company shall notify and seek approval from the Authority for every change of board of directors/supervisory board members or managing directors/management board members.

2. Insurance companies shall inform the Authority in writing of any changes to the information on the basis of which a member of board of directors/supervisory board and managing director was assessed and approved. In this case, if the Authority deems it necessary, it shall reassess the person in question, in accordance with the provisions of Article 17 and 20 of this Law.

3. Insurance companies shall inform the Authority of any reappointment of a managing director and member of board of directors/supervisory board/management board, as well as of termination of office or beginning of a term in office in a governing or controlling body in another company.

4. The Authority shall adopt a regulation on the procedures, time-limits and additional information applicable to the approval of changes of managing directors and members of board of directors/supervisory board/management board, the assessment of such persons, reappointments and termination of office or beginning of a term in office in a governing or controlling body in another company.

Article 26

Audit committee

1. Insurance companies shall establish audit committees composed of at least three members, most of whom shall be non-executive members of the board of directors.

2. At least one of the members of the audit committee must have no less than three years of experience in accounting or auditing.

3. The audit committee shall help the board of directors perform its supervisory functions vis-à-vis the shareholders and other stakeholders. In performing this function, the audit committee shall have, inter alia, the following tasks:
   (a) monitor the financial reporting processes and evaluate the integrity of the insurance company financial statements;
   (b) monitor the adequacy and effectiveness of the insurance company internal controls;
   (c) monitor the appropriateness and adequacy of the processes designed to ensure compliance with legal and regulatory rules;
   (c) nominate the head of the internal audit unit, and monitor the internal audit unit activity;
   (d) nominate the external auditor, and review and monitor the independence of the audit firm.

4. The audit committee shall sit in ordinary meetings at least four times a year, and in extraordinary meetings whenever it is convened by the insurance company board of directors/supervisory board. All decisions shall be taken with a majority of the votes of all the attending members. No abstention is allowed.

5. The audit committee may be assisted, in the performance of its functions, by external experts selected by it.
6. The salaries and bonuses of audit committee members shall be set by the insurance company General Meeting.
7. The audit committee shall report to the board of directors/supervisory board, and help it in its work to make decisions and supervise the insurance company.
8. The Authority may adopt additional rules on how audit committees function.

Article 27

Risk Management System

1. Insurance companies shall establish the risk management system, which shall identify and control risks through policies, implementations procedures and application of limits in order to monitor, control and, where necessary, change the quality and level of activity on the basis of risk and revenue structure that the future cash flows carry.
2. The policies, implementation procedures, limits and activities related to risk management must be adequate to manage the various risk aspects arising during the operation of an insurance company.
3. The Authority shall issue rules on the organization of the insurance company risk management system.

CHAPTER III

OPERATION OF INSURANCE BUSINESS

Section I

Licensing Procedures

Article 28

Licence

1. Insurance companies shall obtain a licence by the Authority to carry out insurance activity in the territory of the Republic of Albania.
2. The licence to operate non-life assurance shall be issued for a particular class of insurance in accordance with Annex I, Section A, attached to this Law. A licence shall cover the entire respective class, unless an insurance company seeks to cover only a part of the risk of a class, as specified in Annex I, Section A. A licence issued on a class shall also be valid for the coverage of ancillary risks under another class if the conditions laid down in Article 6(5) of this Law are met.
3. The licence for life assurance activity is granted separately from a licence for non-life assurance, pursuant to the insurance classes in accordance with Annex I, Section B, attached to this Law.
4. Licences shall also be issued pursuant to the classification laid down in Annex II of this Law.

5. A reinsurance licence may be issued for the classes of life, non-life or both life and non-life assurance.

6. Licences shall be unlimited in terms of time, non-transferable and not purchasable.

Article 29

Licensing stages

1. Licensing of insurance activity shall consist of two stages:
   (a) preliminary approval,
   (b) granting of licence.

2. The entitlement to start carrying out insurance activity begins only after an insurance company has been granted a licence by the Authority.

Article 30

Application for preliminary approval

1. An application for preliminary approval to carry out insurance activity shall be submitted in writing, to which the following documentation shall be attached:
   1. Memorandum of association and draft articles of association of the joint-stock company;
   2. Proposed name, and head office address;
   3. List of shareholders, with data on types of shares, data on nominal share value, percentage of holding in the share capital, and any potential related persons or parties;
   4. Proof that the initial minimal capital has been paid in cash into an escrow account in one of the banks and/or branches of foreign banks in the Republic of Albania;
   5. Information on shareholders’ capital sources, within the meaning of Article 16 of this Law;
   6. Internal policies to be applied by the company for its good corporate governance;
   7. A business plan that has been prepared in accordance with Article 31 of this Law;
   8. Proposed members of board of directors/supervisory board, managing directors and key functionaries, together with the relevant information in accordance with the requirements of Articles 17 and 20 of this Law;
   9. The organizational structure of the company and, in particular, the internal audit functioning, risk management functioning, internal controls, and IT systems;
   10. Company’s internal policies and procedures on how to deal with consumer rights;
   11. Contract templates for the outsourced operations concerning the specific functions of the activity of insurance company, as long as the company has planned such outsourcing;
   12. Contract templates, including general and special terms and conditions of insurance contracts, in accordance with the the insurance class for which the company applies for a license;
13. Data on the products, premiums and premium calculation:
   (a) data on products covering life classes, such as:
      i) mortality tables;
      ii) the methodology for the calculation of premiums, premium tables;
      iii) the methodology for the calculation of provisions for life assurance premiums;
      iv) the methodology for the calculation of cash surrender value;
      v) the methodology for the calculation of premium reduction where contracts provide for such an option;
      vi) calculation of the yield on investment, calculation of surplus yield and the measure and manner of refunding;
   (b) data on products covering non-life classes, such as:
      i) loss and risk ratios or other statistics, which shall illustrate the data included in those gathered for the subsequent control of calculation;
      ii) a description of the technical basis of the data used in the premium calculation;
      iii) a description of the components and planned parameters for premium calculation, including premium table;

14. The programme for implementing the measures for preventing money laundering and the financing of terrorism.

II. The application for a license to carry out insurance activity shall also include an opinion of an authorised actuary in relation to the data and calculations provided for in Article 13(I) of this Article.

III. In addition to the above, the Authority may request additional documentation and information. The Authority shall adopt rules on the additional documentation and information required of insurance companies for licensing purposes, including the required documentation on the founding members of an insurance company. Failure to provide such documentation and information shall be a ground for refusing the preliminary approval of the licensing.

Article 31

Business plan

1. The business plan is a detailed document outlining the objectives of the insurance activity, the capability of the insurance company to meet their estimates and liabilities, for at least the first three years of the activity, and shall contain the following justified information:
   (a) the envisaged organisational structure;
   (b) the list of insurance classes for which the insurance activity will be carried out;
   (c) targeted market share;
   (c) details on the distribution channels;
   (d) reinsurance strategy;
   (dh) evaluation of establishment expenses, management expenses, especially including overall expenses and commissions;
   (e) evaluation of expenses of setting up the administrative services and the organization for securing business and financial resources intended to meet those costs;
   (ë) details on the envisaged internal controls and risk management system;
(f) data on the staff and actuary;
(g) elements comprising the initial minimal capital, as per the provisions of Article 13 of this Law;
(gj) type of reinsurance agreements the company proposes to conclude with the reinsurance company;
(h) optimistic and pessimistic estimates concerning the premium production and technical profitability for each insurance class in which they would like to operate;
(i) a forecast balance sheet and profit and loss account;
(j) an evaluation of the required solvency margin and required basic capital as per the provisions of item (i) in this Paragraph and the calculation methods used for such evaluations;
(k) the intended reinsurance or retrocession programme, with the maximum coverage tables for all activity classes;
(l) an evaluation of the financial sources intended to cover the technical provisions, required minimum capital and required solvency margin, as per the provisions of Article 10 of this Law.

2. If an insurance company intends to carry out insurance activity for class 18 in Section A of Annex I attached to this Law, its business plan shall also include a description of the funds necessary to cover the liabilities arising from this class.

Article 32

Consideration period

1. The Authority shall, within four months from the date of receiving the licence application to carry out insurance activity, either grants or refuses the preliminary approval of the company’s licensing application, and informs the company of its decision in writing.

2. The consideration period in case of activity extension application shall be two months from the date of receiving the application.

3. For the purpose of Paragraphs 1 and 2 of this Article, the receiving date of the application for license is the date on which the company has submitted the application together with the complete required documentation, in accordance with the requirements of this Law.

4. When the Authority finds deficiencies in the submitted documentation, or if it deems it necessary, it shall instruct the insurance company to complete the documentation and information within a time-limit that may not be longer than one month. In all cases a licensing application consideration period may not be longer than four months from its receiving date.

5. The Authority shall refuse the insurance activity licensing application if the insurance company does not file with the Authority the complete documentation or additional information within the time-limit set by the Authority.

Article 33

Preliminary approval

The Authority shall grant its preliminary approval of carrying out insurance activity only if it finds that:
(a) the shareholders meet the requirements provided for in Article 16 of this Law;
(b) the qualifying shareholders, members of the board of directors/supervisory board, managing director, ultimate controllers and key functionaries of the insurance company meet the fit and proper requirements in relation their particular positions, in accordance with the provisions of Article 17 and 20 of this Law;

(c) the submitted documentation and other known circumstances show that the insurance company has the required capacities, including its staff, organization and technical aspects, to cope with the projected business volume as per its business plan;

(c) the articles of association and the entire submitted documentation comply with this Law and its implementing rules;

(d) the calculated premiums and technical or mathematical provisions are sufficient to cover the insurance company’s liabilities;

(dh) the insurance company complies with every other requirements provided for in this Law or in its implementation regulations, in relation to carrying out insurance activity in the insurance classes it has applied for.

Article 34

Refusal of application for preliminary approval

1. The Authority shall refuse a preliminary approval application if a company does not comply with the conditions provided for in this Law.

2. The Authority may, when it deems it necessary, also refuse to grant a preliminary approval if, due to the structure of the insurance company or the group or the relations between the insurance company and related persons or parties, supervision is threatened.

3. The decision of the Authority concerning the preliminary approval or refusal be notified to the company in writing within 10 working days from the date of taking the decision.

4. In case of refusal to grant preliminary approval, the insurance company may appeal with the administrative court as per the time-limits and procedures provided for in Law No. 49/2012 “On the Organization and Functioning of Administrative Courts and the Judicial Review of Administrative Disputes”.

Article 35

Granting of licence to carry out insurance activity

1. Following the preliminary approval, the insurance company shall be provided with a license for carrying out insurance activity after having submitted to the Authority the following documentation:
   (a) decision on NRC registration, together with the insurance company’s articles of association;
   (b) ownership certificate or the renting contract for the premises where the insurance activity shall be carried out, or any type of legal act conferring the right to occupying the premises;
   (c) proof of depositing the start-up fund on the name of the company, as provided for in Article 13(2) of this Law;
(ç) appointment act of the members of the board of directors/supervisory board, along with a brief description of their powers, as well as the specimens of their signatures;
(d) decision to appoint the external auditor;
(dh) draft insurance contracts, under the classes the insurance company is applying for;
(e) list of insurance company employees involved in selling policies, and the relevant documentation in accordance with the requirements of Article 199 of this Law.

2. The Authority shall consider the licensing application within two months from the date of filing of the application and its complete documentation in accordance with the requirements of this Law.

3. If an insurance company does not meet all the requirements provided for in Paragraph 1 of this Article within six months from the preliminary approval decision date, the Authority shall refuse to grant a licence to the company and revoke its decision for granting preliminary approval to the insurance company.

4. The decision of the Authority on granting or refusing to grant the licence shall be grounded and be notified to the company in writing within 10 working days from the date of taking the decision.

5. When the Authority has refused to grant the licence, the company may submit an appeal to the court.

Article 36

Extension of activity

1. An insurance company that has been licensed to operate under specific insurance classes and intends to operate under other insurance classes must apply for a licence to extend its activity to those classes.

2. Articles 31, 34, 35 and 38 of this Law shall also apply appropriately to the licence to extend the activity to other insurance classes.

3. The insurance company shall submit to the Authority the following documentation:
   (a) the decision of the shareholders’ general meeting for extending the activity;
   (b) the source for increasing the capital for the classes it applies for;
   (c) proof of depositing the additional basic capital as per the insurance classes it intends to operate under, in accordance with the provisions of Article 81 of this Law;
   (ç) the feasibility study, in accordance with the provisions of Article 37 of this Law;
   (d) reinsurance plan;
   (dh) draft amendments to the articles of association;
   (e) certificate of possessing the guarantee fund, in accordance with the classes it is submitting an application for;
   (ê) calculations for possessing the solvency margin, in accordance with the provisions of this Law;
   (f) detailed information on the technical and mathematical provisions, and on matching them with the appropriate assets;
   (g) data on the products, premiums, premium calculation, insurance contract specimen covering the insurance class the insurance company is applying for in the context of activity extension.

4. The Authority shall refuse the application for extension of activity to other insurance classes in the following cases:
(a) if it deems that the operations to which the application relates would be detrimental to the operations of the insurance company according to the risk management rules;
(b) if the insurance company does not meet the requirements laid down in this Law in terms of the operation under the insurance classes for which activity extension application has been filed.

Article 37

Feasibility study

The feasibility study an insurance company prepares for the insurance class an activity extension application has been filed for, as referred to in Article 36 of this Law, shall include:
(a) objects of activity;
(b) market research;
(c) the activity strategy for premium collection, marketing and intermediaries;
(d) estimates for the collection of premiums and technical results for the first three years of activity for the relevant insurance class;
(d) data on the employed staff and technical equipment that is going to be used;
(dh) any innovations introduced to the insurance sector, any new products or services pertaining to the relevant insurance class;
(e) evaluation of the necessary financial resources to cover underwriting liabilities and the solvency margin in the relevant insurance class.

Article 38

Notification of commencement or discontinuation of insurance company operations

Insurance companies shall inform the Authority of starting or ceasing their insurance activities in the insurance classes they have been licensed for in accordance with Annex I attached to this Law within eight calendar days from such commencement or discontinuation of the insurance activity.

Article 39

Lapse of licence

1. The license for carrying out the activity as an insurance company shall lapse if:
(a) the insurance company does not start the activity within six months from the date of being granted the license. The insurance company shall not carry out insurance activity anymore from the date on which the Authority issues a notice of declaring its licence invalid;
(b) the insurance company stops conducting insurance activity for a period longer than six months. The insurance company shall not carry out insurance activity anymore from the date on which the Authority issues a notice of declaring its licence invalid;
(c) bankruptcy proceedings have been initiated against the insurance company. The insurance company shall not carry out insurance activity anymore from the date on which the court order is announced;
(c) the insurance company decides to cease its operation. The insurance company shall not carry out insurance activity anymore from the date on which the Authority approves that decision;
(d) all insurance contracts are transferred to another insurance company. The insurance company shall not carry out insurance activity anymore from the date on which the Authority takes the decision on the transfer of contracts.

2. An insurance company the licence of which has been declared invalid shall, within six months, transfer their portfolios relating to the withdrawn license, in accordance with the provisions of this Law.

Section II

Permission to Carry out Insurance Activity outside the Republic of Albania

Article 40

Carrying out insurance activity in a foreign country

1. Insurance companies established in the Republic of Albania may carry out insurance activity in a foreign country through their branches or subsidiaries, in accordance with the legislation of the country where the activity is to be carried out, after having first received the Authority’s approval.
2. Insurance companies shall submit their written applications to the Authority, together with the following documentation:
   (a) the general meeting’s decision to extend the activity to a foreign country;
   (b) information on the amount of investment and source of funding;
   (c) legal form (branch, subsidiary);
   (ç) the insurance class in which it intends to carry out activity;
   (d) other documents required by the Authority.
3. The Authority shall, within a period of three months, consider and make a decision with regard to the application of the company to exercise activity outside the Republic of Albania.
4. The Authority shall refuse the application on the grounds of the host country legislation or when it deems that the activity of the branch cannot be supervised in accordance with the provisions of this Law.

Article 41

Carrying out insurance activity in a member country

1. Insurance companies may carry out insurance activity in a member country in accordance with the legislation of the country where the activity is to be carried out, through their branches or directly.
2. The Authority shall adopt the rules on the criteria and procedures with regard to commencing and carrying out of activity and the supervision of insurance companies in member countries through direct provision of services or establishment of branches.
Section III

Insurance activity carried out by member country insurance companies and foreign country insurance companies

Article 42

Licensing branches of foreign country insurance companies

1. An insurance company from a foreign country shall carry out insurance activity in the Republic of Albania through a branch registered in the Republic of Albania.

2. An insurance company from a foreign country shall submit to the Authority a written application in the Albanian language for licensing its branch, including:
   (a) a certificate of registration with the company register or another similar register, in accordance with the legislation of the respective country where the company has its head seat;
   (b) internal rules of operation of the company;
   (c) data on the shareholders and their shares in the company, if the certificate referred to in item (a) of this Paragraph does not include such data;
   (g) certificate of registration with the company register or another similar register, in accordance with the legislation of the respective country, of the legal entities holding more than 10 percent of the shares in the foreign company;
   (d) the decision of the highest governing body to open a branch in the Republic of Albania;
   (dh) the decision of the appointment of the branch managing director and his powers of representation vis-à-vis third parties;
   (e) the articles of association of the company;
   (f) the licence to carry out insurance activity, granted by the relevant authority in the country where the company has its head office;
   (g) official approval for the foreign company to open a branch, issued by the responsible supervisory authority in the country where the company has its head office;
   (h) the business plan of the branch, prepared in accordance with the requirements of Article 31 of this Law;
   (ji) the company’s audited financial statements for the past three years, in accordance with the requirements of the responsible supervisory authority in the country where the company has its head office;
   (hj) proof of capital adequacy in accordance with the requirements of this Law;
   (i) proof of having in a special escrow account in a bank and/or foreign bank branch located in the Republic of Albania the initial basic capital in accordance with the provisions of Article 13 of this Law;
   (j) a statement on the financial relations between the branch and the foreign company;
   (k) a statement on keeping and preserving all the branch’s internal documentation at its head office.

3. A branch of a foreign insurance company must submit proof of having the appropriate staff and technical equipment for carrying out the insurance activity.


5. The provisions of Article 31, 34, 35 and 38 of this Law shall apply to the decision-making of the Authority in relation to licensing a foreign insurance company branch.
6. The Authority shall refuse to approve an application for licensing a foreign insurance company branch if:
   (a) the legislation of the country where the foreign company has its head office or the practices for the implementation of this legislation makes it difficult to exercise supervision in accordance with this Law;
   (b) the principles of reciprocity applies.
7. All the provisions of this Law that are applicable to insurance companies shall also apply to foreign insurance company branches appropriately.

**Article 43**

**Member country insurance companies**

1. An insurance company carrying out insurance activity under specific classes in a member country may also carry out insurance activity under the same classes in the Republic of Albania either directly or through its branch.
   2. The Authority shall adopt the rules on the criteria and procedures with regard to beginning of activity and supervision of insurance companies from member countries through direct provision of services or establishment of branches.
   3. Companies from member countries shall be licensed in accordance with the provisions of Article 42 of this Law.
   4. All the provisions of this Law that are applicable to insurance companies shall also apply to member country company branches on case-by-case basis.

**Article 44**

**Representation offices**

1. An insurance company from a foreign/member country may open a representation office in the Republic of Albania upon the Authority’s approval.
   2. An insurance company shall submit a written application to the Authority, together with:
      (a) the decision of the highest body;
      (b) the memorandum of association and articles of association of the foreign company;
      (c) the licence of the insurance company, granted by the competent supervisory authority in the country where the company has its head office;
      (c) the decision of the insurance company from the foreign/member country to appoint the office representative.
   3. The Authority shall, within one month, review an insurance company’s application for having a representative office in the Republic of Albania and take a decision on it.
   4. The Authority shall inform the foreign/member country insurance company in writing within 10 calendar days from the date of the decision to approve or refuse the application.
   5. The representation office shall register with the NRC after having received the Authority’s approval.
Section IV

Transfer of Insurance Portfolio

Article 45

Transfer of insurance portfolio

1. An insurance company may, with approval from the Authority, transfer under an agreement all or a part of the portfolio of its insurance contracts along with its liabilities and rights to another insurance company. An insurance company transferring insurance contracts shall be called the transferring company. An insurance company to which the insurance contracts are transferred shall be called the receiving company.

2. In addition to what is provided for in Paragraph 1 of this Article, an insurance company may also transfer its assets covering technical and mathematical provisions equal to the calculated technical and mathematical provisions covering the liabilities under the transferred insurance portfolio.

3. An insurance portfolio may be transferred only after the receiving company has received the Authority’s approval.

4. No approval from the insured shall be required for the transfer of insurance contracts.

5. The receiving company shall inform the insured of the transfer of insurance portfolio on the public media in the territory where the risk covered by the transferred insurance contracts is located, within 10 calendar days from the effective date of the Authority’s decision to approve the portfolio transfer.

6. An insurance company may transfer its insurance portfolio to:
   (a) an insurance company with its head office in the Republic of Albania;
   (b) an insurance company from a member country or its branch in the Republic of Albania or another member country;
   (c) a branch of a foreign insurance company in the Republic of Albania;
   (g) a branch of a foreign insurance company in a member country, where the transferred insurance contracts cover risks located in that member country.

7. A transferring company shall transfer its insurance portfolio to the receiving company within three months from the date of receiving the Authority’s approval.

8. The approval of the transfer of an insurance portfolio shall lapse after the time-limit referred to in Paragraph 7 of this Article expires.

9. The transferring company shall submit to the Authority a document that attests to the transfer to the receiving company within 30 calendar days from the date of portfolio transfer.

10. If the transferring company does not comply with the requirement of Paragraph 9 of this Article, or the submitted documents do not provide evidence of the transfer of the portfolio, the Authority shall decide to revoke its decision to approve the portfolio transfer.
Article 46

Application for insurance portfolio transfer

An insurance company shall submit a written insurance portfolio transfer application to the Authority, together with:

(a) the transfer approval from the shareholders’ general meeting and the board of directors/supervisory board of the transferring company;
(b) the transfer approval from the shareholders’ general meeting and the board of directors/supervisory board of the receiving company;
(c) the list of insurance contracts, grouped under insurance classes, and their special and general conditions, which are sought to be transferred, and a calculation of the technical provisions for those classes;
(d) the list of assets covering the technical and mathematical provisions, including their respective values, and all the data that can be used to verify the calculation of those values;
(dh) the amended business plan of the receiving company required for the transfer of the insurance portfolio;
(dh) the insurance portfolio transfer agreement.

Article 47

Approval or refusal of application for insurance portfolio transfer

1. The authority shall approve the insurance portfolio transfer if the transferring company has complied with the requirements of Articles 45 and 46 of this Law, and the accepting company possesses, after considering the portfolio transfer the necessary solvency margin.

2. If the accepting company is a branch of a foreign company, the Authority shall take a decision only if the supervisory authority of the home country gives a written approval.

3. The Authority shall refuse the application for insurance portfolio transfer if:
(a) the accepting company does not comply with the legal requirements for the insurance classes pertaining to the portfolio to be transferred, or the activity of the accepting company can deteriorate in terms of risk management rules after the transfer of the portfolio;
(b) the accepting company is not licensed to operate in the insurance classes pertaining to the transferred insurance portfolio;
(c) the amount of assets covering technical and mathematical provisions of the accepting company is lower than the amount of provisions that would be established with the insurance portfolio to be transferred.

The Authority shall, within one month from the filing of the application and documents in accordance with the provisions of Articles 45 and 46 of this Law, approve or refuse the transfer of the insurance portfolio.

5. The Authority shall adopt rules on the transfer of insurance portfolios in relation to member countries.
Section V

Qualifying Holding

Article 48

Application for qualified holding

1. The holding of shares in an insurance company where a shareholder directly or indirectly reaches or exceeds the level of qualified holding shall be made only upon the approval of the Authority following the filing of an application for qualified holding. The application shall be submitted to the Authority together with the documentation provided for in Article 16 and 17 of this Law.

2. In addition to the requirements of Paragraph 1 of this Article, the Authority shall approve any subsequent holdings reaching or exceeding 20%, 33%, 50% or 75% of the voting rights or participation in the capital of the insurance company.

3. A shareholder who has been granted the approval provided for in Paragraphs 1 and 2 of this Article shall notify the Authority of any decreases in his holding in advance.

4. The Authority shall lay down the rules on the qualified holding in relation to member countries and on the cooperation with the responsible supervisory authorities in the member countries on issues that are related to qualified holding.

Article 49

Approval of qualifying holding

1. The Authority shall approve the qualified holding if the requirements provided for pursuant to this Law are met, and reject the qualified holding if it finds that:

   (a) the transactions performed by the future qualifying shareholder or his related persons/parties can deteriorate the insurance company activity in terms of risk management rules, or can make supervision by the Authority difficult or impossible;

   (b) in the case of an application for qualified holding from a foreign shareholder, the implementation of his country’s legislation or legislative practices makes supervision by the Authority difficult or impossible.

2. The Authority shall makes a decision within two months from the submission the application for qualified holding and the complete attached documentation.

Article 50

Preliminary notification of qualifying holdings outside the Republic of Albania

1. Before holding a qualified holding in another insurance company or financial institution from a foreign country/member country, an insurance company shall inform the Authority in writing.
2. The insurance company shall also inform the Authority in writing of any subsequent holdings reaching or exceeding 20%, 33%, 50% or 75% of the voting rights or participation in the capital of a foreign financial institution.

3. The insurance company shall notify the Authority in writing in advance if intends to reduce its holding under the levels referred to in Paragraphs 1 and 2 of this Article.

4. The written notification referred to in Paragraph 1 of this Article shall be accompanied with the following documentation in the case of financial institutions:
   (a) the list of qualifying shareholders and a certificate of their respective holding; (b) a certificate of registration with the company register or another similar register, in accordance with the legislation of the respective country;
   (c) annual financial statements for the past two years;
   (c) audited annual financial statements and the auditor’s opinion for the past two years, if the domestic legislation provides for statutory auditing;
   (d) a list of related persons/parties, including the relevant explanations;
   (dh) management strategy and a cost-benefit analysis of investments.

5. In the context of ensuring the activity of insurance companies in line with the best business practices and principles, and their financial soundness when taking over influencing holding, the Authority shall, in addition to the provisions of Paragraph 4 of this Article, also consider the following criteria:
   (a) the business reputation of the insurance company in which an insurance company intends to have influencing holding;
   (b) the business reputation and experience of the persons managing the activity of the insurance company intending to have qualifying holding;
   (c) the financial stability of the insurance company in which an insurance company intends to have qualifying holding;
   (c) the capability of the insurance company intending to have qualifying holding in another insurance company of further continuing its activity in compliance with the provisions of this Law. If a company is going to be a member of an insurance group, that insurance group must have the appropriate structure enabling appropriate exercise of supervision, exchange of information between the responsible supervisory authorities and the allocation of responsibilities among those authorities;
   (d) prevention of potential money laundering and financing of terrorism cases which are related to the acquisition of qualifying holding.

Article 51

Legal effects of unapproved qualifying holding

If a person acquires qualifying holding in violation of the provisions of Article 48 of this Law, the legal transactions resulting in the acquisition of that qualifying holding shall be null and void.
Article 52

Authority powers

If a person in possession of qualifying holding in an insurance company acts in violation of the insurance company prudential and proper management rules, the Authority shall take the appropriate measures for protecting the interests of the insured by putting an end to this situation, including the termination of the voting rights resulting from those shares.

Section VI Other

Approvals Article

53

Outsourcing of functions

1. An insurance company may, with prior approval from the Authority, outsource the following functions:
   (a) claim handling and adjusting;
   (b) actuarial services;
   (c) promotional and marketing services;
   (c) IT services;
   (d) accounting;
   (dh) management of assets covering technical and mathematical provisions.
2. The outsourced functions referred to in Paragraph 1 of this Article shall be performed under a contract, in which an insurance company transfers a part of its functions to another person.
3. The function outsourcing contract shall contain a provision stating that the delegating insurance company is responsible for the outsourced functions.
4. The function outsourcing contract must specify that the person accepting the outsourced functions is obliged to provide the company with the information referred to in Article 55(2) of this Law, which the insurance company shall use for supervision purposes.
5. The Authority shall adopt regulations laying down the requirements, rules and procedures on the outsourcing of insurance company functions.

Article 54

Approval of function outsourcing

1. The Authority shall approve the outsourcing of insurance company functions if the requirements provided for in Article 53 of this law are met.
2. The Authority shall not approve the outsourcing of insurance company functions if the requirements provided for in Article 53 of this Law are not met, or where, given the type and volume of outsourced functions, the interest of the insured is put at risk, or, due to the outsourcing of those functions, supervision of the outsourced functions is jeopardized or made impossible.
3. The Authority shall, within two months, review an insurance company’s application for outsourcing its functions and take a decision on it.
4. The Authority shall revoke its approval of function outsourcing if:
   (a) interests of the insured are endangered;
   (b) the requirements of this Article and Article 53 of this Law are not met;
   (c) supervision of the insurance company becomes difficult or impossible.

Article 55

Supervision of performance of outsourced functions

1. The provisions of this Law that are applicable to the supervision of insurance companies shall also apply to the supervision of persons performing outsourced functions on a case-by-case basis.
2. Insurance companies and persons performing any outsourced functions shall, upon a request from the Authority, submit data on the legal status, financial position and activity of the legal person that has signed the function outsourcing contract, and any other documentation and information requested by the Authority.
3. An insurance company’s audit firm may ask the person performing outsourced functions for any information related to the performance of the audit.
4. Persons performing outsourced functions must cooperate with the Authority in relation to the supervision referred to in Paragraph 1 of this Article.

Article 56

Insurance company merger and division

1. The merger or division of insurance companies shall be made only with the approval of the Authority.
2. Life assurance companies shall submit to the Authority a report prepared by an authorised actuary, certifying that the merger or division is not in conflict with the interests of policyholders, insurance company and the companies involved in this transaction.
3. The Authority shall review the application for the merger or division and take a decision after the conditions or procedures laid down in the regulations of the Authority have been met.
4. The Authority shall decide on the merger of insurance companies only after they have received from the Competition Authority the approval of their merger.
5. The provisions of Law No. 9901 of 14 April 2008 “On Entrepreneurs and Companies”, as amended, shall also apply to the merger and division of insurance companies.

Article 57

Approval or refusal of changes to articles of association

1. Insurance companies shall inform the Authority of any changes to their articles of association within 10 calendar days from the proposal to make such changes.
2. Any changes to a company’s articles of association shall be made after prior approval from the Authority within 10 days from the filing of such changes.

3. The Authority shall lay down rules on the approval or refusal of substantial changes to insurance company articles of association.

4. In the case of capital increase an insurance company shall submit to the Authority data on the source of capital, in accordance with the provisions of Article 16 of this Law.

5. Changes to the articles of association that have not been approved by the Authority shall not be registered at the NRC.

6. A branch of a foreign company shall submit to the Authority any changes pertaining to the articles of association of that company within three months from the date of change. If a foreign company changes its name, its branch in the Republic of Albania shall inform the Authority within one month from the date of the name change.

7. Insurance companies shall submit to the Authority their changed articles of association within 10 calendar days from the registration of those changes with the NRC.

8. The provisions of this Article shall also apply to member country company branches in the Republic of Albania.

CHAPTER IV

CONSUMER PROTECTION

Section I

General Principles

Article 58

Obligations of insurance companies and intermediaries

1. Insurance companies and intermediaries must:
   (a) perform their activities with professionalism, care and devotion to the insured;
   (b) act in confidentiality and honesty to respect the insured’ rights;
   (c) inform the insured on the insurance products, insurance contract special and general conditions, benefits stemming from insurance contracts, and the fees and premiums which the insured have to pay;
   (d) pay claims at the appropriate amount and in due time.

2. Insurance companies and intermediaries must not provide information or misrepresentations that misinform or deceive consumers.

Article 59

Claim handling and payment

1. Where an insured event occurs, the insurer must pay a compensation or the insured amount to the insured, in accordance with the insurance contract.
2. Insurers shall handle all insurance claims, and make their payment within the
time-limit specified in the insurance contracts.

3. The handling of insurance claims by insurance companies shall also include the
adjustment of claims by the companies themselves.

4. Insurers shall handle insurance claims in due time and in compliance with the
requirements adopted to this end.

5. The insured shall enjoy the right to compensation upon occurrence of the insured
event.

6. Insurers shall establish an internal system for handling insurance claims, and
develop and adopt internal procedures for handling and addressing such claims.

7. Insurers shall not be obliged to pay an amount that exceeds the insured amount
limit, unless otherwise provided for by the contract parties.

Section II

Information

Article 60

Obligation of information

Insurance companies and intermediaries must inform the insured, prior to contract
execution, of the insurance scope, coverage and other issues. The obligation of information
shall begin before a contract is executed and continue throughout the contract period.

Article 61

General principles of information obligation

1. Insurers shall ensure that the information disclosed to the insured prior to
contract execution is clear and adequate.

2. Before contract execution and during contract period of validity, insurers shall
help consumers in good faith to understand the technical aspect of insurance coverage and
other elements of the insurance contracts, by providing them with oral and written
information and by not misleading or deceiving them.

3. Insurers shall, before contract execution and during the contract validity period,
inform consumers of any conflict of interests that they might have with other parties,
including any economic and legal relations that might affect the performance of insurers’
obligations towards consumers.

4. All obligations of insurers before contract execution and during contract validity
period shall also apply to intermediaries.

5. Insurers shall also perform their information obligation toward other persons
benefitting under insurance contracts, if those persons request so.
Article 62

Legal consequences of failure to fulfil information obligation

If an insurer or intermediary does not meet their obligation of information, gives deceiving or misleading information, does not give the appropriate information in compliance with Article 63 of this Law, or if the provided information is in conflict with the facts before contract execution or during contract validity period, and if such disclosure of information affects the insured persons’ decision-making, the insured shall have the right to terminating such a contract and claiming compensation for the caused damage.

Article 63

Information obligation prior to contract execution

1. Insurers and intermediaries must provide consumers, prior to signing an insurance contract, with all the written necessary information on the respective type of insurance. Such information shall include:
   (a) the company name, legal form and structure, and the address of the company head office;
   (b) the address of the head office of the branch through which the insurance contract is signed;
   (c) the internal procedures for claim handling, and the structure responsible for dispute resolution;
   (c) covered risks and excluded risks, and the options to change the contract, in compliance with the general conditions;
   (d) contract termination periods and methods;
   (dh) the method of premium calculation, time-limits and methods for paying it, any consequences for failing to pay the premium, and the portion of the premium corresponding to the basic coverage and additional coverage;
   (e) requirements and time-limits for the payment of insurance claims or insured amount;
   (e) the methods for the calculation and allocation of bonuses;
   (f) the method for the calculation of the payable claim and insurance deductibles, in the case of early completion of payments, and the guaranteed amount under the insurance contract;
   (g) in the case of contracts on units/shares in collective investment undertakings, the complete list of the specific collective investment undertakings in which life contract funds may be invested, and the characteristics of assets comprising those undertakings;
   (gj) out-of-court proceedings for settling any disputes in relation to insurance contracts in line with the internal rules of the insurer, without prejudice to the right to take action in court;
   (h) the conditions on unilateral contract termination;
   (i) general data on taxes, fees and commission related to the insurance contract.

2. In derogation from the provisions of Paragraph 1 of this article, if a consumer is seeking immediate coverage, the information in question may be given orally. In this case, the insurer shall provide the consumer with written information immediately upon the signing of the contract.
The signing of an insurance contract, its terms and conditions or its annexes shall mean agreement with the oral information and acceptance of its conditions.

Article 64

Mandatory information in contract terms and conditions

1. Insurers and intermediaries shall inform the insured of any changes to the legislation on insurance, insolvency, mergers, take-overs, liquidation or winding-up of companies in any way, revocation of a licence for a specific class or all classes of insurance, and of any other changes or events affecting the rights and obligations of the insured, within 10 days from the date of such event.

2. Insurers and intermediaries shall comply with the information obligation during the contract validity period, by using their official websites, mail, fax, telegraph, email and secure electronic signature.

3. Performance of the information obligation through telephone or call centres shall be considered valid if the phone calls are recorded on a magnetic or digital medium, and insurers can provide evidence thereof.

4. The Authority may adopt rules on additional information to be provided prior to the signing and during the contract validity period, including remote contracts.

Article 65

Notification content

1. Communications with the insured shall be in the Albanian language, and their content in reference to Article 63 and 64 of this Law shall be stated clearly and accurately.

2. Information may also be provided in another language besides the Albanian if so requested by the insured or consumers and if the insurer agrees to do so.

Section III Public information

1. Insurance companies shall take all the technical and administrative measures for establishing an IT infrastructure in accordance with the Authority-adopted rules on informing the insured or other interested parties with regard to developments and legal changes in the insurance industry.

2. Insurance companies shall, pursuant to the provisions of this Law, establish and maintain their official websites in order to effectively fulfil their information obligation.

3. Insurance companies shall design official websites and formats that are user-friendly in terms of the following information, under an accessible separate link on their home pages, in the context of complying with their obligation to inform interested persons:
(a) general information on the insurance company, its shareholders and management structure, and its capital;
(b) the insurance classes under which it operates, and the insurance services and products offered under those classes;
(c) information on the special conditions, risks and coverages not regularly offered under an insurance product, which can nonetheless be offered on additional terms and conditions;
(c) information on the rights and obligations of the insured and other interested parties, and the procedures to be used when a risk occurs;
(d) information on applicable taxes and fees;
(dh) the address, email address, phone and fax numbers of all insurance company structures and units, including its head offices;
(e) claim handling procedure;
(e) electronic forms allowing the insured and other interested parties to file their requests for information and their claims online;
(f) statistics and other important information;
(g) the latest audited financial statements, including the auditor’s opinion.

4. Insurance companies shall establish the IT infrastructure to provide the insured and other interested parties with up-to-date online information on:
(a) insurance contracts;
(b) life assurance contracts, in terms of the calculated and accrued premiums, offered coverage and amount, any discounts, including commissions, administrative expenses and other expenses, accumulated amounts and bonuses, if any, the amount of underwriting insurance contracts, bonuses and rebates, and the status of contracts subject of bonuses and rebates;
(c) other public disclosures as specified by the Authority.

Article 67

Promotional activity

1. Any promotional activities and information on insurance companies and products in the market must contain clear, true and complete data.
2. Insurance companies shall be responsible for the publication of information referred to in Paragraph 1 of this Article.
3. Promotional information shall include all the information given to third parties or potential insured parties by means of advertising on the printed and visual media, meetings, phone calls, internet and electronic media, interactive television, and any other means through which promotion the promotion goal can be reached.
4. The provisions of this Article also apply to intermediaries where they conduct publicity activities independently.
Insurance company obligation

1. Where an insurance company gives promotional information about itself or its products in the market:
   (a) it shall not conceal or fraudulently or misleadingly distort the goal of the promotion and information;
   (b) it shall provide a full, accurate, clear and truthful description of the insurance product, legal obligations, expected incomes, and a description of any risks arising from such a product;
   (c) it shall support the disclosed facts with original documents;
   (d) it must not report any false or untrue indicators on the insurance company, its market position and its products;
   (e) it shall ensure that the information is the same and consistent in terms of appearance, content and form.

2. The Authority shall develop rules on the notification of promotional information prior to its being issued by insurance companies, and rules on the correction or prohibition of issuing such information.

Article 69

Grievance procedure

1. If the insured or other interested persons think that an insurance company is not abiding by the terms and conditions laid down in the insurance contract, they may submit a complaint to that insurance company.

2. Insurance companies shall respond to every complaint submitted in writing or in electronic format, and provide the requested information related to insurance contracts within 15 working days from the date of receiving the request.

3. Insurance companies shall establish an internal system for handling complaints and internal procedures for handling and addressing such claims.

4. Complaints shall be addressed impartially within the time-limit specified in Paragraph 2 of this Article.

5. The insured or other interested persons may address the Authority with any concerns they have in relation to the handling of their complaints by an insurance company. The insured or other interested persons may also address the Authority with any complaints on insurance intermediaries or claim adjustors.

6. The Authority shall return a complaint case for re-examination to the relevant insurance company, if it deems this necessary. The Authority shall, within its supervision powers, have the right to checking whether an insurance company is complying with the requirements of the law and the terms and conditions of insurance contracts.

7. Grievance procedures and complaint handling shall be governed by a regulation to be adopted by the Authority.
Article 70

Settlement of disputes

1. Insurance companies shall develop and adopt appropriate internal procedures to be implemented by them when the parties agree to settle any disputes involving the insured or consumers and insurance companies or intermediaries out of courts.

2. Insurance companies shall publish the information on the out-of-court dispute settlement in the terms and conditions of insurance contracts.

3. Where disputes arise due to unclear wording of the terms and conditions in insurance contracts that have been drafted by insurers, those disputes shall be settled by construing the terms and conditions in favour of the insured.

4. The execution of a claim amount deriving from voluntary and compulsory insurance contracts and the formal acceptance of the claim amount by the damaged party or beneficiary shall extinguish an insurance company’s obligation. Claim beneficiaries may not claim any additional compensation, other than what it has freely accepted by signing an agreement and/or amount acceptance declaration.

CHAPTER V

PROFESSIONAL SECRECY

Article 71

Confidentiality

Insurance companies and intermediaries shall be obliged to keep confidential any data, facts and circumstances related to the insured of which they become aware in the course of conducting their activity.

Article 72

Obligation to protect confidentiality

1. Members of board of directors/supervisory boards, managing directors/members of management boards, key functionaries, managers, shareholders, employees and any other persons of insurance companies and intermediaries and the Albanian Insurance Bureau, who, in the course of performing their activity, use the data referred to in Article 71 of this Law, shall not divulge that data to third parties, use it against the interests of the insurance company and its consumers, or enable their use by third parties.

2. The obligation to protect confidentiality shall not apply if:
   (a) the insured agrees explicitly in writing for their disclosure,
   (b) the information is required to establish facts in criminal proceedings, and the submission is required in written form by the competent court,
   (c) the information is required to establish facts in investigation proceedings by the prosecution office,
(c) the case is subject to the provisions of Law No. 9917 of 19 May 2008 “On the Prevention of Money Laundering and Financing of Terrorism”, as amended, and its implementation regulations;
(d) the information is requested by the Authority or other supervisory authorities, in the context of performing supervision within their powers;
(dh) the information is requested by the tax authorities;
(e) the information is requested in accordance with the provisions of Law No. 10076 of 12 February 2009 “On Compulsory Insurance in the Transport Sector”, as amended.

3. The obligation to protect confidentiality shall also apply even after the persons referred to Paragraph 1 of this Article retire from the relevant insurance companies or when they cease to be shareholders, members of boards of directors/supervisory boards, managing directors or managers, except for the cases referred to in Paragraph 2 of this Article.

4. The obligation to protect confidentiality shall also apply to insurance intermediaries.

5. The Authority, other supervisory authorities and investigative and judicial authorities shall use the information referred in Paragraph 2 of this Article only for the purposes for which the information was given.

Article 73

Use of personal data

Insurance companies shall collect, protect, deposit and use the personal data required for signing insurance policies and settling any complaints stemming from any insurance cases pursuant to this Law in compliance with Law No. 9887 of 10 March 2008 “On Personal Data Protection”, as amended, and its implementation regulations.

CHAPTER VI RISK MANAGEMENT

Section I

General Provisions

Article 74

Risk management rules

1. An insurance company shall possess at any time the adequate amount of capital relative to the insurance volume and classes under which it operates, and the nature of the risks it is exposed to.

2. Insurance companies shall operate in such a way as to ensure that the risks they are exposed to under a specific class or all insurance classes never exceed the amounts or limits laid down in this Law or in the acts of the Authority.
3. Insurance companies shall operate in such a way as to meet their liabilities in terms of payments (the principle of liquidity), and be able to meet, on an ongoing basis, their liabilities on time (the principle of solvency).

4. Insurance companies shall develop and adopt clear and detailed policies and procedures on the identification, measurement, monitoring and prevention of the risks they are exposed to in the course of their operation.

Section II

Insurance Company Capital

Article 75

Insurance company capital

1. For risk management rules implementation purposes, the insurance company capital (hereinafter referred to as the “capital”) shall be calculated in accordance with the methodology specified in this Law or in the acts of the Authority.

2. Throughout their activity insurance companies shall possess adequate capital which also implies its solvency.

3. An insurance company’s solvency shall consist of that company’s assets, free of any foreseeable liability, less any intangible assets.

4. The calculation of an insurance company’s capital shall take into account the elements of the basic capital as specified in Article 76 of this Law, the elements of additional capital as specified in Article 77 of this Law and the deductible elements referred to Article 79 of this Law.

Article 76

Core capital

1. The calculation of an insurance company’s core capital shall include the following elements:
   (a) the share capital of the insurance company, consisting of the issued ordinary shares;
   (b) capital reserves which do not correspond to the liabilities deriving from insurance contracts;
   (c) retained profit brought forward after deduction of payable dividends.

2. The calculation of an insurance company’s core capital shall not include the following items:
   (a) redeemed own shares;
   (b) investment in intangible assets;
   (c) carried forward losses and current-year losses;
   (c) the difference between discounted and undiscounted claims provisions.

3. In derogation from the rule laid down in Paragraph 2(c) of this article, the difference between discounted and undiscounted technical provisions shall not be considered as a deductible item in the calculation of the core capital for the insurance classes laid down in Annex I, Section A, classes 1 and 2; this provision also applies to the provisions for annuities specified in Section B, class 22, of this Law.
4. The Authority may adopt rules on the specification of the method of calculation and the types of particular items to be taken into consideration in the calculation of the basic capital pursuant to this Article.

Article 77

Additional capital

1. The calculation of an insurance company’s additional capital shall include the following items:
   (a) the share capital of the insurance company, consisting of the cumulative preference shares;
   (b) subordinate debt instruments;
   (c) capital reserves related to the cumulative preference shares;
   (d) other elements.
2. Subordinate debt instruments shall be securities and other financial instruments conferring their holders the right to being paid, in the case of issuer’s bankruptcy or winding-up, only after other creditors’ claims have been settled.
3. The other elements referred to in Paragraph 1(d) of this Article shall be the reserves arising from the valuation of assets not being of an extraordinary nature.
4. The Authority may adopt rules on the specification of the method of calculation and the types of other items to be included in the calculation of the additional capital and the features of the subordinate debt.

Article 78

Investment

1. Insurance companies shall develop, adopt and implement investment and lending policies, standards and procedures that a reasonable and prudent professional would implement in relation to an investment and loan portfolio, in order to avoid any undue risk of losses and obtain a reasonable return on investment. Such policies must be in writing, available for inspection and reviewed at least annually.
2. Insurance companies shall invest only in assets and instruments in relation to the overall asset portfolio whose risks the companies can adequately identify, measure, monitor, manage, control and report, and appropriately take into account in the assessment of its overall solvency requirements.
3. All assets shall be invested in order to ensure the security, quality, liquidity and profitability of the overall portfolio, and be easily accessible to the Authority for inspection purposes.
4. The assets shall be diversified in an appropriate manner in order to avoid excessive concentration on a single asset, issuer or group of companies or a specific geographical area, and excessive accumulation of risk of the overall portfolio.
5. Investment and assets that are not tradable on regulated financial markets shall be kept at a prudential level pursuant to the limits laid down in regulations by the Authority.

6. The Authority shall adopt rules on the categories of allowed investments and the limits applicable to asset investment.

7. As a derogation from Paragraphs 1 to 6 of this Article, the provisions of Article 104 of this Law shall apply in case of assets held in respect of life insurance contracts, where the investment risk is borne by the insured.

Article 79

Deductible items in capital calculation

1. When calculating an insurance company’s capital, the following items shall be subtracted from the sum of core capital and additional capital:
   (a) holdings and subordinate debt instruments in other insurance or reinsurance companies, insurance holding companies, banks and/or branches of foreign banks, securities brokerage companies, management companies and other financial institutions in which the insurance company has a qualifying holding of over 10 percent;
   (b) other investments in the persons referred to in item (a) of this paragraph, which are taken into account in the calculation of the capital of those persons;
   (c) holdings and subordinate debt instruments and other investments in other insurance companies or financial entities than the ones referred to in item (a) of this paragraph, which exceed 10 percent of the insurance company capital as calculated before the deduction of the elements referred to in points (a) and (b) of this paragraph;
   (ç) illiquid assets.
2. Illiquid assets shall include:
   (a) shares that are not listed in regulated markets;
   (b) loans to/receivables from related parties;
   (c) loans from brokers and agents;
   (ç) receivable premiums or receivables from reinsurance that are overdue their 90-day time-limit;
   (d) other debtors or receivables which are not directly related to insurance activity;
   (dh) inventories;
   (e) deferred acquisition costs;
   (ë) prepaid expenses;
   (f) other assets which are not free of any foreseeable liability or obligation;
   (g) other assets which cannot easily be realized at the time when this is necessary to meet financial liabilities as they fall due.
3. The Authority may adopt more detailed rules on the deductible items in capital calculation and the categories of assets they apply to.
Section III Capital

Adequacy Article

80

Solvency margin

1. The capital of an insurance company carrying out insurance and reinsurance activity shall not be below its required solvency margin.

2. The required solvency margin of an insurance company shall be the higher amount between the guarantee fund provided for in Article 81 and the amount equal to 150 percent of the minimum solvency margin calculated pursuant to the provisions of this Law and the Authority's acts.

3. The minimum solvency margin of an insurance company carrying out insurance activity for non-life classes shall be calculated in accordance with the methods laid down in regulations by the Authority. The minimum solvency margin of an insurance company carrying out insurance activity for life classes shall be calculated in accordance with the methods laid down in regulations by the Authority.

Article 81

Guarantee fund

1. The guarantee fund of an insurance company shall be composed of the core capital as provided in Article 76 of this Law and the additional capital as provided in Article 77(1) of this Law, and shall be approved by the Authority.

2. The guarantee fund may not be less than one third of the minimum solvency margin as specified in Article 80 of this Law.

3. In derogation from Paragraphs 1 and 2 of this Article:
   (a) the guarantee fund of an insurance company, that carries out non life insurance activity, may not be less than ALL 260 million. Where one or several risks are included in classes 10 to 15 of Section A in Annex I attached to this Law, the guarantee fund may not be less than ALL 370 million;
   (b) the guarantee fund of an insurance company may not be less than ALL 370 million if that insurance company carries out life assurance activity pursuant to the classification of Section B in Annex I attached to this Law;
   (c) the guarantee fund of a reinsurance company may not be less than ALL 370 million;
   (c) the minimum amount of the guarantee fund of an insurance company covering risks from several non-life assurance classes must be equal to the amount of the minimum limit of the guarantee fund of the insurance class for which the highest limit has been specified;
   (d) the minimum limit of the guarantee fund of an insurance company covering more than one of the activities referred to in points (a), (b) and (c) of this Paragraph in accordance with the provisions of this Law shall be equal to the sum of the minimum limits corresponding to each of those activities as per the classes for which the company has been authorised.
4. The guarantee fund shall be kept in an escrow account as the “guarantee fund amount” in one of the banks and/or branches of foreign banks in the Republic of Albania.

5. The guarantee fund shall be invested only in T-bills and/or bank deposits with maturity period of no less than one year, and shall be described as an account that may not be used without the Authority’s prior approval.

6. No transactions related to the guarantee fund may be made without the Authority’s prior approval, after the insurance company has submitted all the necessary information requested by the Authority. Transactions shall only be made via bank transfers.

7. The Authority may adopt rules on the administration of and the cases of intervention in the guarantee funds of insurance companies.

Section IV

Financial Recovery Measures

Article 82

Measures taken by board of directors/supervisory board of an insurance company to reach the required solvency margin

1. If the capital of an insurance company is inadequate due to the increased solvency margin requirement or other reasons, the board of directors/supervisory board of the insurance company shall promptly take the necessary measures for reaching the required capital level or propose measures to the responsible company structures.

2. The board of directors/supervisory board of the insurance company shall inform the Authority of the proposed measures referred to in Paragraph 1 of this Article within eight calendar days from the date of their proposal.

Article 83

Financial recovery plan

1. Where the interests of the insured are jeopardized and/or the capital of a company is inadequate, in accordance with the provisions of Articles 80 and 81 of this Law, the Authority may instruct the insurance company to file a financial recovery plan, together with the proposed reorganization actions for at least the following three financial years, containing one or several of the following elements:

(a) estimates of management expenses, and comparisons with current general expenses and commissions;
(b) detailed estimates of income and expenditure in respect of direct insurance activity and/or detailed estimates of income and expenditures in respect of reinsurance acceptances and reinsurance cessions;
(c) a forecast of financial statements and profit and loss account;
(d) a calculation of the capital and guarantee fund, pursuant to the provisions of Articles 75 and 81 of this Law;
(d) a calculation of the required solvency margin, pursuant to the provisions of Article 80 of this Law;
(dh) estimates of the financial resources intended to cover the required solvency margin and all underwriting liabilities;
(e) the overall reinsurance policy or the overall retrocession policy.

2. For the purposes of this Law, reorganization measures mean those measures that aim at maintaining or restoring the sound financial position of an insurance company.

3. The financial recovery plan shall be submitted to the Authority for approval, within the time-limits specified by the Authority. The Authority shall take a decision to approve or reject the financial recovery plan within one month from the date of its submission.

4. When rejecting a financial recovery plan, the Authority shall take one or several of the other supervisory measures provided for in Article 152 of this Law.

Section V Liquidity

Management Article 84

Liquidity management

1. Insurance companies shall manage their financial resources and their investments in such way as to ensure at any time the fulfilment of their liabilities when they fall due.

2. For the purpose of protection against the liquidity risk, insurance companies shall adopt and implement systematic liquidity management policies, including:
   (a) planning expected and potential cash flows;
   (b) systematic monitoring of liquidity;
   (c) implementation of appropriate measures for preventing and eliminating the causes of lack of liquidity.

3. Insurance companies shall calculate the amount of their liquidities on a daily basis.

4. Insurance companies shall calculate the liquidity rates and liquidity minimum levels based on the methods laid down in regulations by the Authority.

Article 85

Calculation and reporting

1. Insurance companies shall periodically calculate and prepare:
   (a) the amount of capital;
   (b) the amount of guarantee fund;
   (c) the required solvency margin, with an authorised actuary’s opinion;
   (c) the amount of technical provisions, with an authorised actuary’s opinion;
   (d) the amount and types of investments that are not financed out of the risk premium;
   (dh) the amount of assets covering technical provisions;
   (e) the type, distribution, matching of assets with liabilities and location of invested assets covering technical and mathematical provisions;
(e) liquidity ratios;
(f) underwritten risks for each insurance class;
(g) ceded reinsurance;
(gi) insurance statistical data;
(h) financial statements and reports on operating results of the insurance company activity;
(i) other information required by the Authority.

2. The required solvency margin for each quarter shall be calculated in accordance with the provisions of Article 80 of this Law, with the minimum solvency margin for each quarter being calculated in accordance with the regulation pursuant to Article 80 of this Law.

3. The Authority shall adopt rules on the reporting method, manner, content, form and time-limits in accordance with the provisions of this Article.

Article 86

Prohibition of distribution of profits

Insurance companies shall not distribute any profits in the form of dividends or interim dividends or in the form of profit sharing payments to members of boards of directors/supervisory boards or other employees if:
(a) the capital of an insurance company is below the required solvency margin, within the meaning of Article 80 of this Law;
(b) the capital of an insurance company, after the distribution of profits, falls below the required solvency margin, within the meaning of Article 80 of this Law;
(c) the insurance company cannot guarantee the minimum liquidity level, within the meaning of Article 84 of this Law;
(c) the insurance company, after the distribution of profits, cannot guarantee the minimum liquidity level, within the meaning of Article 84 of this Law;
(d) the insurance company has not implemented the measures as instructed by the Authority to correct the misstatement of assets and liabilities in its financial statements which affects the company result.

Section VI

Insurance Premiums

Article 87

Non-life assurance premiums

1. A non-life assurance premium shall consist of:
(a) risk premium;
(b) the portion necessary to cover the underwriting expenses and management expenses, including commissions;
(c) the portion necessary to allow for a profit for the insurance company.

2. The risk premium shall be the part of premium necessary to pay claims in accordance with the provisions of insurance contracts.
3. Insurance companies shall submit to the Authority, upon its request, the technical basis and actuarial assessments used for the calculation of insurance premiums and for non-life assurance products, together with their authorised actuary’s opinions.

Article 88

Life assurance premiums

1. A life assurance premium shall consist of:
   (a) risk premium;
   (b) the portion necessary to cover mathematical provisions – savings elements;
   (c) the portion necessary to cover the underwriting expenses and management expenses, including commissions;
   (ç) the portion calculated to allow for a profit for the insurance company, including the return on investment, given the risk related to such investment.
2. The Authority may recommend the basis for the statistical data and the limits for the parameters that are used in the calculation of premiums by insurance companies carrying out life assurance activity.
3. The provisions of Article 87(3) of this Law shall also apply to life assurance premiums.

Section VII

Technical Provisions

Article 89

Technical provisions

1. Insurance companies shall establish and maintain throughout their activity technical provisions that are sufficient to cover in a timely fashion their underwritten liabilities and losses from risks deriving from insurance contracts. Technical provisions shall be calculated as a gross amount, without subtracting ceded insurance, in accordance with the actuarial principles and the rules adopted by the Authority.
2. Insurance companies shall establish the following technical provisions:
   (a) premium provisions, which are composed of provisions for unearned premiums and expired risk provisions;
   (b) provisions for bonuses and rebates;
   (c) technical claims provisions;
   (ç) provisions for protection against investment risk;
   (d) other technical provisions.
3. An insurance company may, with prior approval from the Authority, establish a claims equalization reserve.
4. As a derogation from the provision of Paragraph 3 of this Article, insurance companies shall establish a claims equalization reserve if they operate under class 14 of Section A, Annex I, attached to this Law.
5. Mathematical provisions shall be established by insurance companies carrying out life assurance activity or in other insurance classes where premiums accumulated in the form of a savings fund or a fund to be used to cover future risks that are long-term in nature and are subject of probability tables and the same calculations as those used in life assurance.
6. Insurance companies shall establish special technical provisions when they sign insurance contracts under which the investment risk is borne by the insured.

7. Reinsurer’s share in the technical provisions shall include the provisions for reinsurance premiums and provisions for reinsurance claims, and be calculated in accordance with the terms and conditions of reinsurance contracts based on the gross amounts of technical provisions. Provisions for premiums in relation to contracts ceded to reinsurance shall be calculated in accordance with insurance classes pursuant to the methods chosen by the insurance company for the calculation of gross premium provisions.

8. Technical provisions of insurance companies shall be established prior to posting the financial result of the financial year.

9. Insurance companies shall submit to the Authority the calculation of technical and mathematical provisions, and the Authority shall approve their adequacy. If the Authority deems that the technical and mathematical provisions are not adequate it shall instruct the relevant insurance company to maintain and state technical and mathematical provisions at the amount approved by the Authority.

10. Insurance companies simultaneously carrying out insurance and reinsurance activity shall establish reinsurance technical provisions at the end of each year, corresponding to their underwritten liabilities.

11. In the case of co-insurance, technical provisions shall be established by the participating co-insurers proportionate to their respective shares in the underwritten liabilities.

12. The calculation basis and methods, methods of maintaining technical and mathematical provisions and the criteria and procedures for approving them shall be laid down in a regulation adopted by the Authority.

Article 90

Premium provisions

1. Provisions for unearned premiums and unexpired risk provisions shall together constitute the premium provisions.

2. The provisions for unearned premiums for each insurance class shall be established in proportion to the premiums written in relation to insurance coverage, which are still valid after the expiry of the financial period during which the provisions were established.

3. In addition to the provision of Paragraph 2 of this Article, insurance companies may establish provisions for unexpired risks. If an insurance company covers risks related to loan and loan security insurance, acts of God, and damages caused by nuclear energy, it shall establish additional provisions for unearned premiums in those classes commensurate with their special nature.
Article 91

Provisions for bonuses and rebates

The provisions for bonuses and rebates shall be established at the same level as the amount of payments the insured receive on the basis of:
(a) the right to benefits deriving from insurance contracts or other rights (bonuses) deriving from insurance contracts;
(b) the right to partial reduction of the insurance premium (rebate);
(c) the right to refund of a part of the insurance premium in case of premature termination of the insurance contract.

Article 92

Technical claims provisions

1. Technical claims provisions shall be established at an amount that is equal to the liabilities underwritten by insurance companies through contracts, where the insured event occurs before the end of the financial period, including any expenses payable by the insurance company as specified in the insurance contract.
2. Technical claims provisions shall also include the liabilities for any claims that have occurred but have not been reported.

Article 93

Mathematical provisions

1. Mathematical provisions shall be established at an amount equal to the present value of estimated future liabilities of an insurance company, deriving from life assurance contracts, less the estimated present value of future premiums payable under the said assurance contracts.
2. Mathematical provisions shall be calculated by applying the appropriate actuarial estimates, which take into account all future liabilities of an insurance company under every individual life assurance contract, including:
   (a) guaranteed benefits the insured is entitled to;
   (b) bonuses the insured is entitled to collectively or individually, regardless their form;
   (c) options available to the insured, as specified in the contract terms and conditions;
   (c) calculated portion necessary to cover the expenses, including commissions.
3. When selecting an actuarial estimation method, insurance companies shall take into account the method applied to the valuation of assets covering mathematical provisions, as appropriate.
4. Insurance companies shall calculate mathematical provisions for each insurance contract. Approximations or generalizations may only be applied if it is deemed that their use will yield a result that is approximately the same as the one specifically calculated.
5. When, the insured are entitled under an assurance contract, to the payment of surrender value, mathematical provisions formed in respect of that contract shall not be lower than the surrender value.
6. Insurance companies shall, in an annex to the annual reports, make reference to the technical basis and methods used in the calculation of mathematical provisions.

Article 94

Equalisation provision

1. The equalisation provision shall be established to equalise fluctuations in occurrence of loss events.
2. Insurance companies may set up equalisation provision in those insurance classes in respect of which significant statistically-expected deviations from the customary amounts of claims as calculated on an annual basis can be expected on the basis of statistical data.
3. The equalisation provision shall be formed on the basis of a deviation of the claims ratios for the accounting period from the average claims ratios for the reference period.

Article 95

Other technical provisions

Insurance companies shall set aside other technical provisions to cover expected future liabilities and the risk of large claims arising from the insurance of liability for losses due to nuclear risks, insurance of manufacturers’ liabilities for pharmaceutical products, flood and earthquake risks, and with regard to other risks or liabilities, in respect of which they have not set up the provisions referred to in Article 89(2)(a), (b) and (c), (3) and (4) of this Law.

Section VIII

Assets covering technical provisions

Article 96

Assets covering technical provisions

1. Insurance companies shall set aside assets that are sufficient to cover their technical provisions in compliance with the provisions of this Section.
2. Assets covering technical provisions are those assets of an insurance company that are intended to cover any future liabilities arising from insurance contracts and cover any losses due to the risks arising in the course of carrying out insurance activity in respect of which the insurance company has the obligation to set up technical provisions.
3. The value of assets covering technical provisions must at all times be no less than the amount of gross technical provisions.
4. Assets covering technical and mathematical provisions shall be equal to the amount of liabilities arising from insurance contracts in terms of the respective currency.
1. Insurance companies may cover their technical provisions other than mathematical provisions with the following assets:

(a) securities issued by the Government of the Republic of Albania or by the Bank of Albania;
(b) bonds and other debt securities guaranteed by the Government of the Republic of Albania;
(c) bonds and other debt securities issued by the local government in the Republic of Albania;
(d) bonds and other debt securities traded on regulated securities markets in the Republic of Albania;
(e) bonds and other debt securities that are not traded on regulated securities markets in the Republic of Albania, provided that their issuers are legal persons having their head office in the Republic of Albania;
(f) shares traded on regulated securities markets in the Republic of Albania;
(g) shares that are not traded on regulated securities markets in the Republic of Albania, provided that their issuers are legal persons domiciled in the Republic of Albania;
(h) units/shares in collective investment undertakings registered in the Republic of Albania;
(i) secured and unsecured loans in the Republic of Albania, provided the conditions laid down in regulation by the Authority have been met;
(j) land, buildings and entitlements to immovable property in the Republic of Albania if all the following requirements are met:
   (i) the land is registered by the Immovable Property Registration Office in the name of the insurance company;
   (ii) the immovable property yields return on investment or is expected to yield return on investment;
   (iii) the purchase price has been set on the basis of a relevant expert’s evaluation;
   (iv) the property has not been pledged as collateral and no lien has been placed on it, and is otherwise free from any other charges;
   (h) deposits in banks and/or branches of foreign banks with their head offices in the Republic of Albania.

2. When selecting the type of investment of assets covering technical provisions, an insurance company shall take into consideration the type of insurance activity it carries out, in such a way as to guarantee the safety, profitability, liquidity and marketability of the investment, and shall ensure that the investments are adequately diversified and spread.

3. Assets covering technical provisions, other than mathematical provisions, may, with prior approval by the Authority, be also invested in:

(a) long-term bonds and long-term securities issued by a member country or an OECD member country;
(b) long-term bonds and long-term securities issued by a nongovernmental entity in a member country or an OECD member country;
(c) shares issued by a foreign joint-stock company that are traded on a regulated capital market in a member country or an OECD member country;

(c) units/shares of collective investment undertakings that are traded on a member country or an OECD member country.

4. In exceptional circumstances the Authority may, with request from an insurance company, temporarily and under a properly reasoned decision approve other categories of assets covering technical provisions if those assets are of a prudent nature and are diversified and adequately spread.

5. The Authority shall adopt rules regarding the types and characteristics of assets covering technical provisions, other investment categories of assets covering technical provisions, rules for diversification of and limitations and restrictions in respect of the investment of these assets, and the rules for valuation of these assets.

Article 98

Investment matching

1. Insurance companies shall appropriately match the amount of investment of assets covering technical and mathematical provisions which are exposed to risk of potential losses due to changes in interest rates, exchanges rates and other market risks, with its liabilities rising from insurance contracts whose level depends on the same changes.

2. When investing assets covering technical and mathematical provisions, insurance companies shall take into consideration the maturity date of the liabilities under individual insurance contracts.

3. In derogation from Paragraph 1 of this Article, insurance companies shall match no less than 80 percent of the assets covering mathematical provisions with the liabilities under insurance contracts, the level of which depends on the changes in foreign exchange rates.

4. The Authority shall adopt regulations on the matching of assets covering technical and mathematical provisions.

Article 99

Usage of financial derivatives

1. When investing assets covering technical provisions, insurance companies may use financial derivatives if they reduce the risk referred to in Article 98(1) of this Law or if they enable more efficient portfolio management.

2. Insurance companies shall report to the Authority on the usage of financial derivatives.

3. The Authority shall adopt detailed rules on the usage of financial derivatives.
Article 100

**Assets covering mathematical provisions**

1. Assets covering mathematical provisions are assets covering the liabilities deriving from life assurance classes for which insurance companies must establish mathematical provisions.
2. Assets covering mathematical provisions shall be used only to pay claims deriving from life assurance contracts for which those provisions have been established.

Article 101

**Required coverage**

1. The required coverage for mathematical provisions shall, in addition to mathematical provisions, include the provisions for unearned premiums, technical claims provisions and provisions for bonuses and rebates.
2. The required coverage shall be calculated separately for each insurance class, in accordance with the provisions of Article 102(1) of this Law.

Article 102

**Obligation to keep separate assets covering mathematical provisions**

1. Insurance companies operating under life assurance classes for which they have established the respective mathematical provisions must set aside assets covering mathematical provisions and must hold and manage those assets separately from other assets.
2. Insurance companies must ensure that the amount of assets covering mathematical provisions is at all times the same as the amount of required coverage. At the end of each quarter insurance companies must increase their assets in terms of assets covering mathematical provisions if that is necessary to match the assets covering mathematical provisions with the level of required coverage.

Article 103

**Allowed investment types for assets covering mathematical provisions**

1. Insurance companies may cover their mathematical provisions with the following allowed types of asset investment:
   (a) securities issued by the Government of the Republic of Albania and by the Bank of Albania;
   (b) bonds and other debt securities guaranteed by the Government of the Republic of Albania;
   (c) bonds and other debt securities issued by the local government in the Republic of Albania;
   (c) bonds and other debt securities accompanied by guarantees issued by the local government in the Republic of Albania;
(d) bonds and other debt securities traded on regulated securities markets in the Republic of Albania;
(dh) shares traded on regulated securities markets in the Republic of Albania;
(e) units/shares in collective investment undertakings registered in the Republic of Albania;
(ë) secured loans in the Republic of Albania, provided they are in compliance with the conditions laid down in regulation by the Authority;
(f) land, buildings and entitlements to immovable property in the Republic of Albania if all the following requirements are met:
(i) the land is registered by the Immovable Property Registration Office in the name of the insurance company;
(ii) the immovable property yields a return on investment or is expected to yield a return on investment;
(iii) the purchase price has been set on the basis of a relevant expert’s evaluation;
(iv) the property has not been pledged as collateral and no lien has been placed on it, and is otherwise free from any other charges;
(g) deposits in banks and/or branches of foreign banks with their head offices in the Republic of Albania.

2. When choosing a type of investment for assets covering mathematical provisions, an insurance company shall take into consideration the type of activity it carries out, in order to ensure safety, return, liquidity and tradability of the investment, and provide for their appropriate diversification and spread.

3. Assets covering mathematical provisions may, with prior approval by the Authority, be also invested in:
   (a) long-term bonds and long-term securities issued by a member country or an OECD member country;
   (b) long-term bonds and long-term debt securities issued by a nongovernmental entity in a member country or an OECD member country;
   (c) shares issued by a foreign joint-stock company that are traded on a regulated capital market in a member country or an OECD member country;
   (g) units/shares of collective investment undertakings that are traded in a member country or an OECD member country.

4. In exceptional circumstances the Authority may, with request from an insurance company, temporarily approve with a reasoned decision other types of assets covering mathematical provisions if those assets are of a safe nature and are appropriately diversified and spread.

5. The Authority shall adopt rules on the types and characteristics of assets covering mathematical provisions, other investment types of assets covering technical provisions, the diversification and restrictions in relation to the investment of those assets, and the valuation of those assets.

**Article 104**

**Investment of assets covering special provisions for insurance classes where the insured bear the investment risk**

1. Insurance companies shall not invest the assets covering mathematical provisions in a collective investment undertaking if it is a related party for the company managing that fund.
2. If the insured persons’ rights deriving from the life assurance contracts are directly linked to the amount of units/shares in a collective investment undertaking, the investment of assets covering mathematical provisions established by an insurance company in relation to those life assurance contracts shall include, to the maximum possible, investment in securities representing those units/shares in collective investment undertakings.

3. If the insured persons’ rights deriving from the life assurance contracts are directly linked to changes in the securities index or other reference amounts, the investment of assets covering mathematical provisions established by an insurance company in relation to those life assurance contracts shall include, to the maximum possible, investment in appropriate securities the characteristics and tradability of which corresponds to the securities used as a basis in the determination of the index or reference amount.

4. The Authority shall specify in detail in a regulation the types of investment and investment restrictions applicable to the assets covering mathematical provisions, for each life assurance class where the investment risk is borne by the insured and where the rights deriving from life assurance contracts are directly related to the amount of assets covering mathematical provisions.

Article 105

Separation of assets covering mathematical provisions from other assets of insurance companies

1. Insurance companies shall separate their assets covering mathematical provisions from other assets in accordance with the method specified in the following articles of this Law and in accordance with the types of assets.

2. Assets covering mathematical provisions referred to Paragraphs 1 of this Article may only be used to enable the settlement of claims under the life assurance contracts for which the respective assets covering the mathematical provisions were established.

3. In the case of life assurance classes and other insurance classes for which probability tables and other calculations that are the same as the ones employed for life assurance are used, the use of assets covering mathematical provisions shall be limited only to that part of the assets the amount of which:

   (a) is proportionate to the part of required coverage pertaining to the life assurance contracts from which the right to compensation derives, similarly to how the total amount of assets covering mathematical provisions correspond to the amount of required coverage for all life assurance contracts signed by an insurance company under life assurance classes, for which the respective assets covering mathematical provisions have been established;

   (b) is not in excess of the required coverage in relation to the life assurance contract from which the right to compensation derives.
Article 106

Account of assets covering mathematical provisions

Insurance companies shall keep separate accounts for receiving and making payments in relation to assets covering mathematical provisions in a bank and/or a branch of a foreign bank.

Article 107

Separation of investment in securities

1. Insurance companies keeping securities in custody accounts with custodian banks may:
   (a) inspect the balance of securities in the custody account;
   (b) promptly fulfil their obligation to transfer securities under commercial agreements concluded on assets covering mathematical provisions with a brokerage company which manages investment in securities as per a delegation contract signed with an insurance company.

2. In the case of securities issued in the form of certificates and not traded on regulated markets, insurance companies shall authorise a bank operating as a securities custodians to perform all the actions related to the custody of those securities.

3. Paragraph 1 of this Article shall apply, mutatis mutandis, to the custody of the securities referred to in Paragraph 2 of this Article.

4. The bank and/or branch of a foreign bank operating as a securities custodian referred to in Paragraphs 1 and 2 of this Article shall, upon a request from the Authority, file the requested information on the balance of securities kept for an insurance company and linked to assets covering mathematical provisions.

Article 108

Investment in bank deposits and loans

1. When assets covering mathematical provisions are invested, an insurance company must sign with the bank and/or branch of a foreign bank or with the borrower an agreement clearly stating that the investment is for assets covering mathematical provisions.

2. Where the loan referred to in Paragraph 1 of this Article is secured by a bank security against securities or in other methods, insurance companies must pledge the security in favour of the assets covering mathematical provisions.
Section IX

Accounting and financial reporting

Article 109

Accounting and record keeping

Insurance companies shall constantly maintain accounting, keep accounting records, valuate assets and liabilities, prepare financial statements, keep documentation of insurance activity, and other data on their business management in an office in the Republic of Albania, in order to enable at all times verifications of the insurance business operation in accordance with the risk management rules, the legislation in force on the methodology of supervision and the rules adopted by the Authority and professional standards.

Article 110

Responsibility of insurance/reinsurance companies

Insurance companies must ensure that the information, documentation and data referred to in Article 109 of this Law are accurate and reflect the real financial situation of a company truthfully.

Article 111

Reporting

1. Insurance companies shall prepare financial statements and other detailed reports on their activities, and submit them to the Authority in accordance with the form, manner, content, list, period and time-limits specified in regulations by the Authority.

2. Insurance companies shall prepare for each calendar year financial statements and other unaudited reports on their activities, and submit them to the Authority by 31 March in the following year.

3. Reinsurance companies shall submit to the Authority financial statements and other unaudited reports on their activities, no later than 4 months from the end of the calendar year for which they are prepared.

4. An insurance/reinsurance company that is the parent of an insurance company shall prepare and submit consolidated financial statements within the time-limits specified in Paragraphs 2 and 3 of this Article.

5. Insurance/reinsurance companies shall prepare and submit financial reports and other business reports for periods of time shorter than a calendar year in accordance with the laws and regulations in power and the bylaws of the Authority.
Article 112

Authorised actuary’s report and opinion

Insurance companies shall, within 14 calendar days from the date of submitting the accounting documents referred to in Article 111 of this Law, submit to the Authority the authorised actuary’s report specified in Article 225 of this Law, together with the actuary’s opinion stating that the calculation of premium tariffs, the establishment of technical provisions, assets covering technical provisions, guarantee fund, the required solvency margin and ceded reinsurance are in compliance with the provisions of this Law and its implementation regulations.

Article 113

Financial transactions

1. Financial transactions, including payment of claims by insurance companies, shall be carried out by banks and/or branches of foreign banks in the Republic of Albania.

2. Financial transactions of insurance intermediaries, claim adjustors and all persons subject of this Law shall be performed through banks and/or branches of foreign banks in the Republic of Albania.

3. Insurance companies and the persons referred to in Paragraph 2 of this Article shall submit to the Authority the names of the banks and/or branches of foreign banks, the number of bank accounts and their relevant references, through which they operate in accordance with Paragraphs 1 and 2 of this Article.

Section X

Other risk management measures

Article 114

Prohibition of asset reduction transactions

1. An insurance company the capital of which is owned as holding may not purchase, accept as security, lend or borrow in exchange for the shares in the insurance company that has a holding in its capital.

2. Debt or loan agreements and share purchases or sales that are not related to the activity of insurance and are in excess of 20 percent of the insurance company’s capital between an insurance company and other group member companies may only be made with the prior approval of the Authority.

3. Insurance companies shall also seek the approval of the Authority before issuing short-term and long-term securities and similar tradable instruments.

4. The Authority shall take a decision whether to approve or reject the applications provided for in Paragraphs 2 and 3 of this Article within 30 calendar days from the date of application submission.
5. An insurance company’s shareholders, members of board of director/supervisory board, managing director/management board members, internal auditor and employees shall not use the company’s resources directly or indirectly, except for the benefits, financial support and advances given to the employees in accordance with the provisions in the articles of association of the company or in the resolutions of the general meeting or of the board of directors/supervisory board. Those persons may not perform any transactions in conflict with the rules of good business operation or any secret business transactions resulting in asset decrease. Insurance companies may not pledge their assets as collateral in favour of their employees, shareholders, persons having holdings or any other persons, and may not perform other transactions, such as issuing guarantees and loans, unless such transactions derive from their obligations.

Article 115

Reinsurance

1. Insurance companies may reinsure their underwritten liabilities with domestic or foreign reinsurance companies.
2. An insurance company reinsuring its underwritten liabilities is the sole responsible entity towards the insured, and the insured may not take any direct legal action against reinsurers.

Article 116

Obligation to reinsure

1. Insurance companies must reinsure with a reinsurance company that part of insured risks that are in excess of the maximum coverage, within the meaning of the provisions of this Article.
2. Insurance companies may not insure liabilities in excess of their maximum coverage.
3. Insurance companies shall reinsure their liabilities with reinsurance companies in accordance with the rules laid down by the Authority.
4. The maximum coverage of an insurance company for every insured risk may not be more than 10 percent of the level of capital specified in Article 75 of this Law.
5. The net retention of the aggregate maximum coverage of an insurance company’s risks deriving from earthquake insurance contracts shall not be higher than the net retention of earthquake insurance by that company, defined as the difference between the company solvency and the required solvency margin.
6. The Authority shall adopt rules on the determination and calculation of the net retention of aggregate maximum coverage of risks deriving from earthquake insurance contracts.
7. The Authority shall also adopt additional rules on the maximum coverage of other aggregate and accumulated risks under the contracts signed by an insurance company.
Planned reinsurance programme

1. Insurance companies shall prepare and implement for every financial year a reinsurance needs programme, depending on their insurance portfolio structure, and shall specify the reinsurance agreements under which they are to insure the amount in excess of the maximum coverage of risks.

2. The planned reinsurance programme shall contain:
   (a) a calculation of retained risks for each insurance class;
   (b) the table of maximum coverage, prepared on the basis of the calculation referred to in point (a) of this Paragraph;
   (c) an evaluation of the net retention of aggregate maximum coverage of the risks of the insurance company deriving from the earthquake insurance contracts, and an evaluation of the maximum retention for other aggregate and accumulated risks in accordance with Article 116 of this Law and the Authority’s acts.
   (d) the procedures, technical basis and criteria used in the determination of the maximum retention for the other aggregate and accumulated risks for the contracts signed by the insurance company where they are not determined in the Authority’s acts.

3. When doing the calculation referred to in Paragraph 2(a) of this Article, insurance companies shall take into consideration:
   (a) the level of capital and required solvency margin;
   (b) total volume of activity;
   (c) written insurance premiums, disaggregated by insurance class;
   (d) the specific weight of each insurance class in the technical basis in reference to points (b) and (c) of this Paragraph;
   (e) any adjustments due to deviations within specific insurance classes.

4. The calculations for the aggregate risks related to the insurance against natural disasters shall be made in accordance with the rules laid down in Article 116 of this Law.

5. Insurance companies shall submit to the Authority their planned reinsurance programmes no later than 60 calendar days before the end of the financial year.

6. After reviewing the planned reinsurance programme, the Authority shall give its opinion within 45 days from the date of submitting the complete information to the Authority.

7. The Authority may lay down further rules on the content of reinsurance programmes, time-limits for their submission and criteria on their evaluation.

Article 118

Coverage of large risks

1. Two or more insurance companies may establish a special consortium to cover large risks in order to cope with the coverage of such risks and provide a higher level of coverage.

2. The provisions of this Law apply to such consortia on a case-by-case basis. The Authority may adopt additional rules on those consortia.
Article 119

Co-insurance

1. An insurance company may co-insure together with one or more insurance companies risks pertaining to the insurance classes for which it has received a licence to carry out insurance activity.

2. Insurance companies may not co-insure the part of assumed risk in excess of its retention as specified for each insurance class in accordance with the maximum coverage provided for in Article 116 of this Law.

3. Insurance companies shall inform the Authority within 15 calendar days from the date of concluding a co-insurance contract.

4. The Authority may lay down additional rules on co-insurance.

5. Insurance companies may co-insure risks located in member countries in accordance with the rules adopted by the Authority.

Article 120

Insurance company statistics

1. Insurance companies shall keep statistical data on their insurance activity, covered risks, insured events and claims.

2. Insurance companies shall process the data referred to in Paragraph 1 and report them to the Authority in accordance with the provisions of Article 111 of this Law.

CHAPTER VII

INTERNAL CONTROL AND AUDIT

Section I

Internal control system

Article 121

Internal control system

1. Insurance companies shall establish an internal control system to monitor and implement internal policies and procedures, evaluate the effectiveness of their activity, and monitor the conduct of activity in compliance with the legislation in force.

2. The objectives of the internal control system are to identify the types of risks an insurance company is exposed to, and measure, manage and monitor the level of those risks.

3. Insurance companies shall prepare policies on risk management, internal control, internal audit and, where necessary, outsourcing of the functions specified in Article 53 of this Law. The board of directors/supervisory board of an insurance company shall approve and ensure prudent supervision of the implementation of risk management, policies, strategies and systems.
4. The policies developed pursuant to the provisions of Paragraph 3 of this Article shall be revised at least annually and shall be subject to preliminary consent by the board of directors/supervisory board of the insurance company, in the context of significant changes in the system and area in question.

5. The internal control system of an insurance company shall consist of the set procedures, rules and structures that are parts thereof.

6. The internal control activity is an integral part of the daily activities of an insurance company, and comprises the controls in all its organisational units, physical verifications of its assets and information, monitoring and exercise of activities in compliance with the legislation in force, controls of the financial information verification and coordination system, and periodic reviews of the effectiveness of previous controls.

7. The governance system of insurance companies and assessment of newly identified risks of an insurance company which could affect its financial position may be subject to Authority review in accordance with the methodologies specified by the Authority.

8. The Authority shall lay down in regulations rules and minimum principles in relation to the internal control and other aspects of insurance company information systems.

Article 122

Internal audit

1. Insurance companies shall establish an internal audit unit as part of their internal control system, the responsibility of which is to employ an integrated and disciplined method for the evaluation and enhancement of their governance, risk management and control processes.

2. The internal audit unit shall be established as a unit operating independently and objectively to provide a specialised opinion and to improve the activity of an insurance company.

3. An internal audit unit shall perform the internal auditing of the company business in line with the professional principles and international standards of internal auditing, the international code of professional conduct for internal auditors and their practices.

4. The internal audit must have access to all the functional and support units of the insurance company, and all the functions that the insurance company has outsourced.

5. The internal audit must be provided with status, policies and practices sufficient to report its findings and recommendations to the board of directors/supervisory board after having first been reviewed by the audit committee, and to monitor their implementation in cooperation with the senior management of the insurance company.

6. The Authority shall adopt regulations on the exercise of insurance company internal audit function.
Section II

Statutory audit

Article 123

Audit companies

1. The general meeting of an insurance company shall appoint the audit company of that insurance company, which must be a legal person that has been licensed to carry out audit activity in the Republic of Albania.

2. Insurance companies shall appoint their audit companies and apply with the Authority for its prior approval of every change in the audit company.

3. Insurance companies shall inform the Authority of their intention to change their audit company, and audit companies shall inform the Authority of their resignation.

4. The auditor of an insurance company or the main auditing partner who is responsible for the performance of the statutory audit on behalf of the auditing company approved by the Authority shall carry out the audit in the same insurance company for a period no longer than four years from the date of its approval and may participate again in the auditing of that insurance company after at least two years have passed.

5. The main audit partner who is responsible for the performance of the statutory audit on behalf of the audit company is not allowed to hold any governing or managing positions in the audited insurance company unless a period of two years from the date of leaving the position of the main audit partner responsible for the performance of the statutory audit on behalf of the audit company.

6. The Authority shall adopt rules on the specification of the criteria and requirements for the selection of audit companies.

Article 124

Auditing of financial statements

1. Unless otherwise provided for in this Law, the provisions of Law No. 10091 of 5 March 2009 “On Statutory Audit and the Organization of the Profession of Statutory Auditors and Authorised Accountants” shall apply to the auditing of financial statements.

2. The same audit company may not perform, or be engaged by an insurance company to perform, the audit of that insurance company if in the previous year that audit company has received more than half of its revenues from the auditing of the accounts of that insurance company.

Article 125

Audit company report

1. The audit company shall sent its audit report to the general meeting and the audit committee of the respective insurance company or to the respective supervisory authority of a foreign insurance company in the case of branches of foreign insurance companies or insurance companies from member countries.
2. The audit company shall give its opinion on whether the annual accounts of an insurance company, both consolidated and unconsolidated, are in line with the professional standards and rules in power.

3. The audit company shall promptly report to the Authority any facts in relation to an insurance company of which the audit company has become aware in the course of performing its tasks, and which are related to:
   (a) violations of laws and regulations in force and Authority’s and administrative acts that are related to the conditions on the basis of which the licence to carry out insurance activity was issued;
   (b) fraud or embezzlement, theft, money laundering or financing of terrorism;
   (c) violations of the internal rules of an insurance company;
   (d) significant changes in the financial result stated in the unaudited annual accounts;
   (d) the facts and other additional circumstances which could affect the future activity of an insurance company;
   (dh) any transactions between an insurance company and its related parties that poses a risk to the liquidity and risk management rules.

4. The audit report containing the opinion on the financial statements shall be accompanied by the audit company actuary’s report, stating an opinion on the adequacy of the insurance company technical provisions in accordance with this Law and Authority’s acts based on the appropriate actuarial techniques.

5. Reporting, information and disclosure of any facts by an audit company pursuant to Paragraphs 3 and 4 of this Article shall not constitute a violation of the restrictions on information disclosure laid down in a contract or the legislation in force and no persons shall be held liable for that.

6. The Authority may ask an audit company to submit additional explanations on the performed audit and the audit report and any other information that the Authority deems necessary in the context of exercising supervision.

7. If, in the course of performing its duties, an audit company finds that an insurance company has violated the risk management rules thus harming the interests of the insured and endangering its liquidity or going concern, it shall inform the Authority immediately.

8. Insurance companies shall file with the Authority a copy of the audit report and management letter within 15 calendar days from the date of receiving them but no later than 30 April of the following year. If an insurance company prepares consolidated accounts, the abovementioned report shall be filed by 31 May of the following year.

Article 126

**Content of audit report**

1. Audit companies shall audit and evaluate the compliance of insurance company financial statements with IFRSs and the legislation in force.
2. The Authority shall lay down in regulations the detailed format, minimum scope and content of the audit report based on the specific nature of insurance company activity.
Article 127

Redoing statutory audit

1. If the audit or the audit report is not made in compliance with the requirements of this Law or the national and/or international standards of auditing and does not reflect the real and truthful financial situation of the insurance company, the Authority shall not accept that report and may request a repeat audit by another audit company at the expense of the insurance company.

2. In the cases referred to in Paragraph 1 of this Article the Authority may prohibit the audit company from auditing any insurance companies for a period of up to five years.

Article 128

Publication of audited financial statements

1. Insurance companies shall publish an annual report which shall contain the audited financial statements and the auditor’s opinion, and shall post it on their official website no later than six months after the end of the calendar year.

2. The Authority shall issue regulations on the content of the publication provided for in Paragraph 1 of this Article.

CHAPTER VIII

SUPERVISION OF INSURANCE COMPANIES

Section I

General Provisions

Article 129

Insurance company supervision

1. The Authority shall supervise the activity of insurance companies in order to check, evaluate and review insurance company compliance with the risk management rules, the rules laid down in Authority’s acts and the legislation applicable to the area insurance and its implementation regulations.

2. The Authority shall supervise the legal persons related to an insurance company if this is necessary for the supervision of the activity of that insurance company.

3. If, for the purpose of supervision of the persons referred to in Paragraph 2 of this Article, another supervisory authority or body is competent, then the Authority shall exercise supervision of that legal person in cooperation with the competent supervisory authority or body in accordance with the modalities and rules laid down in a joint agreement between both institutions.
4. Insurance company activities may be supervised by other institutions, too, in line with the powers granted to them by the relevant laws.

5. The provisions on the supervision of insurance companies shall apply, mutatis mutandis, to the supervision of other persons subject to supervision.

6. For the purposes of this Law, other persons subject to supervision shall be: reinsurance companies, insurance groups, branches of insurance companies from foreign/member countries, brokers, brokerage companies, agents, agent companies, and any other natural or legal persons whose activity is supervised by the Authority pursuant to this Law.

7. The Authority shall cooperate with other domestic and foreign competent authorities and international organizations in the context of supervising the activity of the entities specified in this Law.

Article 130

Supervision method

1. The Authority shall supervise insurance companies by:
   (a) monitoring, collecting and verifying reports and notifications filed by insurance companies and other persons who, pursuant to the legislation in force, have the obligation to report to the Authority and inform it of any special facts and circumstances;
   (b) carrying out onsite inspection of insurance company activity;
   (c) imposing supervisory measures in accordance with this Law.

2. The Authority shall exercise its supervision pursuant to the legislation in force and the risk-based methodology.

3. The Authority may develop methodologies and manuals pursuant to Paragraph 2 of this Article.

Section II

Reporting

Article 131

Periodic reporting and Authority-requested reporting

1. Insurance companies shall report the following facts and circumstances to the Authority:
   (a) registration of every change in the data registered with the NRC;
   (b) general meetings of shareholders and any decisions taken;
   (c) the list of insurance company shareholders, influencing holdings or changes thereto, pursuant to Article 48;
   (d) the statistical database used in the calculation of premiums and mathematical provisions in the case of life assurance;
   (e) the statistical database used in the calculation of premium tariffs and technical provisions in the case of non-life assurance, including premium tariffs;
(dh) appointment and dismissal of managing directors/management board members, members of board of directors/supervisory board and key functionaries;
(e) appointment and dismissal of authorised actuaries;
(e) changes in the internal audit method of operation;
(f) planned commencement of activity, office changes, shut down or temporary suspension of branch activity or any changes in the type of activity carried out by a branch;
(g) investments on the basis of which the insurance company has directly or indirectly acquired qualifying holding in another legal person, and any further investments in that legal person;
(gi) significant changes in the capital structure;
(h) information on related persons or parties, and changes in that information;
(i) cease of activity under specific insurance classes;
(j) reinsurance contracts signed with reinsurers;
(k) advertising and promotional materials;
(l) business plans, in accordance with the time-limits set by the Authority;
(ll) contracts with agents, agent companies, brokers, brokerage companies, claim adjustors and authorised actuaries.

2. Insurance companies shall inform the Authority of the technical basis used in the calculation of premiums, including tariffs and commissions.

3. The board of directors/supervisory board of an insurance company shall promptly inform the Authority if:
(a) the insurance company liquidity or solvency is jeopardised;
(b) there is sufficient basis to lapse or revoke the licence to carry out insurance activity;
(c) the financial situation of the insurance company deteriorates to that extent that it is not able to maintain the required solvency margin as specified in Article 80 of this Law and/or the level of guarantee fund specified in Article 81 of this Law or in Authority’s acts laying down the methods of calculating the required solvency margin or guarantee fund level.

4. In the framework of exercising supervision, the Authority shall request from supervised persons any information and documentation related to their activity. Supervised persons must provide the Authority with any requested document and information.

5. The Authority shall adopt detailed rules in regulations on the content of report, method, form and time-limits of reporting and information.

Section III

Inspection of insurance company activity

Article 132

Authorised persons

1. Inspection of insurance company activity shall be performed by an employee of the Authority who has been authorised to perform inspections.
2. For the purposes of performing inspections of insurance company activity, the Authority may authorise authorised auditors, authorised actuaries or other specialised persons pursuant to the provisions of Section V of this Chapter.

3. When performing activity inspection, the persons referred to Paragraph 2 of this Article shall have the same powers as the authorised employee of the Authority.

Article 133

Carrying out the inspection

1. Insurance companies shall provide Authority-based persons, for inspection purposes, with access to all business/accounting books, folders and any other documents printed out of computers or in original versions, with the company keeping copies of various data.

2. Upon the Authority-authorised persons’ request, the members of the board of directors/supervisory board and employees of an insurance companies shall make available for them any reports and information on all activity operation issues that are related to performance of supervision.

3. Authorised persons may also inspect the activity of other legal persons related to an insurance company if such inspection is necessary to have more detailed information in relation to the activity of in insurance company.

Article 134

Reporting and information

1. The Authority shall request from supervised entities to file information on any issues it deems important, in the context of performing its supervisory tasks to assess whether they are complying with the provisions of this Law and Authority’s acts.

2. The Authority may also request the report and information provided for in Paragraphs 1 of this Article from the members of the board of directors/supervisory board and employees of a supervised entity.

3. The Authority shall also request from the persons referred to in Paragraph 2 of this Article to prepare, within five working days, a written report on what is provided for in Paragraph 1 of this Article, or request from them oral submissions on the said issues.

4. The information provided for in Paragraphs 1 of this Article must reflect the nature, extent and wholeness of the activity of a supervised entity. The information must be reliable, understandable, specific, accessible, complete, stable and timely.

Article 135

Inspection of insurance company activity

1. Upon a request from the Authority-authorised persons, a supervised entity shall enable the inspection of the activities at its head office and any other premises, or upon a request from the person to which the supervised entity has outsourced the activity supervised by the Authority.
2. A supervised entity shall, at the behest of the Authority authorised employee, provide access to the documentation of the insurance company and its business and administrative data to the extent necessary for the performance of inspection or to the extent specified by the law, methodology, manuals or guidelines on the performance of supervisory functions as adopted by the Authority.

3. The supervised entity shall, at the behest of the authorised Authority employee, make available the documents held electronically or printed from a computer and copies of its business/accounting books, documents and other administrative and business data.

4. After completing the inspection of an insurance company, the Authority authorised employee shall prepare a report on that inspection and submit to the insurance company a management letter where it presents the inspection results.

Article 136

Insurance company activity inspection programme

1. The Authority shall send to the supervised entity the activity inspection programme no later than 10 calendar days prior to the beginning of the inspection.

2. As a derogation from the rule laid down in Paragraph 1 of this Article, the inspection programme may, if necessary, be notified to the entity at the beginning of the inspection.

3. The insurance company activity inspection programme must contain the inspection scope.

4. During the inspection of the insurance company activity, the Authority may expand the inspection programme and extend the planned time period. Paragraphs 1, 2 and 3 of this Article shall apply to the extension of the company activity inspection programme.

5. The Authority shall also carry out inspections in cooperation with other law enforcement institutions under joint inspection programmes agreed between them.

Article 137

Inspection conditions

Supervised entities shall provide the Authority authorised employees with a special and appropriate working environment in order to conduct the inspection without the interference or presence of other persons.

Article 138

Inspection of digitalized data and documentation

1. Supervised entities processing and keeping their business books and other insurance company activity data in a computer system shall, at the behest of the Authority authorised employee, provide the appropriate technical assistance in the examination of the digitalized data and documentation of the company activity and the verification of business books and electronically processed data.
2. Supervised entities shall make available to the Authority the documents giving a detailed description of the computer system actions. The documents must also show any other system or files linked with the computer system, and provide access to:
   (a) the software;
   (b) the procedure for software purposes;
   (c) the controls ensuring accurate and secure processing of the data;
   (c) the controls preventing unauthorised intervention, such as addition, modification or deletion of data stored on a computer.

3. Any changes in the software referred to in Paragraph 2 of this Article shall be documented chronologically including the date of the change. The documents shall also show any changes to the form of files.

Article 139

Violations and irregularities

If, in the course of performing the supervision, the Authority finds actions committed against this Law, the Authority’s acts or the provisions of the legislation in force applicable to supervised entities, it shall take a decision whereby it shall order the entity to eliminate the violations and irregularities or take other supervisory measures or sanctions in accordance with the provisions of this Law.

Section IV Group supervision Article 140

Group supervision

1. The Authority shall exercise complementary supervision over insurance companies structured in insurance groups in accordance with the provisions of this Section. The Authority shall also exercise complementary supervision over the legal persons related to insurance companies or members of insurance companies or persons related to companies with holdings in insurance companies in the Republic of Albania, in a member or foreign country, having their head offices in the Republic of Albania.

2. In addition to what is provided for in Paragraph 1 of this Article, a participating company shall be a parent company or a company that owns a holding or is a member of a horizontal group. A horizontal group shall be a group in which a company is related with one or more other companies, in one of the following ways:
   (a) they are subject of joint control under the provisions of an agreement, contract or articles of association;
   (b) their managerial, governing and supervisory structure mainly consist of the same persons holding those positions during the financial year, provided that the companies prepare or might have to prepare consolidated financial statements.
3. Complementary supervision of insurance companies owned by the same parent financial company, mixed controlling insurance group, parent insurance company, parent insurance company with the mixed activity, parent financial company with mixed activity, insurance company from a foreign country operating in more or more member countries shall be exercised the supervisory authorities in the member countries which may conclude agreements that one of them, referred to as the coordinator, will exercise complementary supervision and disseminate the results of that supervision.

4. The competent supervisory authority of a member country may also perform complementary supervision of the companies and entities related with an insurance company which have holdings in that insurance company or are related with a company participating in an insurance company in the Republic of Albania, member country or foreign country and having their head office in a member country.

5. The Authority may exercise complementary supervision of an insurance company, reinsurance company, mixed controlling insurance group and controlling insurance company with mixed activity located in foreign countries.

Article 141

Insurance groups

1. For purposes of supervision under this Law an insurance group is composed of two or more legal persons at least one of which is an insurance company with the other having a significant influence in the insurance company. A significant influence shall be determined based on the criterion of direct or indirect holding, influence and/or various contractual obligations, relations within the group, exposure to risk, risk concentration, transfer of risk, percentage of ownership holding and/or intragroup transactions. An insurance group exists when an insurance company or reinsurance company or mixed controlling insurance group, controlling financial company, controlling insurance company, or controlling insurance company with mixed activity with its head office in the Republic of Albania is a parent company of one or several insurance or reinsurance companies with their head offices in the Republic of Albania, member country or foreign country.

2. An insurance or reinsurance company or mixed controlling insurance group, controlling financial company, controlling insurance company, controlling insurance company with mixed activity or a controlling financial company with mixed activity shall be referred to as a parent company of an insurance company within the meaning of Paragraph 1 of this Article if:

(a) it has a participation within the meaning of Article 4(27) of this Law;
(b) it has the majority of votes in another company;
(c) it has the right to appoint or dismiss the majority of the members of the board of directors/supervisory board of another company;
(d) it has the right to exert dominating influence on another company, under a business contract or other legal documents;
(d) the majority of the members of the board of directors/supervisory board of the company who have performed those functions in the first financial year and continue to do so for the purposes of preparation of consolidated reports were exclusively appointed for the purposes of exercising voting rights in the parent company;

(dh) it is a shareholder or member in another company and if, under agreements with the shareholders or members of that company, it controls the majority of voting rights in that company.

3. An insurance group exists also in the cases where a mixed controlling insurance group, controlling financial company, controlling insurance company, controlling insurance company with mixed activity or controlling financial company with mixed activity with its head office in a member country is a parent company of at least one insurance company with its head offices in the Republic of Albania, in one of the ways listed in Paragraph 2 of this Article.

4. As a derogation from the rules laid down in Paragraph 2 of this Article, an insurance company having its head office in the Republic of Albania and being, at the same time, the controlling company of another insurance company with its head office in the Republic of Albania shall not be referred to as a parent insurance company of an insurance group.

Article 142
Terms related to insurance groups

1. A controlling financial company means a legal person:
(a) other than an insurance or reinsurance company;
(b) which controls at least an insurance or reinsurance company;
(c) whose main activity is the purchase or possession of qualifying holdings or provision of other financial services.

2. A mixed controlling insurance company is a legal person:
(a) other than an insurance or reinsurance company; and
(b) exclusively or predominantly controlling insurance and/or reinsurance companies through its controlled companies where with the criterion of determining controlled companies is not the number but the volume of their capital, the carrying amount of the holdings and other economic criteria.

3. A related reinsurance company is a reinsurance company which is owned by a financial institution other than an insurance or reinsurance company or is owned by an insurance group or a non-financial legal person. The purpose of related reinsurance companies is to provide reinsurance coverage for risks of one or more legal persons that own it or of the members of the group it participates in.

4. A related company is a controlled company or other company in which holdings are owned, or a company related to another company with the same relations, in accordance with the provisions of Article 140(2) of this Law.

5. A controlling insurance company is a legal person that is the parent company the main activity of which is to purchase and own holdings in controlled companies with the controlled companies being exclusively or mainly insurance or reinsurance companies or insurance or reinsurance companies from foreign countries where at least one of those controlled companies is an insurance or reinsurance company and which is not a controlling financial company with mixed activity.

6. A controlling insurance company with mixed activity is a legal person that is a parent company the main activity of which is different from an insurance company, a reinsurance company, a controlling insurance company or a controlling financial company with mixed activity, and the controlled companies of which include at least an insurance or reinsurance company.
7. A controlling financial company with mixed activity is a legal person that is a
parent company other than an entity governed by this Law, which together with its
controlled companies, of which at least one is an entity governed by this Law and has its
head office in the Republic of Albania, forms a financial conglomerate.

8. A controlling financial company with mixed activity is also a legal person that
is a parent company other than an entity governed by this Law, which together with its
controlled companies, of which at least one is an entity governed by this Law and has its
head office in a member country, forms a financial conglomerate.

Article 143

**Obligations of an insurance company in an insurance group**

1. Insurance companies comprising an insurance group shall submit to the parent
insurance company, controlling financial company, controlling insurance company,
controlling insurance company with mixed activity or controlling financial activity with
mixed activity all the data and information required to fulfil the obligations towards the
Authority or the competent supervisory authority in relation to the supervision of the
insurance group.

2. The parent insurance company in an insurance group shall be responsible for the
fulfilment of the obligations of the entire insurance group.

3. When exercising complementary supervision the Authority shall have access to
any information that is important for the supervision of the company that is subject to
complementary supervision. The Authority may directly ask a company related with an
insurance company or participating in an insurance company or a company related with the
company participating in an insurance company to submit the necessary information only
if that information has been asked of the insurance company and that insurance company
did not submit it.

4. Insurance companies forming an insurance group must have in place
appropriate internal control procedures in order to verify the accuracy of the data and
information referred to Paragraph 1 of this Article.

Article 144

**Reporting intra-group transactions**

1. In order to ensure supervision of the business transactions within an insurance
group if they have been performed as per normal market conditions, an insurance company
that is a member of an insurance group shall report to the Authority all the significant
transactions within the group that have been agreed upon or which have been performed
between that insurance company and:

(a) related persons or parties of the insurance company;
(b) companies participating in the insurance company;
(c) related companies of a company participating in the insurance company;
(c) natural persons participating in:
   (i) the insurance company or its related companies;
   (ii) companies participating in the insurance company;
   (iii) related companies of a company participating in the insurance company.
   These transactions must be performed in accordance with the principle of prudent and conscientious management while taking into account the interests of the insured.

2. Intra-group transactions shall include any transaction through which an insurance company relates directly or indirectly to any of the persons referred to in Paragraph 1 of this Article for the fulfilment of a contractual or non-contractual obligation which can be with or without consideration.

3. In addition to the provision of Paragraph 2 of this Article, other significant intra-group transactions shall include:
   (a) loans;
   (b) guarantees and off-balance sheet transactions;
   (c) elements that are included in the calculation of solvency;
   (ç) investments;
   (d) operations of reinsurance and retrocession;
   (dh) expense sharing agreements.

4. The above-mentioned transactions shall be performed by taking into consideration the interests of the insured.

5. An insurance company that is subject of complementary supervision shall submit to the Authority an annual report on the significant transactions within the meaning of Paragraphs 1 and 3 of this Article. The company shall promptly inform the Authority of any transaction within the meaning of Paragraphs 1 and 3 of this Article which pose a risk to the solvency of that insurance company.

6. In order to check the accuracy of the data in relation to intra-group transactions the Authority may verify the transactions performed by the persons specified in Paragraph 1 of this Article.

7. If there are any legal obstacles to the notification of the requested information, the Authority shall not, in the course of exercising the complementary supervision of the insurance group, include the legal persons specified in Article 140 of this Law which have their head offices in foreign countries.

8. The Authority may perform itself or through an authorised person the onsite verification of the information specified in Article 143(3) of this Law at the insurance company that is subject of complementary supervision, the companies controlled by that insurance company, the parent company of that insurance company or the company controlled by the parent company of that insurance company.

9. In special cases, the Authority shall ask the competent supervisory authority of a member country to verify the significant information of a company as referred to in Paragraph 6 of this Article, which is located in another member country and is subject to complementary supervision. The Authority may participate in the verification of this information.

10. An insurance company that is subject to complementary supervision shall have risk management and control mechanisms, including the appropriate accounting standards and reporting systems, which shall be suitable for the preservation, quantification and monitoring of the transactions referred to Paragraph 3 of this Article.

11. The Authority may lay down in regulations the detailed content of the reports provided for in Paragraph 3 of this Article, and the time-limits and method of reporting.
Article 145

**Governing bodies of mixed controlling insurance group and controlling insurance group**

1. The persons managing the activity of a mixed controlling insurance group and controlling insurance group must have good reputation and adequate experience for the performance of their tasks.

2. The Authority shall adopt regulations on the criteria to be met by the abovementioned persons.

Article 146

**Capital adequacy in insurance groups**

1. A controlling financial group, mixed controlling insurance group, controlling insurance group, controlling insurance group with mixed activity, mixed controlling financial group or parent insurance or reinsurance company in an insurance group must calculate the capital adequacy in an insurance group and include financial reports on capital adequacy of the insurance group.

2. Controlled insurance companies shall submit to the controlling financial company, controlling insurance company, controlling insurance company with mixed activity, controlling financial activity with mixed activity or parent insurance company in an insurance group all the data and information required to calculate the capital adequacy of an insurance group.

3. A controlling financial group, mixed controlling insurance group, controlling insurance group, controlling insurance group with mixed activity, mixed controlling financial group or parent insurance or reinsurance company in an insurance group shall report to the Authority on capital adequacy of the insurance group.

4. The provisions of Section II in Chapter VII of this Law, in relation to the auditing of insurance company financial statements, shall apply, *mutatis mutandis*, to the auditing of the financial reports on capital adequacy of the controlling financial groups, mixed controlling insurance group, controlling insurance group, controlling insurance group with mixed activity, mixed controlling financial group or parent insurance or reinsurance company in an insurance group.

5. The Authority shall specify the method of calculating the capital adequacy of an insurance group, the detailed report content, and the time-limits and method of reporting.

Article 147

**Measures in case of lack of solvency adequacy**

The Authority shall take the supervision measures provided for in Section V in Chapter VIII of this Law if the calculation made or the report submitted pursuant to Article 146 of this Law shows that the solvency of the insurance group is inadequate or risks inadequacy.
Article 148

Reporting to the Authority and information disclosure

1. Insurance companies shall regularly inform the Authority of any facts or circumstances that could be important to determine whether an entity is an insurance group in accordance with the provisions of this Law.

2. An insurance company in an insurance group shall prepare a specific annex to the annual report where it presents all the data on the parent company and controlled companies of the insurance group.

3. The Authority may specify the detailed content of the reports, time-limits and method of reporting.

Section V

Measures of supervision

Article 149

Measures of supervision

1. In order to prevent, correct or put an end to the circumstances referred to in Articles 150 and 151 of this Law or the actions that are in violation of the provisions of this Law or its implementation regulations, the Authority shall take the supervision measures provided for in this Section of this Law.

2. Where the Authority deems that that failure to implement a supervision measure can result in serious harm of the insured, the complaint may be conditioned with provision by insurance companies of appropriate security of preliminary and immediate execution of supervision measures.

Article 150

Circumstances for taking measures of supervision

1. The Authority shall take the measures of supervision provided for in Article 152 of this Law if:

   (a) it deems that an insurance company or the persons responsible for an insurance company is committing or is about to commit an action or is conducting or is about to conduct a type of business ethical behaviour that consists of a dangerous or unsustainable practice for the company;

   (b) an insurance company is or is expected to be, in the opinion of the Authority, incapable of fulfilling its obligations when they fall due or claimable;

   (c) it deems that a company’s assets are not sufficient to ensure appropriate protection for the insured and creditors;

   (ç) it deems that the assets stated in the accounting books of an insurance company or the assets held under the management of an insurance company have not been accounted for accurately;

   (d) it deems that a threat is posed to the interests of the insured and/or that the level of capital is not sufficient in accordance with the provisions of Articles 80 and 81 of this Law or it is decreasing in such a way as to negatively affect the insured or creditors;
(dh) it deems that an insurance company is in a situation posing a threat to the
interests of the insured, creditors or owners of the assets under the management of the
company, including the initiation of bankruptcy proceedings in Albania or elsewhere in
the case of groups;
(e) an insurance company has not implemented an order issued pursuant to Article
153(1)(l) of this Law;
(e) an insurance company is or is expected to be incapable of meeting the capital
adequacy requirements pursuant to Article 80 of this Law, including the guarantee fund
requirements pursuant to Article 81 of this Law;
(f) an insurance company does not continue to meet one or several of the original
licensing requirements;
(g) one of the persons referred to in Article 17 of this Law does not continue to
meet one or several of the fit and proper requirements;
(gj) an insurance company violates the provisions of this Law or Authority’s acts in
the area of insurance;
(h) an insurance company does not meet or might not meet the conditions
applicable to the operation of insurance activity;
(i) an insurance company violates the risk management rules;
(j) an insurance company violates the rules on accounting bookkeeping and/or
business bookkeeping and the rules on the periodic reporting, internal auditing or auditing
of annual statements;
(k) an insurance company fails to fulfil its obligation to report and inform in
compliance with this Law;
(l) an insurance company violates the rules in relation to the appointment of the
authorised actuary;
(ll) a member of a board of directors/supervisory board has not received the
approval pursuant to the requirements of Article 21 of this Law.

2. The assessment of the circumstances for taking measures of supervision shall be
made on the basis of the principles and criteria laid down in the Authority’s acts.

Article 151

Serious violations of risk management rules

An insurance company shall be deemed of having committed serious violations of
risk management rules if it, inter alia and without prejudice to the provisions of Article
150(1) of this Law:

(a) does not meet the capital requirements laid down in Articles 80 and 81 of this
Law or does not comply with the measures provided for in Article 82 of this Law or does
not hold the minimum required liquidity level pursuant to the provisions of Article 84(4) of
this Law;
(b) does not organise its activity or keep its accounting and/or business books,
business documents and other administrative and business data in such a way as to enable
at any time a verification whether the insurance company is carrying out its activity in line
with the risk management rules;
(c) fails to approve the measures and establish the rules on the appropriate assessment of balance sheet items and off-balance sheet items, or considers those items to be in conflict with this Law or the Authority’s acts;
(d) violates the provisions of Article 116 of this Law;
(dh) pays dividends against the provisions of Article 86 of this Law;
(e) repeatedly violates the accurate and timely reporting requirements laid down in this Law or in Authority’s acts;
(ë) performs fictitious transactions with the goal to report the financial position of the insurance company incorrectly;
(f) carries out other activities that could endanger the liquidity and solvency of the insurance company;
(g) carries out activities in violation of the provisions of this law.

Article 152

Taking supervision measures

1. Where the Authority deems that an insurance company is affected by one or several of the circumstances listed in Article 150 of this Law, it shall impose one or several of the following supervision measures on that insurance company:
(a) instruct the insurance company or responsible person to stop performing the specific action or to pursue a specific business ethical conduct, or instruct them to perform a specific action which, in the opinion of the Authority, is necessary to improve the situation and/or prevent or correct the violations of this Law and the Authority’s acts;
(b) issue an order for the elimination of violations and irregularities;
(c) ask the insurance company to submit a financial recovery plan, as referred to in Article 83 of this Law, in order to comply with the capital adequacy requirements;
(ç) ask the insurance company to have its financial activity audited by an auditor selected by the Authority but paid by the insurance company, or instruct the insurance company to dismiss an auditor and appoint another one in accordance with the conditions laid down by the Authority, or ask the external auditor to expand the audit scope or perform other procedures and prepare a report for the Authority;
(d) in addition to the provisions of Paragraph 1(ç) of this Article, the Authority may ask the external auditor to perform, with the insurance company expense, a special audit in relation to the appropriateness of the insurance company procedures for protecting its creditors, shareholders and policy-holders, or any other audit in the interest of the public, and report to the Authority on that;
(dh) ask the insurance company to appoint, with its expenses, an Authority-approved person to provide advice to the insurance company on carrying out its activities in the appropriate manner, and who will report to the Authority within three months from the date of his appointment;
(e) ask for a revaluation of the assets that were taken into account in the calculation of the insurance company capital, where there has been a significant change in the market value of those elements compared with the previous financial year;
(e) ask the insurance company make a valuation of some or all its assets or the assets of one of its controlled companies. The valuation may be made by the Authority or an expert appointed by the Authority, with the expenses of the insurance company;

(f) ask from the insurance company additional information at any time and form the Authority deems necessary and/or ask for increased frequency of reporting to the Authority and/or carry out the respective inspections that are related to the said reporting;

(g) ask for external examination through an independent authorised actuary, of the actuarial methods and assumptions used by the insurance company, with the expenses being covered by the insurance company, or instruct the insurance company to modify its actuarial methods or assumptions, by making a revaluation of its provisions, or ask for an independent or external actuary to carry out a review of the adequacy of the provisions of the insurance company;

(g) ask the insurance company to revise the offered returns under annuity products;

(h) ask the insurance company to cede into reinsurance any liabilities in excess of the maximum coverage, in accordance with the provisions of Article 116 of this Law;

(i) ask the company to expand the scope and increase the frequency of the onsite inspections in accordance with the provisions of Article 136 of this Law, or designate authorised employees to inspect the insurance company in order to monitor the situation on an ongoing basis if the Authority deems it necessary;

(j) ask for the recalculation of the required solvency of the insurance company based on reinsurance or retrocession, if the nature or quality of reinsurance or retrocession contracts have changed significantly compared with the previous financial year or if those contracts do not enable balanced transfer or risk;

(k) put the insurance company or its assets under provisional administration, appoint new managers of the company, and immediately take over the assets of the company;

(l) ask for complete or partial licence revocation.

2. Pursuant to Paragraph 1 of this Article, if the amount of assets evaluated as adequate by the Authority differs from the amount of assets set by the insurance company or its controlled company, the Authority shall send to the auditor, actuary and audit committee of the insurance company a written communication on the adequate amount of the assets set by the Authority.

3. The Authority may advise an insurance company to undertake the specified actions or fix the line of some of its activities, besides the ones laid down in this Article or Articles 150 and 151 of this Law, if this is in compliance with the provisions of this Law.

Article 153

Orders

1. The orders the Authority issues under Article 152 of this Law may contain one or several of the following restrictions or requirements:

(a) order addressed to the board of directors/supervisory board of the insurance company to implement an action plan that ensures the guarantee fund level;
(b) request addressed to the insurance company to undertake or stop specific actions, perform one or several of the requested actions, or limit its activity to specific areas;
(c) order addressed to the board of directors/supervisory board of the insurance company to convene the shareholders’ general meeting and propose specific resolutions;
(e) prohibition on the insurance company to sign new insurance contracts under one or several insurance classes, or request that the insurance company maintain a specific level of premiums proportionate to the company solvency or take into consideration other factors depending on the situation;
(d) prohibition on the insurance company from making specific types of payments, payments to specific persons, specific transactions or other types of transactions;
(dh) prohibition on the insurance company from making transactions with specific shareholders from its shareholders, members of its board of directors/supervisory board, related parties or investment funds managed a fund management company that is a related party of the insurance company;
(e) order addressed to the board of directors/supervisory board of the insurance company to adopt and implement the appropriate measures in order to:
(i) improve the risk management procedures;
(ii) change the goals of insurance company activity;
(iii) limit loans;
(iv) improve overdue receivable claim collection procedures;
(v) fairly and correctly valuate the item lines in the face of the balance sheet and off the balance sheet;
(vi) improve the IT system;
(vii) improve the internal control and internal audit procedures;
(viii) take any other measures necessary for the implementation of risk management rules;
(e) prohibition or restriction on the free use of a part or all the assets, also including the activity related to lending and investments, as per the rules adopted by the Authority;
(f) keeping in the territory of the Republic of Albania assets at the amount deemed by the Authority necessary to ensure fulfilment of the liabilities assumed by the insurance company in question;
(g) prohibition on the insurance company from assuming financial liabilities for third parties;
(gi) prohibition on an insurance company, which is subject of third party claims, from paying or transferring any amounts to any other persons or assuming the liability to do so;
(h) prohibition on an insurance company from borrowing, paying dividends and/or other management fees and/or transferring liabilities to third parties or to a person whose relationship to the insurance company is such as to put him under the obligation to comply with the fit and proper requirements;
(i) order addressed to the board of directors/supervisory board of an insurance company to dismiss or replace the managing director/management board members, key functionaries of the insurance company or make a functional restructuring of the company;
(j) in compliance with Paragraph 1(i) of this Article, the Authority issues an order to dismiss the managing director/a member of the management board:

(i) the insurance company does not comply with the order to eliminate violations and irregularities;

(ii) the insurance company does not implement the measures provided for in Article 152 and Paragraph 1 of this Article;

(iii) the insurance company repeatedly fails to notify or accurately and timely submit a report to the Authority or obstructs in any other way the exercise of supervision by the Authority;

(k) request for an insurance company or its qualifying shareholder to sell all or a part of his shares in the insurance company by a time-limit set by the Authority if the provisions of Article 150(1)(d), (e) and (g) are violated and if the other necessary measures have been exhausted;

(l) order addressed to the insurance company to transfer a part or all the insurance contracts or reinsure a part or all underwritten risks under those contracts, in accordance with the conditions laid down by the Authority.

2. Insurance companies, qualifying shareholders and main controllers shall implement the orders the Authority issues in accordance with Article 152 of this Law.

3. Pursuant to the provisions of Articles 150, 151 and 152 of this Law, the Authority may ask an insurance company to submit a business plan that reflects the appropriate corrective measures that would correct the issues within a time-limit as specified by the Authority.

4. In the order provided for in Article 152 of this Law and Paragraph 1 of this Article, the Authority shall specify the time-limits for the elimination of violations or irregularities.

Article 154

Reporting on implementation of orders

1. Insurance companies shall submit to the Authority a detailed report on the measures taken to correct the circumstances referred to in Article 150 of this Law within the time-limits specified by the Authority in the respective order. Together with the report, insurance companies shall also submit any documents or other evidence that provide proof of the elimination of violations or irregularities. If the Authority deems it necessary, insurance companies shall submit to the Authority the detailed report on the measures taken to correct the circumstances referred to in Article 150 of this Law, together with the authorised auditor’s report.

2. Immediately upon receiving the report from an insurance company, the Authority shall verify the correction of violations pursuant to the provisions of Paragraph 1 of this Article. Before making a decision, the Authority may conduct another inspection of the insurance company activity which is necessary to verify whether the violations and irregularities have been eliminated.

3. If the report is incomplete or the attached evidence does not provide proof of the elimination of the identified violations and irregularities, the Authority shall order the insurance company to complete the report referred to in Paragraph 1 of this Article within the specified time-limit.

4. The Authority shall make a review of the report on the correction of violations and make a decision on it within 30 calendar days from the date of receiving the complete information.
Section VI Licence

**Revocation** Article

155

**Causes for licence revocation**

The Authority shall revoke an insurance company’s licence to carry out insurance activity if:

(a) the licence was based on incorrect data;
(b) the insurance company fails to correct the circumstances referred to in Article 150 of this Law within the time-limits specified by the Authority in the respective order;
(c) the insurance company carries out other businesses besides the activity it was licensed for;
(d) the insurance company fails to comply with the conditions under which it was licensed;
(e) the total amount of liabilities of the insurance company, including its technical or mathematical provisions, calculated in compliance with this Law and the Authority’s acts, are higher than the total amount of its assets;
(dh) the members of the board of directors/supervisory board and managing director/management board members have been convicted by a final judgment of property and fraud criminal offences and criminal offences committed in companies;
(e) there is reliable evidence of the members of the board of directors and managing director being involved in transactions that are not compliant with the law, where their actions and/or omissions are not criminal offences;
(e) administrative measures are repeatedly taken against the insurance company, or the insurance company has been convicted by a final judgment of violations of the legislation on the prevention of money laundering and financing of terrorism;
(f) the company has been convicted by a final judgment of economic criminal offences and criminal offences in companies;
(g) bankruptcy proceedings have been initiated against the insurance company, or the insurance company has been wound-up;
(gj) the insurance company implements internal business practices that have illegal effects on the rights of the insured.

Article 156

**Licence partial revocation**

As a derogation from the provisions of Article 155(1) of this Law, the Authority shall revoke the licence only for one or several specific classes for an insurance company if the cases listed in Article 155(1) of this Law refer to the company activity in those insurance classes. The provisions that apply to the full revocation of licence shall also apply to the revocation of licence only for one or some specific classes.
Licence revocation warning

1. In the cases referred to in Article 155(1)(b) and (ç) of this Law, the Authority may give a licence revocation warning to an insurance company, provided that the insurance company does not, in the period specified in the Authority’s decision, commit additional violations or irregularities that are the same as the ones for which the licence revocation warning decisions was taken.

2. In addition to the provision of Paragraph 1 of this Article, in its licence revocation warning decision the Authority may instruct the insurance company to eliminate violations and irregularities or implement measures relating to the taking of the licence revocation warning decision within a time-limit specified in the decision. The Authority shall lay down the restrictions or conditions to be complied with by insurance companies in the time period specified by the Authority.

Article 158

Licence revocation following warning

If an insurance company commits violations or irregularities, the same as the ones for which the licence revocation warning decision was taken, or fails to comply with the conditions provided for in Article 157(2) of this Law, the Authority shall have the right to revoke its licence.

Article 159

Licence revocation notification

1. The Authority revocation decision shall be communicated to the insurance company within 10 calendar days from the date of the decision.

2. After having received notification of licence revocation, an insurance company shall stop
   (a) signing new insurance contracts;
   (b) renewing insurance contracts;
   (c) extending insurance coverage for contracts in power;
   (ç) increasing an insurance premium.

3. Insurance companies shall submit their licences to the Authority within 10 calendar days from the date of receiving notification of licence revocation decision.

4. An insurance company shall continue to be subject of the provisions of this Law even after its licence has been revoked by the Authority. Such licence revocation shall not exempt the insurance company from current contract obligations.

5. In case of licence revocation by the Authority, the insurance company may appeal with the administrative court as per the time-limits and procedures provided for in Law No. 49/2012 “On the Organization and Functioning of Administrative Courts and the Judicial Review of Administrative Disputes”.

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Publication of licence revocation decision

Licence revocation decisions shall be published in the Official Gazette and in one or more national newspapers with larger circulation.

CHAPTER IX

PROVISIONAL ADMINISTRATION AND WINDING-UP OF INSURANCE COMPANIES

Section I Provisional administration

Decision on provisional administration

1. In order to restore an insurance company back to a stable financial situation, the Authority shall take a decision to put that insurance company under provisional administration in accordance with Article 152(1)(k) of this Law, when:
   (a) the insurance company that was instructed to take the supervision measures laid down in Articles 152 and 153 of this Law has not started implementing those measures or has not implemented them within the time-limit specified by the Authority;
   (b) despite the measures laid down in Articles 152 and 163 of this Law, the insurance company has not reached yet the required solvency margin or does not comply with the provisions of Article 80 and/or Article 81 of this Law;
   (c) further activity of the insurance company endangers its liquidity, solvency or security for the insured.

2. When an insurance company is in one of the circumstances referred to in Article 150(1)(b), (c), (ç), (d) and (dh) of this Law, the Authority may, pursuant to the provisions of this Law and if it deems that the public interest is not prejudiced, put under provisional administration the assets of the insurance company and other assets under its management, or, in the case of a foreign company, all its assets in Albania, including any amounts received or to be received from its insurance activity in Albania.

3. The Authority shall specify the duration of the provisional administration.

4. In a critical situation, the decision referred to Paragraph 2 of this Article shall be taken by the Chairperson of the Authority for a period of no longer than 16 days. As soon as possible, but no later than 16 calendar days from the date of the decision taken by the Chairperson, the Authority Board shall make a decision to either end or extend the provisional administration of the insurance company assets and other assets under its management or, in the case of a foreign company, of its assets in Albania, including the amounts received or to be received by its insurance activity in Albania.
Article 162  
**Provisional administrators**

The Authority shall appoint two or more provisional administrators and specify the types and goals of the responsibilities performed by the provisional administrators, within 10 calendar days from the taking of a decision, who must meet the requirements of Articles 17 and 20 of this Law.

Article 163  
**Registration in the National Registration Centre**

1. The Authority shall issue a decision on the appointment of provisional administrators, which shall be registered in the NRC Register.

2. The application for the registration provided for in Paragraph 1 of this Article shall be submitted by the provisional administrator within three calendar days from the date of being communicated the decision. The Authority decision on provisional administration shall be attached to the registration application.

Article 164  
**Legal effects of provisional administration**

1. From the date of the provisional administration decision till the appointment of a provisional administrator, the powers of the board of directors/supervisory board shall be transferred to the Authority. All the responsibilities and powers of the board of directors/supervisory board and general meeting shall cease, except for the power to increase the capital pursuant to Paragraph 167(2) and the power to appoint directors pursuant to Paragraph 168(4) of the Law.

2. The provisional administrators appointed by the Authority shall assume all the responsibilities of the members of the board of directors/supervisory board.

3. In addition to the provision of Paragraph 2 of this Article, the Authority shall also give the provisional administrators mandatory instructions in terms of the organization and management of the insurance company. The Authority shall dismiss a provisional administrator if he or she does not comply with those instructions.

Article 165  
**Powers of provisional administrators**

1. The members of an insurance company board of directors/supervisory board who have performed their duties until the decision for provisional administration must provide the provisional administrator with the all the business data and other documents of the insurance company, including a financial position report and prepare a report on the responsibilities handed over to the provisional administrator.
2. The persons referred to in Paragraph 1 of this Article shall, with a request from the provisional administrator, provide him with the explanations and additional reports on the activity of the insurance company.

3. Provisional administrators may dismiss any persons obstructing their work and not providing the requested information.

Article 166

Reporting by provisional administrators

1. Provisional administrators shall prepare and submit to the Authority quarterly reports on the financial position and the performance of the insurance company activity under provisional administration.

2. Provisional administrators shall prepare and submit to the Authority within nine months from the date of appointment a report on the financial position and the performance of the insurance company activity under provisional administration, including an assessment of the stability and chances of going concern of the insurance company. The report shall include:
   (a) an assessment and consequences of the acceptance of the insurance company losses by its shareholders;
   (b) the possibility of the distribution of other losses of the insurance company;
   (c) any potential expenses that could affect the liabilities of the insurance company;
   (d) an assessment of the potential measures for the elimination of the financial difficulties of the insurance company, including the transfer of insurance contracts and an estimate of the costs resulting from the implementation of those measures;
   (d) an evaluation of the conditions for the liquidation or bankruptcy of the insurance company.

Article 167

Increase of core capital to ensure financial stability

1. Based on the provisional administrator’s reports, the Authority shall instruct the provisional administrator to convene the general meeting of the insurance company and propose a capital increase if it deems this necessary.

2. The provisional administrator shall convene the general meeting to take a decision on the capital increase no later than eight calendar days after having received the order from the Authority pursuant to Paragraph 1 of this Article.

3. The provisional administrator shall inform the shareholders’ general meeting that if they refuse to increase the capital pursuant to Paragraph 1 of this Article the insurance company will go bankrupt in accordance with the provisions of Article 183 of this Law.

Article 168

Evaluation of provisional administrators’ results

1. The Authority shall evaluate the results of a provisional administrator at least quarterly.
2. The Authority shall accept the final evaluation of the results of a provisional administrator no later than three months from receiving the report referred to in Article 166(2) of this Law.

3. If the Authority assesses that during the provisional administration the financial situation of the insurance company has improved to the extent that the company has reached the required solvency margin and is capable of meeting its obligations when they fall due, it shall take a decision under which the provisional administrator shall be required to convene the insurance company general meeting within eight days of receiving notice of the decision. The meeting shall be held within two months from the date of receiving notice of the Authority’s decision.

4. In the cases referred to in Paragraph 3 of this Article, the shareholders’ general meeting shall appoint the members of the board of directors/supervisory board, who shall resume their powers and responsibilities referred to in Article 164(2) of this Law. The provisional administrator’s duties shall end on the date of appointment of the members of the board of directors/supervisory board.

5. If the Authority assesses that during the provisional administration the financial situation of the insurance company has not improved to the extent that the company has reached the required solvency margin and is capable of meeting its obligations when they fall due, it may extend the provisional administration period and the term of the provisional administrator. The extension may only be made if the insurance company is not in the conditions that require the opening of the liquidation proceedings and the Authority assesses that the insurance company will reach the required solvency margin. If the Authority does not take a decision for extending the provisional administration it shall decide to revoke the insurance activity licence.

Section II

Voluntary liquidation of insurance companies

Article 169

General meeting decision on voluntary liquidation

1. The general meeting of an insurance company shall decide to wind up the company or change its activity only after the prior approval of the Authority.

2. The board of directors/supervisory board shall submit a voluntary liquidation application to the Authority.

3. The following documents shall be attached to the voluntary liquidation application:

   (a) a copy of the insurance company general meeting decision on the liquidation;
   (b) the reasons for the liquidation;
   (c) the names of nominated liquidators;
   (c) a detailed report on the handling of any compensation claims during the liquidation, revenues and expenses, and an estimate of the duration of the process.

4. The Authority shall take a decision on the application submitted pursuant to Paragraphs 2 and 3 of this Article within 30 calendar days from the date of receiving the application.
5. If the Authority rejects the voluntary liquidation application submitted by an insurance company within the time-limit specified in Paragraph 4 of this Article, the decision for winding up or changing the business may not be approved by the general meeting of the company.

6. If the general meeting approves the decision in violation of Paragraphs 1 and 5 of this Article, the decision shall be null and void and not be registered.

Article 170

Liquidators of insurance companies

1. An insurance company must have, as a minimum, two Authority-approved liquidators who shall represent the insurance company jointly.

2. Liquidators shall be natural persons who must meet the requirements laid down in Article 20 of this Law.

Article 171

Restrictions on the licence to carry out insurance activity

1. The members of the board of directors/supervisory board or the liquidators of an insurance company shall communicate to the Authority the decision provided for in Article 169(1) of this Law on the first working day following the adoption of the decision.

2. After receiving notification, the Authority shall decide to:

   (a) restrict the validity of the licence to carry out insurance activity allowing only those activities that are necessary for performing the procedures for the liquidation of the insurance company; and

   (b) specify to what extent risk management rules will apply to the insurance company under liquidation.

3. After opening the liquidation proceedings, the insurance company in question may continue the activities specified in the Authority’s decision pursuant to Paragraph 2 of this Article, and activities necessary for the transfer of insurance contracts to another insurance company.

4. If the decision provided for in Paragraph 2 of this Article refers to an insurance company with branches in a member country, the Authority shall, prior to issuing that decision, inform the competent supervisory authority of that member country. The notification shall also include all the legal effects or other effects resulting from the taking of the decision.

5. Where it is necessary to promptly implement the decision referred to in Paragraph 4 of this Article, in order to protect the interests of the insurance company consumers or public interests, the Authority shall inform the competent supervisory authority immediately after implementing it.

Article 172

Voluntary liquidation proceedings

Unless otherwise provided for in this Law, the provisions on the liquidation of joint-stock companies of Law No. 9901 of 14 April 2008 “On Entrepreneurs and Companies”, as amended, shall also apply to the liquidation of insurance companies.
Article 173

Insolvency conditions

If the liquidators assess that the insurance company is insolvent, they shall promptly inform the Authority and submit a proposal to it to open bankruptcy proceedings.

Article 174

Renewal of licence to carry out insurance activity

1. If the meeting of the general meeting of a company decides for the insurance company to continue its activity, the insurance company may continue to carry out insurance activity only if it receives the respective licence from the Authority again.

2. The new licence issued by the Authority to carry out insurance activity shall be attached to the application for registering at the NRC the decision referred to in Paragraph 1 of this Article.

Section III

Mandatory liquidation of Insurance Companies

Article 175

Opening mandatory liquidation proceedings

1. The Authority shall decide to open mandatory liquidation proceedings against an insurance company where:

   (a) the licence to carry out insurance activity has been revoked pursuant to Articles 155 and 168(5) of this Law;

   (b) based on the report referred to Article 166(2) of this Law the Authority assesses that during the provisional administration the financial position of the company has not improved to the extent that the insurance company has reached the solvency margin specified in Article 80 of this Law;

   (c) the general meeting of the insurance company, convened pursuant to Article 167(2) of this Law, does not approve the decision to increase the capital of the insurance company or approves it but the first selling of shares has failed.

2. The Authority shall decide to revoke the licence to carry out insurance activity within eight calendar days from:

   (a) the date of expiry of the time-limit for accepting the final report on the provisional administrators’ evaluation results, as specified in Article 168(2) of this Law, in the cases referred to in Paragraph 1(b) of this Article;

   (b) the date when the general meeting refuses to approve the proposed decision pursuant to Article 167(1) of this Law, or from the date of expiry of the time-limit for subscribing and paying in the shares after the first failed selling, in the cases referred to in Paragraph 1(c) of this Article.
3. The Authority may draft detailed rules on the mandatory liquidation of branches of foreign insurance companies and insurance companies from member countries.

Article 176

Liquidators

1. Based on the decision to revoke the licence of an insurance company to carry out insurance activity, the Authority shall appoint two or more liquidators who shall represent the insurance company, and specify the type and goal of the duties of each of them.

2. Liquidators shall be natural persons who must meet the requirements laid down in Article 20 of this Law.

Article 177

Informing creditors of opening mandatory liquidation proceedings

1. The liquidators shall inform all the known creditors of the insurance company.

2. The communication to the known creditors shall include the following information:
   (a) the name and address of the authority and liquidator leading the mandatory liquidation proceedings, and the authority where the claims are to be submitted;
   (b) the time-limit for the submission of claims and the legal effects of creditors’ failure to submit their claims;
   (c) creditors’ rights and obligations in the mandatory liquidation proceedings, especially the order of payment of creditors’ claims;
   (d) how the opening of the mandatory liquidation proceedings will affect insurance contracts, especially the date on which the insurance contracts will stop producing any effects, and the rights and obligations of the insured and insurers in relation to those contracts.

3. The Authority may lay down in a regulation the detailed form and content of information to the known creditors of an insurance company.

Article 178

Legal effects of mandatory liquidation

1. Upon entry into force of the mandatory liquidation decision, all the powers and responsibilities of the members of the board of directors/supervisory board of the insurance company in question and all the responsibilities of the general meeting shall cease, with the exception of the power to file a court appeal against the Authority’s decision pursuant to Article 175 of this Law.

2. During the mandatory liquidation proceedings, the powers of the board of directors/supervisory board and general meeting of the insurance company, with the exception of the ones referred to in Paragraph 1 of this Article, shall be transferred to the Authority.
Article 179

**Mandatory liquidation proceedings**

Unless otherwise provided for in this Law, the provisions on the liquidation of joint-stock companies of Law No. 9901 of 14 April 2008 “On Entrepreneurs and Companies” shall also apply to the mandatory liquidation of insurance companies.

Article 180

**Restriction of insurance activity**

1. Upon receiving the notice of opening liquidation proceedings, an insurance company shall not:
   a) conclude new insurance contracts;
   b) renew any insurance contracts.
2. Notwithstanding the first paragraph of this Article, the insurance company may conclude contracts that are necessary to realize its assets, with prior approval from the liquidator, and may carry out activities that are related to the transfer of its contracts to another insurance company.

Article 181

**Preparation of the balance sheet by the liquidator**

1. The liquidator shall prepare a balance sheet and an explanatory report on item lines of the balance sheet of the insurance company under liquidation within 30 calendar days from the date of the beginning of liquidation proceedings.
2. The liquidator shall submit the balance sheet and report referred to in Paragraph 1 of this Article to the competent court and the Authority within 15 calendar days from the expiry of the time-limit specified in Paragraph 1 of this Article.

Section IV

**Bankruptcy**

Article 182

**Provisions applicable to bankruptcy**

In addition to the provisions of this Law, the bankruptcy of insurance companies shall also be governed by Law No. 8901 of 23 May 2002 “On Bankruptcy”, as amended.

Article 183

**Bankruptcy causes**

The Authority shall propose to open the bankruptcy proceedings in the following cases:
(a) where, based on the report referred to Article 166(2) of this Law, the Authority assesses that during the provisional administration the financial position of the company has not improved and it cannot meet its current liabilities;

(b) where, in the course of supervising the insurance company, even after the supervision measures provided for in Section V of Chapter VIII of this Law have been taken its assets are found to be insufficient for meeting liabilities towards creditors;

(c) where an insurance company is overloaded with debt and, therefore, is not able to continue its activity and meet its obligations towards creditors when they fall due;

(d) where, in the course of supervising an insurance company, the Authority finds another cause for bankruptcy in accordance with the provisions of this Law.

Article 184

Insurance contracts

When bankruptcy proceedings are opened against an insurance company, the insured or beneficiaries under the insurance contracts signed by that insurance company shall be referred to as creditors and their claims shall have priority over the rest of liabilities of that insurance company.

Article 185

Informing the Authority

The decision to suspend bankruptcy proceedings and the decision to end the bankruptcy proceedings against an insurance company shall be filed at the Authority by the bankruptcy administrator.

Article 186

Order of claimed payments

The payment claims of creditors, under the provisions of Article 184 of this Law, shall be made in the following order:

(a) claims under life assurance contracts and other insurance contracts which are subject of the same probability and calculation tables as the those that are applied to life assurance, which cannot be paid out of the assets covering mathematical provisions;

(b) claims under non-life assurance contracts and other insurance contracts for which no mathematical provisions in relation to loss compensation have been established, occurring prior to the opening of bankruptcy proceedings, and the refund of paid premiums for the period to the expiry of those insurance contracts;
(c) claims resulting from the Albanian Insurance Bureau for payments out of the compensation fund specified in Law No. 10076 of 12 February 2009 “On Compulsory Insurance in the Transport Sector”, as amended, which are related to the compensation of the paid claims for which the damaged persons cannot be paid by the insurance company due to the opening of bankruptcy proceedings against that company.

Section V

Special provisions on payment of claims resulting from insurance classes for which mathematical provisions have been established

Article 187

Applicable provisions

1. The provisions of this Section apply to creditors’ claims under life assurance contracts and other insurance contracts which are subject of the same probability and calculation tables as the ones that are applied to life assurance.

2. The creditors referred to in Paragraph 1 of this Article shall be entitled to special payment of their claims from the assets covering mathematical provisions or from the funds generated by the proceeds from the realisation of assets covering mathematical provisions.

3. Assets covering mathematical provisions shall be used only to pay liabilities deriving from life assurance contracts.

4. Assets covering mathematical provisions shall represent the assets of an insurance company that are separated from the rest of the assets of that insurance company, and shall be established in accordance with the provisions of this Law, and shall be linked to the obligation to establish assets covering mathematical provisions pursuant to Article 102 of this Law.

Article 188

Payment of claims out of assets covering mathematical provisions

1. On the date of opening bankruptcy proceedings, the creditors referred to Article 187(1) of this Law shall have the right to being paid their claims against the assets covering mathematical provisions.

2. Claims under life assurance contracts and other insurance contracts the underwritten liabilities of which are subject of the life assurance rules shall be entitled to payment out of the assets covering mathematical provisions and have priority over the payment of other claims pertaining to certain life assurance classes which are paid from assets covering mathematical provisions. Those claims are calculated at an amount equal to the coverage required of life assurance contracts the claims have derived from.

3. If the assets covering mathematical provisions are not sufficient to ensure full payment of the claims specified in Paragraph 2 of this Article, the payment of the claims shall be reduced to an equal amount proportionally between the total amount of assets covering mathematical provisions and the coverage required of all life assurance contracts the insurance company has concluded and for which the assets covering mathematical provisions have been established.
4. The rest of the claims of the creditors referred to in Article 187 of this Law shall be paid out of the assets covering mathematical provisions that have been remained after the payment of the claims specified in Paragraph 2 of this Article.

5. If the assets covering mathematical provisions are not sufficient to fully pay the claims specified in Paragraph 4 of this Article, those claims shall be paid proportionately from the assets covering mathematical provisions.

6. The balance sheet as of the date of opening the bankruptcy proceedings shall be the basis for specifying the amounts of claims and the total amount of compulsory coverage.

Article 189

Special account of assets covering mathematical provisions

1. In addition to the general account of keeping bankruptcy debtors, the bankruptcy administrator shall establish a special cash account for the assets covering mathematical provisions for making the payment of claims.

2. The bankruptcy administrator shall manage all cash transactions from the proceeds of the realisation of assets covering mathematical provisions through a special cash account for the assets covering mathematical provisions.

Article 190

Representative of life assurance creditors

The creditor specified in Article 187 of this Law may appoint their representative at the board of directors/supervisory board.

Article 191

Submission of claims

The claims deriving from insurance contracts shall be submitted to the bankruptcy administrator in accordance with the rules laid down in Law No. 8901 of 23 May 2002 “On Bankruptcy”, as amended.
CHAPTER X

INTERMEDIARIES, ACTUARIES AND CLAIM ADJUSTORS

Section I

Insurance and reinsurance intermediation

Article 192

Insurance and reinsurance intermediation

1. Insurance and reinsurance intermediation means the activity of presenting, proposing and carrying out other preparatory activities up to the signing of an insurance or reinsurance contracts, and the provision of assistance during the period of validity of that contract, especially in the case of claims.

2. The following activities shall not be considered as insurance and reinsurance intermediation:
   (a) the activity carried out directly by an insurance/reinsurance company and its staff;
   (b) occasional provision of information in the course of carrying out another professional activity if the intention of that activity is not the provisions of assistance in the signing or implementation of insurance contracts;
   (c) the activity of handling insurance claims, if this is carried out by an employee;
   (ç) the activity of claim adjusting.

Article 193

Insurance and reinsurance intermediaries

1. Insurance and reinsurance intermediary is any natural or legal person carrying out the intermediation activity specified in Article 192 of this Law as a business against charges and commissions in accordance with the provisions of this Law.

2. The Authority shall license and supervise the activity of insurance and reinsurance intermediaries. The provisions of this Law that are applicable to the supervision of insurance companies shall also apply to the supervision of insurance and reinsurance intermediaries on a case-by-case basis.
Section II

Insurance agents and agent companies

Article 194

Activity of insurance agents

1. Insurance agent activity shall be carried out on behalf of and for insurance companies, including the presentation, proposal and other preparatory activities related to insurance contracts and their signing by the insured.

2. Insurance agent activity may also be carried out on behalf of several insurance companies, if those insurance companies have agreed among them in writing.

3. Agent activity may be carried out by agents or agent companies.

4. Agent activity may also be carried out by banks, branches of foreign banks or non-bank financial entities, after they have received prior approval from the Bank of Albania, and by other entities in accordance with the rules laid down by the Authority.

5. Agent activity in life assurance shall be carried out separately from non-life assurance.

Article 195

Insurance agents

Insurance agents shall be natural persons approved by the Authority to carry out the activity provided for in Article 194(1) of this Law.

Article 196

Insurance agent companies

1. Insurance agent companies shall be legal persons having as their sole business the activity provided for in Article 194(1) of this Law.

2. Agent companies shall be licensed by the Authority. Their licence shall be without a fixed period of validity.

3. Agent companies shall be established in accordance with the provisions of Law No. 9901 of 14 April 2008 “On Entrepreneurs and Companies”, as amended, as joint-stock companies or limited liability companies.

4. Agent companies shall be registered with the NRC after receiving their licence.

5. Agent companies shall include the words “veprimtari agjenti në sigurime/risigurime” [insurance/reinsurance agent activity] or their derivatives in their names.

6. The names of agent companies shall not include fully or in part the names of any insurance or reinsurance companies that have been licensed to carry out insurance activity.

7. The Authority may lay down rules on the requirements for the organization and operation of agent companies.
Article 197

**Insurance of professional liability and financial security of insurance agents/agent companies**

1. Insurance agents/agent companies shall take out insurance against its third party liability from an insurance company.

2. An insurance agent company must constantly have a financial security equal to four percent of its cumulative annual premiums, but no less than ALL 500,000. The financial security shall be deposited in one of the banks and/or branches of foreign banks operating in the Republic of Albania, on behalf of the insurance company it acts for.

3. The Authority shall adopt a regulation on the amount of liability insurance policy coverage, referred to in Paragraph 1 of this Article.

Article 198

**Responsibilities of insurance companies and insurance agents/agent companies**

1. The insurance company on behalf of which an insurance agent or agent company acts shall be the sole responsible person for the actions or omissions of the agent or agent company in relation to the insured.

2. The agent or agent company shall be responsible towards the insurance company for all damages caused to the insured as a result of his/her/its actions or omissions.

3. Insurance agents or agent companies shall perform only those activities for which they have been approved or licensed.

4. Agents or agent companies may not authorise any other persons to sign insurance contracts on their behalf and for them.

5. Insurance agents or agent companies may not collect insurance premiums or any other monetary considerations from the insured on their behalf or for them.

6. The Authority shall lay down the rules on the transfer of money from consumers to insurance companies and vice-versa through insurance intermediaries.

Article 199

**Approval/banning of insurance agents**

1. Insurance companies shall submit to the Authority the list of agents and the relevant documentation it is applying for approval of.

2. The Authority shall approve the list of agents to carry out the activity of insurance agents if the specified requirements are met.

3. The Authority shall lay down in a regulation the requirements on the professionalism, ethics, reliability and financial requirements to be met by insurance agents, and the causes for refusing to register them.

4. Throughout their operation, insurance agents must meet the requirements of this Article and of the relevant regulation.
5. The Authority shall ban the activity of an insurance agent and delete him/her from the register if:
   (a) the approval was granted on the basis of false data;
   (b) the agent has been convicted by a final judgment for property crimes and fraud, criminal offences committed within companies, tax-related crimes and other criminal offences;
   (c) administrative measures are repeatedly taken against the agent, or the agent has been convicted by a final judgment of violations of the legislation on the prevention of money laundering and financing of terrorism;
   (d) he/she commits fraud during the insurance activity;
   (d) he/she violates the provisions of this Law and other laws in the area of insurance;
   (dh) violations of the code of ethics and professional rules have been found.

6. Where the Authority deems the violation of the provisions of this Law reasonable, it may suspend the activity of an agent for a period of up to six months.

7. The requirements of this Article shall apply to all insurance company employees involved in the selling of policies.

Article 200

Agent activity carried out by agent companies

1. Agent activity shall be carried out by:
   (a) agent companies having their head office in the Republic of Albania and licensed by the Authority to carry out such activity;
   (b) agent companies from foreign countries carrying out such activity themselves or through a branch;
   (c) agent companies from member countries carrying out such activity through a branch or directly.

2. Agent companies shall carry out their activity through an approved agent who shall be employed full time under an employment contract.

3. The provisions of this Article that apply to agent companies shall also apply to branches of foreign agent companies.

4. The Authority may adopt rules on the licensing and authorisation of activities of branches of agent companies from foreign companies.

5. The Authority shall adopt rules on the operation of agents from member countries and on the operation of the same activity in the Republic of Albania by persons operating as licensed agents in a member country.

Article 201

Licence of agent companies and its revocation

1. Agent companies shall submit to the Authority a licensing application and relevant documentation standing proof of compliance with the conditions listed in Paragraph 2 of this Article. The Authority shall lay down in a regulation the requirements, procedures and time-limits for licensing agent companies and refusing their licence application.

2. Agent companies must:
   (a) have minimum capital paid in cash at the amount of ALL 1,000,000;
(b) employ at least one insurance agent;
(c) not be related parties to an insurance company, another agent company or insurance and reinsurance brokerage company.

3. The decision of the Authority on granting or refusing to grant the licence shall be grounded and be notified to the company in writing within 10 working days from the date of taking the decision.

4. The Authority shall revoke an agent company’s licence to carry out agent activity if:
   (a) the licence was granted on the basis of false data;
   (b) the agent company does not hold a professional indemnity insurance policy;
   (c) the agent company does not comply with the Authority decision to eliminate violations and irregularities within the specified time-limits;
   (d) the agent company acts in violation of the provisions of Article 194 of this Law;
   (d) it does not meet the conditions of Paragraph 1 of this Article under which the licence was granted;
   (d) administrative measures are repeatedly taken against the company, or the company has been convicted by a final judgment of violations of the legislation on the prevention of money laundering and financing of terrorism;
   (e) the company has been convicted by a final judgment for property crimes and fraud, criminal offences committed within companies, tax-related crimes and other criminal offences;
   (e) it violates the provisions of this Law and other laws in the area of insurance.

5. In case of licence revocation by the Authority, the agent company may appeal with the administrative court as per the time-limits and procedures provided for in Law No. 49/2012 “On the Organization and Functioning of Administrative Courts and the Judicial Review of Administrative Disputes”.

6. An agent company’s licence shall expire if:
   (a) the agent company does not start the activity within six months from the date of being granted the license;
   (b) bankruptcy proceedings have been opened;
   (c) a decision to end the activity of that agent company has been taken.

7. Where the Authority deems it necessary, it may suspend the activity of an agent for a period of up to six months for violations of the provisions of this Law.

Section III

Insurance brokers and brokerage companies

Article 202

Activity of insurance brokerage

1. The activity of insurance brokerage shall include all those activities, such as presentation, proposal or other preparatory activities, that are related to negotiating with an insurance company on behalf of and for consumers in order to enable the signing of an insurance contract in accordance with their requests and needs.
2. In addition to the provision of Paragraph 1 of this Article, the brokerage activity shall also include the assistance in the exercise of rights deriving from insurance contracts, especially in the settling claims by the insurance companies on behalf of and for consumers.

3. The brokerage activity shall be carried out by insurance brokers who are natural persons and brokerage companies which are legal entities.

Article 203

**Insurance brokers**

An insurance broker shall be a natural person that has been licensed by the Authority to carry out activity of insurance brokerage.

Article 204

**Insurance brokerage companies**

1. Insurance brokerage companies shall be legal persons having as their sole business the activity of providing insurance brokerage services. Brokerage companies shall be licensed by the Authority to carry out brokerage activity. Their licence shall be without a fixed period of validity.

2. Brokerage companies shall be established as joint-stock companies in accordance with the provisions of Law No. 9901 of 14 April 2008 “On Entrepreneurs and Companies”, as amended, and the provisions of this Law.

3. Brokerage companies shall be registered with the NRC after receiving their licence.

4. Brokerage companies shall include the words “veprimtari brokerimi në sigurime” [insurance brokerage activity] or their derivatives in their names.

5. Brokerage activity may also be carried out by banks and/or branches of foreign banks after they have received prior approval from the Bank of Albania, in accordance with the rules laid down by the Authority.

6. The Authority may lay down rules on the requirements for the organization and operation of brokerage companies.

Article 205

**Insurance of professional liability and financial security of insurance brokers/brokerage companies**

1. Insurance brokers/brokerage companies shall take out insurance against third party liability from an insurance company, at an amount no less than ALL 30,000,000 for every damage resulting from their brokerage activity, and no less than ALL 100,000,000 for all damages in a calendar year.

2. Brokers/brokerage companies shall have the right to collect premiums from the insured for insurance companies. Brokers/brokerage companies shall use a special account opened to that end and held separately from their business accounts.

3. An insurance broker/brokerage company must constantly have a financial security equal to four percent of annual collected premiums but no less than ALL 1,000,000. The financial security shall be deposited in one of the banks and/or branches of foreign banks operating in the Republic of Albania.
Article 206

Responsibilities of insurance brokers/brokerage companies

1. Brokers/brokerage companies shall carry out brokerage activity while protecting the interests of the insured.

2. In order to comply with the obligations specified in Paragraph 1 of this Article, an insurance broker/brokerage company shall:
   (a) conduct an appropriate risk assessment, and set the basic principles of the required coverage;
   (b) provide a written explanation and reason the proposals, and inform the insured on the amount of specified commissions for the signing of an insurance contract;
   (c) provide brokerage services on behalf of all the insured for signing insurance contracts which are in accordance with the requests of the insured in terms of insurance coverage. The brokerage service may be limited to specific insurance services if the broker has explicitly informed the insured of this in advance;
   (d) inform the insurance company that a potential customer is asking for quotes for signing an insurance contract;
   (d) provide the insured with insurance contracts and other documents related to that contract;
   (d) check the contents of the insurance contract;
   (e) provide the insured with assistance during the period of validity of insurance contracts, before and after the occurrence of insured events, and, especially, ensure that the legal actions, which are important for preserving and exercising the rights deriving from insurance contracts, are undertaken by the insured in compliance with the contract terms and conditions within the time-limits specified for such legal actions;
   (e) constantly review the contracts signed by the insured through their brokerage activity, and propose changes to those contracts with the goal to better protect the insured.

Article 207

Protection of consumers’ interests

1. In the course of carrying out their brokerage activity, brokers/brokerage companies shall protect the interests of the insured.

2. Brokers/brokerage companies shall be liable towards the insured for any damage they suffer, where such damage is caused by their actions or omissions.

3. Brokers/brokerage companies must check the contents of insurance contracts before they are concluded.

4. In the course of carrying out brokerage activity, brokers/brokerage companies shall protect those interests of insurance companies which are related to the insured before and after the ending of an insurance contract. When performing the preparatory actions for the signing of insurance contracts, brokers must inform the insurance company of any risks they are or could be aware of.
5. Brokers/brokerage companies must inform the insured of any economic and legal links they could have with a specific insurance company that could affect the fulfilment of the broker’s obligations towards the insured.

6. The legal and economic linkages within the meaning of Paragraph 5 of this Article means the agreements that a broker/brokerage company completes with an insurance company on the basis of which that broker/brokerage company has the right to a special brokerage commission which is higher for specific insurance classes or companies.

Article 208

**Restrictions on brokerage activity**

1. Brokers/brokerage companies shall mediate in the conclusion of insurance contracts only with insurance companies that have been licensed in accordance with the provisions of this Law.

2. Brokers/brokerage companies shall not mediate in the conclusion of insurance or reinsurance contracts that are in conflict with the provisions on insurance contracts in the Civil Code.

3. Brokers/brokerage companies may not hold any shares in insurance companies, and vice-versa.

Article 209

**Licence of insurance brokers and its revocation**

1. The insurance brokerage activity may be carried out only by natural persons who have been granted a broker’s licence to carry out such an activity.

2. The Authority shall lay down in a regulation the requirements, procedures and time-limits for licensing to carry out brokerage activity as a broker, and the causes for refusal of licence application.

3. The decision of the Authority on granting or refusing to grant the licence shall be grounded and be notified to the person in writing within 10 working days from the date of taking the decision.

4. The Authority shall revoke a broker’s licence if:
   (a) the licence was granted on the basis of false data;
   (b) the person has been convicted by a final judgment for property crimes and fraud, criminal offences committed within companies, tax-related crimes and other criminal offences;
   (c) he does not hold the professional liability insurance policy as per the provisions of Article 205 of this Law;
   (g) there are serious violations of the code of ethics and professional rules;
   (d) administrative measures are repeatedly taken against him, or he has been convicted by a final judgment of violations of the legislation on the prevention of money laundering and financing of terrorism;
   (dh) he/she violates the provisions of this Law and other laws in the area of insurance.

5. In case of licence revocation by the Authority, the broker may appeal with the administrative court as per the time-limits and procedures provided for in Law No. 49/2012 “On the Organization and Functioning of Administrative Courts and the Judicial Review of Administrative Disputes”.

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6. The Authority may suspend a licence for a period of up to six months for violations of the provisions of this Law.

7. Insurance brokers must constantly comply with the conditions and procedures specified in this Article.

Article 210

Carrying out brokerage company activity

1. Brokerage company activity may be carried out by:
   (a) brokerage companies having their head office in the Republic of Albania and holding a licence issued by the Authority to carry out brokerage activity;
   (b) brokerage companies from foreign countries carrying out such activity through a branch;
   (c) brokerage companies from a member country, which have the right to carry out brokerage activity in the Republic of Albania in accordance with the provisions of this Law either directly or through a branch.

2. The provisions of this Article that apply to brokerage companies shall also apply to branches of foreign brokerage companies.

3. The Authority may adopt rules on the licensing branches of brokerage companies from foreign countries.

4. The Authority shall adopt rules on the operation of brokerage activity in the Republic of Albania by persons operating as licensed brokerage activity in a member country.

Article 211

Licence of brokerage companies and its revocation

1. Brokerage companies carrying out insurance brokerage activity shall submit to the Authority a licensing application and the relevant documentation standing proof of compliance with the following conditions:
   (a) have core capital paid in cash of at least ALL 3,000,000;
   (b) have at least a full-time employed broker under an employment contract;
   (c) not be related parties to an insurance company.

2. The Authority shall lay down in regulations additional requirements other than the ones provided for in Paragraph 1 of this Article the procedures and licensing time-limits applicable to the activity of brokerage companies, and the causes for refusal.

3. The decision of the Authority on granting or refusing to grant the licence shall be grounded and be notified to the company in writing within 10 working days from the date of taking the said decision.

4. The Authority shall revoke a brokerage company’s licence when:
   (a) the licence was granted on the basis of false data;
   (b) it does not hold the professional liability insurance policy as per the provisions of Article 205 of this Law;
(c) the brokerage company does not comply with the Authority decision to eliminate violations and irregularities within the specified time-limits;
(d) it does not comply with the conditions under which it was licensed any longer;
(d) administrative measures are repeatedly taken against the company, or the company has been convicted by a final judgment of violations of the legislation on the prevention of money laundering and financing of terrorism;
(dh) it has been convicted by a final judgment for property crimes and fraud, criminal offences committed within companies, tax-related crimes and other criminal offences;
(e) it violates the provisions of this Law and other laws in the area of insurance.
5. In case of licence revocation by the Authority, the brokerage company may appeal with the administrative court as per the time-limits and procedures provided for in Law No. 49/2012 “On the Organization and Functioning of Administrative Courts and the Judicial Review of Administrative Disputes”.
6. The licence to carry out insurance brokerage activity shall lapse if:
(a) the brokerage company does not start the activity within six months from the date of being granted the license;
(b) bankruptcy proceedings have been opened;
(c) a decision to end the activity of that brokerage company has been taken.
7. When one of the cases listed in Paragraph 4 of this Article occurs the Authority shall declare the licence as invalid.
8. The Authority may suspend a licence for a period of up to six months for violations of the provisions of this Law.

Section IV

Other provisions on intermediaries

Article 212

Take-overs and mergers

1. Agent companies and brokerage companies taking over another agent company or brokerage company shall seek approval from the Authority before registering the take-over decision with the NRC.
2. Agent companies and brokerage companies intending to merge shall seek approval of the merger from the Authority and a licence to carry out insurance intermediation activity for the newly created agent company or brokerage company prior to registering the merger decision with the NRC.
3. As of the date of registration of the new agent or brokerage company with the NRC, the agent company or brokerage company that were merged shall be considered as deleted and their respective licences shall not be valid.
Article 213

Obligation of brokers and agents to inform

1. Prior to signing insurance contracts and when changing or extending them, agents and brokers shall make the following information available to the insured:
   (a) their first name, last name, address and licence data;
   (b) the register where they are registered and how to verify such registration;
   (c) the agent company or brokerage company they work for;
   (f) the name of insurance company they have an agreement with;
   (d) the information provided for in Article 63 of this Law;
   (dh) information on cases settled through extrajudicial remedies between the insured, consumer and insurance company, insurance service provider and the internal procedures for settling consumer complaints, as provided for in Article 70 of this Law.

2. Brokers must conduct the relevant assessments referred to in Article 206(2)(a) of this Law based on a sufficient number of contracts issued in the market in order to enable them prepare recommendations in line with professional requirements in accordance with which a contract would be appropriate to meet the needs and requirements of the insured.

3. Before signing any contract, brokers shall, based on the information provided by the insured, determine the needs and requirements of the insured and the major grounds for every piece of advice provided to the insured in relation to that insurance contract.

Article 214

Information method

1. The information referred to in Article 213 of this Law shall be communicated to the insured:
   (a) in writing or any other valid method that is verifiable by the insured;
   (b) in an understandable and clear way;
   (c) in the Albanian, unless agreed otherwise.

2. In derogation from the provisions of Paragraph 1 of this article, when a consumer is seeking immediate coverage, the information in question may be given orally, if the consumer requests so. In this case, the insurer shall provide the consumer with written information immediately upon the signing of the contract. The signing of an insurance contract, its terms and conditions or its annexes shall mean agreement with the oral information and acceptance of its conditions.
Article 215
Obligations of insurance companies, agent companies and brokerage companies

1. Insurance companies shall sign contracts through intermediation only with the persons referred to in Articles 194(3) and 202(3) of this Law.
2. Agent companies shall not allow that persons other than the ones referred to in Article 195 of this Law carry agent activity on their behalf.
3. Brokerage companies shall not allow that persons other than the ones referred to in Article 203 of this Law carry brokerage activity on their behalf.

Article 216
Intermediation commissions

1. Agent companies or agents shall not be entitled to any charges or commissions from the insured.
2. Brokerage companies or brokers shall not be entitled to asking any commissions or any other form of payment from the insured, unless otherwise agreed in a written contract.
3. After signing an insurance contract through their mediation, a brokerage company or broker may not change the method of commission calculation and amount of commission.

Article 217
Business books and reports

1. Agent companies and brokerage companies shall keep business books, prepare accounting documents, the amounts of assets and liabilities and prepare their financial statements in accordance with Law No. 9901 of 14 April 2008 “On Entrepreneurs and Companies”, as amended, Law No. 9228 of 29 April 2004 “On Accounting and Financial Statements” and other laws and regulations, and in accordance with the international accounting standards and international financial standards and the general accounting principles and methods, unless otherwise provided for in this Law.
2. Agent companies and brokerage companies shall prepare six-month and annual financial statements and statistical reports.
3. Agent companies and brokerage companies shall submit to the Authority their annual financial statements within three months from the end of the calendar year the statements are prepared for, and six-month financial statements within 30 calendar days from the end of the period the statements are prepared for.
4. Agent companies and brokerage companies shall submit to the Authority a statistical report within 30 calendar days from the end of the quarter the report is prepared for. The annual statistical report shall be submitted within three months from the end of the calendar year.
5. The Authority may specify in a regulation the form and content of the statements and reports referred to in Paragraphs 2 and 4 of this Article.
Article 218

Reporting

1. Agent companies and brokerage companies shall also report the following to the Authority:
   (a) any change in the data registered with the NRC;
   (b) the structure and volume of intermediation activity carried out in a year, separately reported for each insurance company;
   (c) compliance with the obligations provided for in Article 197 and 205 of this Law.

2. The Authority shall specify the form and content of the reports, and the time-limits and method of reporting.

Article 219

Intermediary register

1. The Authority shall keep a public register of:
   (a) licensed agent companies;
   (b) licensed brokerage companies;
   (c) insurance agents;
   (d) insurance brokers.

2. Agent company and brokerage company registers shall contain information on the approved or licensed persons of those companies.

3. The Authority shall specify the form, content and rules on keeping the registers.

Article 220

Exemptions on intermediation activity

The provisions of this Law shall not apply to persons carrying out intermediation activity if all the following conditions are met simultaneously:
   (a) the insurance contract requires only information on the provided insurance coverage;
   (b) the main activity of those persons is different from the activity of insurance intermediation;
   (c) the insurance contract is not a life assurance one;
   (d) the insurance contract does not cover liability risks;
   (e) the insurance supplements the provided product or service where such insurance covers:
      (i) risks of perish, loss or damage of goods; or
      (ii) risks of damage or loss of baggage and other risks related to travel booking by travel agents, and if the insurance covers life assurance or liability risks, provided that the insurance coverage is an auxiliary risk to the main travel-related risk;
   (dh) the total amount of premiums does not exceed the amount of ALL 75,000 and the contract period, including any renewals, is not longer than five years.
Article 221

Intermediation activity in member/foreign countries

1. An intermediation company licensed in the Republic of Albania may carry out intermediation activity in member countries through a branch or directly and in foreign countries only through a branch.

2. The Authority shall adopt rules on allowing the operation of intermediation activity in foreign/member countries by persons licensed to carry out such activity in the Republic of Albania.

Section V

Actuaries

Article 222

Authorised actuaries

1. For the purposes of this Law, actuarial services shall be rendered by authorised actuaries.

2. An authorised actuary means a person licensed by the Authority to perform the tasks of authorised actuaries and shall be supervised by the Authority.

3. The Authority shall license actuaries to operate if they meet all the following requirements:
   (a) have a university degree from a MSc programme in one of the areas: actuarial science, mathematics, statistics, econometrics, risk management, investment, finance or demographics;
   (b) have long-term vocational training in actuarial science as certified by a diploma or certificate issued by a recognised vocational organisation or university, certifying successful completion of the full cycle of actuarial training;
   (c) have at least five years of experience in the actuarial area;
   (c) successfully pass the test on legislation knowledge, professional ethics and best market practices in the insurance market in the Republic of Albania;
   (d) not have been convicted for any criminal offences in the last five years prior to the date of licence application;
   (dh) not have any overdue obligations.

4. The Authority shall lay down the rules on vocational training and assessment of technical knowledge required to perform the tasks of an authorised actuary.

5. The period of validity of a licence shall be three years and may be renewed upon submitting proof of continuous vocational training. The Authority shall lay down the rules on the actuary licence renewal.

6. The decision of the Authority on granting or refusing to grant the licence shall be grounded and be notified to the actuary in writing within 10 working days from the date of taking the decision.
7. The Authority shall revoke an authorised actuary’s licence if:
   (a) the licence was granted on the basis of false data;
   (b) the authorised actuary commits a serious violation of the actuarial professional rules and code of ethics;
   (c) he or she violates the provisions of Article 224 of this Law;
   (c) he or she does not meet the requirements laid down in Paragraph 3 of this Article.
8. The Authority informs the insurance company in which the authorised actuary performs the actuarial services of the revocation of the actuary’s licence.
9. Authorised actuaries shall be supervised by the Authority. The provisions of Articles 129, 130, 150 and 154 of this Law shall apply to the supervision of authorised actuaries on a case-by-case basis.
10. The Authority may suspend an authorised actuary’s licence for a period of one to three years if that actuary commits serious violations of actuarial professional rules and code of ethics.
11. The Authority shall develop and approve the actuaries’ code of ethics.

Article 223

Appointment of authorised actuaries

1. Before starting its activity an insurance company shall appoint an authorised actuary and enable that actuary to perform his or her tasks in accordance with Article 225 of this Law.
2. Insurance companies shall inform the Authority of the appointment or dismissal of authorised actuaries within eight calendar days from the date of appointment or dismissal.
3. If an insurance company fails to appoint an authorised actuary within two months after receiving a licence or appoints a person who is not licensed in compliance with the provisions of this Law, the Authority shall appoint an authorised actuary and the expenses of that appointment shall be borne by the insurance company.
4. If an authorised actuary ceases his or her activity in an insurance company, he or she shall inform the Authority within eight calendar days from the date of ceasing the activity.
5. If an authorised actuary ceases his or her activity in an insurance company, that insurance company shall, within 30 calendar days, appoint another authorised actuary and inform the Authority of that appointment.
6. The Authority may issue more detailed rules on the appointment, dismissal and other rules on authorised actuaries.

Article 224

Restrictions on the activity of authorised actuaries

An authorised actuary may not carry out actuarial activity in an insurance company if:
   (a) he or she holds direct or indirect shares in the insurance company;
   (b) he or she is a member of the board of directors/supervisory board, managing director/member of the management board or key functionary of the insurance company;
   (c) he or she is a member of internal audit in the insurance company;
   (ç) he or she as an agent, broker or claim adjustor.
Article 225

Tasks of authorised actuaries

1. Authorised actuaries shall:
   (a) calculate technical provisions, for which he or she must:
      (i) evaluate whether the insurance company keeps the appropriate data for the calculation of technical provisions and review the accuracy of those data;
      (ii) review whether the methods and bases used for the calculation of technical provisions are in compliance with the actuarial professional rules and the legislation in force;
      (iii) evaluate whether the technical provisions have been calculated in such a way as to ensure coverage throughout the period of liabilities of the insurance company under the insurance contracts;
   (b) review whether insurance premium tariffs have been calculated in line with the actuarial professional rules and the legislation in force, in order to ensure coverage throughout the period of liabilities of the insurance company under the insurance contracts.

2. Insurance companies shall provide authorised actuaries with all the data required for performing the tasks specified in Paragraph 1 of this Article.

3. The authorised actuary that has been appointed by an insurance company shall submit to the board of directors/supervisory board a report and opinion as per the provision of Article 112 of this Law. The report shall, in particular, include the reasons for issuing a positive, negative or qualified actuary’s opinion.

4. If, in the course of performing his or her tasks, an authorised actuary finds that premiums have not been calculated and technical provisions have not been established in accordance with the provisions of this Law, or have been calculated or established in such a way that jeopardizes the performance of the insurance company’s long-term liabilities deriving from insurance contracts, he or she shall promptly inform the board of directors/supervisory board of the insurance company.

5. The board of directors/supervisory board shall take the necessary measures for adjusting the activity pursuant to the authorised actuary’s report referred to in Paragraph 3 of this Article.

6. If the board of directors/supervisory board does not take the necessary measures pursuant to the authorised actuary’s report referred to in Paragraph 3 of this Article, the authorised actuary shall inform the Authority immediately.

7. If the Authority deems it necessary, it may ask the actuary to submit any other information in the context of exercising its supervision.
Section VI Claim

adjustors Article

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Activity of claim adjustors

1. The activity of claim adjustors shall include the collection of data and calculation of the amount to be paid by the insurance company for damages resulting from the occurrence of an insured risk.

2. The activity of claim adjustors may be carried out by persons licensed by the Authority to carry out claim adjusting activity as company employees or as independent claim adjustors.

3. The activity of independent claim adjustors shall be carried out by natural or legal persons licensed by the Authority.

4. Licensed claim adjustors shall be licensed in a respective register that shall be kept by the Authority.

Article 227

Licensing claim adjustors

1. The Authority shall license a claim adjustor if he or she meets the following conditions and qualifications:

   (a) have a university degree;
   (b) complete vocational training in claim adjusting, as certified by a certificate issued by a recognised vocational organisation or institution;
   (c) have at least three years of experience working with a licensed independent or employed claim adjustor;
   (ç) not have been convicted for any criminal offences by a final judgment in the last five years;
   (d) not have been convicted for the organisation and operation of fraudulent borrowing pyramidal schemes;
   (dh) have successfully passed the test of knowledge specified in Paragraph 2 of this Article;
   (e) not have any overdue obligations.

2. The Authority shall lay down the rules on the organisation of the knowledge test to be passed by those applying for a claim adjustor licence.

3. A claim adjustor’s licence shall be renewed in accordance with the time-limits and rules specified by the Authority upon submitting evidence of attending continuous vocational training and up-to-date documentation in relation to Paragraph 1(ç), (d), (dh) and (e) of this Article.

4. The Authority shall lay down in a regulation the procedures and time-limits for licensing, renewal, refusal, revocation and suspension of claim adjustor licences for natural persons, and the rules on the university education and other relevant qualifications related to the profession of claim adjustors.

5. The Authority shall adopt the rules on the requirements and procedures for licensing legal persons as claim adjustors, and the procedures and causes for refusal, revocation and suspension of licences.
Article 228

Licence revocation and suspension

1. The Authority shall revoke a licence when it finds proof that an insurance claim adjustor:
   (a) has violated the licensing conditions or the requirements of this Law and Authority’s acts;
   (b) does not carry out activity within six months from the date of receiving the licence;
   (c) has made incorrect and subjective claim adjustments;
   (ç) has made untrue claim adjustments and violations of procedures;
   (d) has made claim adjustments in violation of legal provisions in power and professional standards;
   (dh) has submitted forged or false documents when applying for the licence;
   (e) voluntarily resigns from the activity.
2. If a licence is revoked it shall be deposited at the authority within 30 calendar days from the date of the decision.
3. The Authority may suspend a licence for a period of up to six months for violations of the provisions of this Law.

Article 229

Insurance of professional liability of claim adjustors

Claim adjustors shall take out insurance against their third party liability or another form of similar security, at an amount no less than ALL 30,000,000 for any damage resulting from their actions or omissions, and no less than ALL 100,000,000 for all damages in a calendar year.

Article 230

Restrictions

1. Shareholders of insurance companies, insurance agents and brokers and any persons involved in the management and auditing of insurance companies may not be:
   (a) claim adjustors;
   (b) members of the board of directors/supervisory board or audit committee of a legal person operating as a claim adjustor;
   (c) shareholders or employees of a legal person operating as a claim adjustor.
2. The restrictions laid down in Paragraph 1 of this Article shall also apply to the spouses and children, including those under custody.
3. Claim adjustors shall not be engaged in other business or professional activities affecting their integrity, independence or professional skills.
4. An independent claim adjustor may not be an employee for an insurance company.
5. When adjusting claims, claim adjustors shall refer to the indicators and coefficients issued by the competent institutions in accordance with the laws and regulations in force.
Article 231

Stakeholder cooperation

1. Claim adjustors may, in the course of carrying out their activity, request from interested parties the original documents or copies of insurance contracts and other necessary documents in accordance with the legislation in force. Claim adjustors may keep copies of those documents.

2. Insurance companies, intermediaries, the insured and other stakeholders shall help claim adjustors perform their tasks in an independent and fair manner.

Article 232

Expert advisors

1. When necessary, claim adjustors may consult with various experts. Before consulting, claim adjustors shall inform in writing the stakeholder of the identity and area of expertise of the relevant expert. Experts must assist throughout the claim adjusting process.

2. Expert’s conclusions shall be deemed invalid and not be included in the claim adjustor’s report if the provisions of Paragraph 1 of this Article are not complied with.

Article 233

Impartiality

1. Claim adjustors must be impartial and independent in observance of the principle of one adjustment per one insurance event.

2. Claim adjustors shall not carry out the activity of claim adjusting if there are strong reasons which could affect their impartiality in relation to one of the parties, or if they have some form of family relationship or business relationship with one of the parties.

3. The strong reasons that might affect the impartiality of a claim adjustor, as referred to in Paragraph 2 of this Article, shall be those cases where the amount of a claim or getting the insured interest belongs to the claim adjustor or if there is a relation between the claim adjustor and one of the parties in terms of purchase, donation, lease, usufruct or credit-debit relation. In these cases the parties may select another claim adjustor.

4. Independent claim adjustors may not make any types of direct or indirect gains that could endanger their impartiality, apart from their claim adjusting commission. Claim adjusting commissions shall be set by the Authority and be transferred only through bank.

5. The provisions of this Section shall also apply to claim adjustors employed by legal persons carrying out claim adjusting activity.

6. Claim adjusting reports that are prepared in violation of the provisions of this Section shall be null and void.
Article 234
Professional standards and ethics

1. Claim adjustors shall act in line with the professional standards and ethics, and must be careful in their professional relations.
2. Claim adjustors shall keep their adjusting reports and the documents the reports are based on for a period of five years.
3. Independent claim adjustors and persons working for them must observe confidentiality of the information they become aware of in the course of performing their tasks, and must not divulge that information without the prior consent of the relevant parties. This obligation shall not apply only to those cases in relation to which the relevant legislation in force provides otherwise.

Article 235
Claim adjustor supervision

1. Claim adjustors shall be supervised by the Authority.
2. The provisions of this Law that are applicable to the supervision of insurance companies shall also apply to the supervision of the persons referred to Paragraph 1 of this Article on a case-by-case basis.

CHAPTER XI
COOPERATION AND INFORMATION SHARING

Article 236
Information sharing and data processing

1. The Authority may conclude agreements or memoranda of cooperation with other domestic or foreign supervisory authorities, supervisory authorities in the financial sector, agencies or institutions of prevention of money laundering and financing of terrorism, or other legally recognised institutions, in order to cooperate or exchange information.
2. The Authority may exchange the following with domestic or foreign authorities and institutions:
   (a) required information on licence issuing;
   (b) required information on supervised entities;
   (c) required information in relation to preventing money laundering and financing of terrorism;
   (c) required information in relation to fraud committed in the course of carrying out activities in the area of insurance;
   (d) financial data;
   (dh) information on the natural persons holding positions of responsibility in those entities.
3. The Authority shall cooperate and coordinate its work with other supervisory authorities and other legally recognised domestic or foreign institutions, in order to more efficiently manage any crisis where insurance services are provided by a specific insurer abroad the country in which it has its head office. The Authority and other supervisory authorities shall consult with the party providing the information before taking further action.
4. Any information the Authority receives and any information provided to other supervisory authorities shall be treated as confidential and used only for supervision purposes.

5. The Authority shall be responsible for collecting and processing information on the facts and circumstances in relation to its compliance with statutory supervisory tasks and responsibilities.

6. The Authority may adopt more detailed rules in relation to information sharing, using and processing provided for in this Article.

Article 237

Information sharing with member countries

1. The provisions laid down in Article 236(1), (2) and (3) of this Law shall also apply to information sharing with member countries.

2. The Authority shall adopt further rules on information sharing and data communication and processing with supervisory authorities with member countries and the European Commission.

CHAPTER XII

MISCELLANEOUS PROVISIONS

Article 238

Association

1. Insurance or reinsurance companies may establish insurance or reinsurance associations that shall be registered as insurance or reinsurance associations.

2. Association members may not conclude written or oral agreements with other insurance companies or insurance or reinsurance associations that could restrict the principles of a free market economy or fair competition in the area of insurance.

3. Insurance agent companies, insurance agents, brokerage companies, brokers, actuaries and claim adjustors may establish their respective associations. The provisions of this Law shall also apply to those associations on a case-by-case basis.

Article 239

Good faith principle

1. Insurance companies and intermediaries shall draft explanatory booklets and articles, other documents and advertising in such a way that they are understandable and clearly explain the rights and benefits of the insured and do not state any incorrect, misleading, fraudulent information or information resulting in unfair competition.
2. Insurance companies, intermediaries and claim adjustors shall not act in such a way that jeopardises the rights and benefits of the insured. They shall act in compliance with the legislation and principles of operation in the insurance industry and with the good faith principle requirements.

3. The Authority shall take all the measures necessary for ensuring that insurance companies, intermediaries and claim adjustors act in compliance with the provisions of this Article.

Article 240

Prevention of money laundering and fraud in the course of carrying out activity in the area of insurance

1. Insurance companies and intermediaries shall take all the necessary measures for preventing money laundering and financing of terrorism in accordance with the provisions of Law No. 9917 of 19 May 2008 “On the Prevention of Money Laundering and Financing of Terrorism”, as amended.

2. Insurance companies and intermediaries shall take all the necessary measures for preventing and rectifying any cases of fraud in the course of carrying out activity in the area of insurance. Insurance companies and intermediaries shall promptly report to the Authority any facts that amount to fraud in the course of carrying out activity in the area of insurance.

CHAPTER XIII

CONTRIBUTIONS, COMMITTEES AND EDUCATION CENTRE

Article 241

Supervision fee and other fees

1. Insurance companies and branches of insurance companies from foreign/member countries shall pay to the Authority a supervision fee in relation to their activity during the licence validity period, which shall be calculated against the volume of gross written premiums, in accordance with the provisions of Law No. 9572 of 3 July 2006 “On the Financial Supervisory Authority”. The supervision fee shall be paid every month by the fifteenth day of the following month. The payment shall be made in the currency in which insurance premiums are collected. The Authority shall adopt the procedures for collecting and reconciling supervision fees.

2. In addition to the supervision fee provided for in Paragraph 1 of this Article, insurance companies, reinsurance companies, branches of insurance companies from foreign/member countries, intermediaries, actuaries and claim adjustors operating in the Republic of Albania shall pay to the Authority fees on applications for licence granting or renewal, approval or authorisation.

3. In case of licence, approval or authorisation refusal by the Authority any paid fees shall not be refundable.
Article 242

Other fees

The Authority shall adopt regulations on the other fees provided for in Article 241 of this Law, the elements included in the calculation of those fees to be charged to supervised entities and the procedures for their collection and reconciliation.

Article 243

Specialised committees

1. The Authority may establish specialised committees composed of persons with knowledge and expertise in the area of insurance, to conduct research and analyses on premium tariffs and insurance contracts as specified in this Law and on the development of the insurance industry.

2. The Authority shall lay down the rules on the establishment and operation of specialised committees.

Article 244

Education Centre

1. The purpose of the Education Centre shall be to organise the necessary vocational trainings for managers and professionals in the Authority’s areas of responsibility, and meet the demand for trainings deriving from national and international agreements, and cover other similar areas.

2. The Education Centre may be established by the Authority, and its operation shall be financed by the supervised entities, natural and legal persons benefitting from the Centre trainings, and financial aid and donations.

3. The criteria and procedures for funding and managing the Centre shall be laid down in a regulation by the Authority.

4. As a derogation from Paragraph 2 of this Article, the Education Centre may also be established by other legal entities. The Authority shall adopt rules and procedures on the requirements to be met by the entities intending to establish the Education Centre of the Authority, including the objectives and goal aimed to be achieved through the Centre pursuant to Paragraph 1 of this Article.

CHAPTER XIV

VIOLATIONS OF PROVISIONS

Article 245

Administrative contraventions

1. Any intentional violations of the provisions of this Law that are committed through action or omission and for which fines are provided for shall be administrative contraventions.
2. In addition to the supervision measures provided for in this Law, the administrative contraventions listed in the following articles shall be punished by fines.

3. When imposing a fine, the Authority shall ensure that the fine is:
   (a) effective and preventive; and
   (b) proportionate to the situation resulting in the imposition of the fine.

The Authority shall specify the amount of the fine in accordance with the provisions of this Law by also assessing the nature and scope of the violation and its impact on the interests of the insured.

4. When imposing sanctions, the Authority shall apply the principle of consistency, under which similar sanctions are imposed for similar violations.

Article 246

Fines against insurance companies

1. The Authority shall impose a fine from ALL 2,000,000 to ALL 3,000,000 against an insurance company if it:
   (a) carries out activity in violation of Article 6 of this Law;
   (b) does not inform the Authority in writing in advance when it intends to acquire qualifying holding in another insurance company or financial institution with a head office abroad Albania, in accordance with the provisions of Article 50 of this Law;
   (c) carries out insurance activity in insurance classes for which it has not been licensed by the Authority to operate, in accordance with the provisions of Article 28 of this Law;
   (d) carries out insurance activity without receiving the licence granted by the authority, in accordance with the provisions of Article 223 of this law;
   (e) does not appoint the authorised actuary, in accordance with the provisions of Article 67 of this Law;
   (f) starts the insurance activity or establishes a branch of the insurance company in a foreign/member country without Authority approval, in accordance with the provisions of Articles 40 and 41 of this Law;
   (g) does not have clear and detailed procedures for the identification, measuring and monitoring of the risks it is exposed to in the course of carrying out its activity, in accordance with the provisions of Article 74(4) of this Law;
   (gj) has not invested its assets covering technical provisions, in accordance with the provisions of Articles 96, 97 and 98 of this Law;
   (h) has taken out reinsurance in violation of Article 116 of this Law;
   (i) violates the provisions of Article 117(1) and (5) of this Law;
   (j) violates the provisions of Articles 100-103 of this Law;
   (k) does not keep its accounting books, does not valuate its accounting item lines and does not prepare its financial statements and accounting documents, in accordance with the provisions of Articles 109 and 110 of this Law;
   (l) does not report in accordance with Articles 111 and 112 of this Law;
   (ll) has not established the functions of risk management system and internal control system, in accordance with the provisions of Articles 27 and 121 of this Law;
(m) violates the provisions of Article 119(3) of this Law;
(d) violates the provisions of Articles 261, 267 and 268 of this Law;
(nj) does not submit all the data and information, in accordance with the provisions of Article 143(1) of this Law;
(o) concludes intermediation contracts in violation of Article 215(1) of this law.

2. A fine from ALL 300,000 to ALL 400,000 shall be imposed against the person responsible in the insurance company for the violations listed in Paragraph 1 of this Article.

3. The Authority shall impose a fine from ALL 1,000,000 to ALL 1,200,000 against an insurance company if it:
   (a) does not inform the Authority of the dismissal of its authorised actuary, in accordance with the provisions of Article 223(2) of this Law;
   (b) does not submit to the Authority its unaudited financial statements and other business reports, in accordance with the provisions of Article 111(2) of this Law;
   (c) does not submit to the Authority a copy of its audited annual report within the time-limit laid down in Article 125(8) of this Law;
   (ç) prevents in any way the Authority-authorised persons in the exercise of supervision, in accordance with the provisions of Articles 130, 132, 133, 134, 135, 136, 137 and 138 of this Law;
   (d) does not report to the Authority, in accordance with the provisions of Articles 85 and 131 of this Law;
   (dh) does not report the intragroup transactions to the Authority, in accordance with the provisions of Article 144 of this Law;
   (e) does not inform the Authority of any facts or circumstances that could be important to determine whether the entity in question is an insurance group within the meaning of this Law, in accordance with the provisions of Article 148 of this Law;
   (ë) facilitates the carrying out of intermediation activity by other persons from the ones specified in Articles 195, 200, 203 and 210 of this Law.

4. A fine from ALL 100,000 to ALL 400,000 shall be imposed against the person responsible in the insurance company for the violations listed in Paragraph 3 of this Article.

Article 247

Fines against members of a board of directors/supervisory board

The Authority shall impose a fine from ALL 300,000 to ALL 500,000 on a member of board of directors/supervisory board if he or she:
   (a) acts in violation of the provisions of Articles 22 and 23 of this Law;
   (b) does not promptly inform the Authority, in accordance with the provisions of Article 131(3) of this Law.

Article 248

Fines against agents and agent companies

1. The Authority shall impose a fine from ALL 300,000 to ALL 400,000 against an agent company if it:
   (a) violates the provisions of Articles 63 and 64 of this Law;
(b) does not hold the professional liability insurance policy in accordance with the provisions of Article 197 of this Law;
  (c) does not carry out activity of agent company in accordance with the provisions of Article 200(2) of this Law;
  (ç) takes over or merges with another agent company in violation of Article 212(1) and (2) of this Law;
  (d) charges a commission or some other payment from the insured person in violation of Article 216(1) of this Law;
  (dh) does not submit to the Authority its annual or semi-annual financial statements within the time-limits specified in Article 217(3) of this Law;
  (e) does not submit to the Authority its statistical report within the time-limits specified in Article 217(4) of this Law;
  (ë) does not report to the Authority, in accordance with the provisions of Article 218 of this law;
  (f) does not inform the Authority in advance in relation to the starting of an agent’s activity in a member/foreign country in accordance with the provisions of Article 221 of this Law;
  (g) prevents the Authority-authorised persons in the exercise of supervision, in accordance with the provisions of Articles 130, 132, 133, 134, 135, 136, 137 and 138 of this Law;
  (gj) allows, in violation of Article 215(2) of this Law, that persons other than the ones referred to in Article 195 of this Law carry out agent activity on its behalf.

2. A fine from ALL 50,000 to ALL 100,000 shall be imposed against the person responsible in the agent company for the violations listed in Paragraph 1 of this Article.

3. The Authority shall impose a fine from ALL 200,000 to ALL 300,000 against an agent if he or she:
  (a) carries out activity in violation of Article 198(3) of this Law;
  (b) gives no information or incorrect information to the insured, in violation of Article 213(1) of this Law, or does not give information in accordance with the way specified in Article 214 of this Law;
  (c) charges a commission or some other payment from the insured person in violation of Article 216(1) of this Law.

Article 249

Fines against brokers and brokerage companies

1. The Authority shall impose a fine from ALL 800,000 to ALL 1,000,000 against a brokerage company if it:
  (a) violates the provisions of Articles 63 and 64 of this Law;
  (b) does not hold the professional liability insurance policy in accordance with the provisions of Article 205 of this Law;
  (c) does not carry out brokerage activity as a single activity, in accordance with the provisions of Article 204(1) of this Law;
  (ç) takes over or merges with another brokerage company in violation of Article 212(1) and (2) of this Law;
  (d) charges a commission or some other payment from the insured person in violation of Article 216(2) of this Law;
  (dh) violates the provisions of Article 216(3) of this Law;
(e) does not submit to the Authority its annual or semi-annual financial statements within the time-limits specified in Article 217(3) of this Law;

(f) does not submit to the Authority its statistical report within the time-limits specified in Article 217(4) of this Law;

(f) does not report to the Authority, in accordance with the provisions of Article 218 of this law;

(g) does not inform the Authority in advance in relation to the starting of brokerage activity in a member country in accordance with the provisions of Article 221 of this Law;

(g) prevents the Authority-authorised persons in the exercise of supervision, in accordance with the provisions of Articles 130, 132, 133, 134, 135, 136, 137 and 138 of this Law;

(h) allows, in violation of Article 215(3) of this Law, that persons other than the ones referred to in Article 203 of this Law carry out brokerage activity on its behalf.

2. A fine from ALL 50,000 to ALL 100,000 shall be imposed on the person responsible in the brokerage company for the violations listed in Paragraph 1 of this Article.

3. The Authority shall impose a fine from ALL 500,000 to ALL 800,000 against a broker if he or she:

(a) does not fulfill his or her obligations in accordance with Article 206 of this Law;

(b) in the course of carrying out brokerage activity, acts in violation of Article 207(1) of this Law;

(c) in the course of performing preparatory actions for the signing of a contract, does not inform the insurance company of the risks he or she is aware or should have been aware of, in violation of the provisions of Article 207(4) of this Law;

(d) has not been licensed by the Authority to carry out brokerage activity, in accordance with the provisions of Article 209(1) of this Law;

(d) gives no information or incorrect information to the insured, in violation of Article 213(1) of this Law, or does not give information in accordance with the way specified in Article 214 of this Law;

(d) does not conduct risk assessment, in accordance with the provisions of Article 213(2) of this Law;

(e) charges a commission or some other payment from the insured person in violation of Article 216(2) of this Law;

(e) violates the provisions of Article 216(3) of this Law.

Article 250

Fines against insurance groups

1. The Authority shall impose a fine from ALL 2,000,000 to ALL 3,000,000 against a controlling financial group, controlling mixed insurance group, controlling insurance group, controlling mixed financial group, a parent insurance or reinsurance company in an insurance group if it does not report on the capital adequacy of the insurance group, in accordance with the provisions of Article 146 of this Law.

2. A fine from ALL 300,000 to ALL 400,000 shall be imposed on the person responsible in the controlling mixed insurance group, controlling insurance group, controlling mixed financial group, or the parent insurance or reinsurance company for the violations referred to in Paragraph 1 of this Article.
Article 251

Fines against other persons

1. The Authority shall impose a fine from ALL 500,000 to ALL 1,000,000 against other legal persons if they:
   (a) carry out insurance activity in violation of Article 10(1) of this Law;
   (b) carry out reinsurance activity in violation of Article 6(8) of this Law;
   (c) carry out intermediation activity in violation of Articles 200 and 210 of this Law;
   (ç) carry out claim adjusting activity in violation of Articles 226 and 227 of this Law.

2. A fine from ALL 300,000 to ALL 400,000 shall be imposed against the person responsible in the legal person for the violations listed in Paragraph 1 of this Article.

3. The Authority shall impose a fine from ALL 200,000 to ALL 400,000 against other natural persons if they:
   (c) carry out intermediation activity in violation of Articles 199, 209 and 210 of this Law;
   (b) carry out agent activity in violation of Article 200(5) of this Law;
   (c) carry out claim adjusting activity in violation of Articles 226 and 227 of this Law.

4. The Authority shall impose a fine of ALL 200,000 against persons not licensed in accordance with this Law who use the name “sigurim osi risigurim” [insurance or reinsurance] or its derivatives or carry out promotional activity with the goal to obtain material benefits.

Article 252

Fines against authorised actuaries

The Authority shall impose a fine from ALL 200,000 to ALL 400,000 against an authorised actuary if he or she:
   (a) carries out actuarial activity in violation of Article 224 of this Law;
   (b) does not promptly inform the insurance company, in accordance with the provisions of Article 225(4) of this Law;
   (c) does not inform the Authority, in accordance with the provisions of Article 225(6) and (7) of this Law.

Article 253

Fines against claim adjustors

The Authority shall impose a fine from ALL 100,000 to ALL 300,000 against an insurance claim adjustor if he or she:
(a) does not hold the professional liability insurance policy in accordance with the provisions of Article 229 of this Law;
(b) violates the provisions of Article 230(1) of this Law;
(c) carries out activity in violation of the principles of Article 233 of this Law;
(ç) carries out activity in violation of the standards laid down in Article 234 of this Law.

Article 254

Fines against provisional administrators

The Authority shall impose a fine from ALL 300,000 to ALL 500,000 against a provisional administrator if he or she:
(a) fails to submit to the Authority the report on the financial situation and performance of the insurance company under provisional administration, in accordance with the provisions of Article 166(1) of this Law;
(b) fails to submit to the Authority the report on the financial situation and performance of the insurance company under provisional administration, in accordance with the provisions of Article 166(2) of this Law;
(c) fails to convene the general meeting of the insurance company, in accordance with the provisions of Article 167.

Article 255

Fines imposed in relation to confidentiality

1. The Authority shall impose a fine from ALL 200,000 to ALL 400,000 against the persons referred to in Article 72(1) of this Law if they fail to observe their obligation of confidentiality, in accordance with the provisions of this Article.
2. The Authority shall impose a fine from ALL 100,000 to ALL 300,000 against the persons referred to in Article 72(4) of this Law if they fail to observe their obligation of confidentiality, in accordance with the provisions of this Article.
3. The Authority shall impose a fine from ALL 200,000 to ALL 300,000 against a responsible person if he or she fails to observe his or her obligation of confidentiality, in accordance with the provisions of Article 72 of this Law.

Article 256

Other violations

1. In the case of any other violation of this Law, the Authority shall:
(a) impose a fine from ALL 300,000 to ALL 1,000,000;
(b) order the insurance company to dismiss one or several members of its board of directors/supervisory board and/or its managing director/management board members or suspend those persons for a definite period of time.
2. If the Authority deems it reasonable, it shall give a warning to the insurance company for the dismissal or suspension of the persons referred to in Paragraph 1 of this Article.
Article 257

Repetition of violations

In case of repeated violations, the Authority may decide to double the sanctions provided for in Articles 246 et seq. of this Law.

Article 258

Notification

The Authority shall inform insurance companies, reinsurance companies, insurance and reinsurance intermediaries, branches of insurance companies from foreign/member countries and the persons responsible of any sanctions imposed pursuant to Articles 246 et seq. of this Law within 10 calendar days from the decision date.

Article 259

Execution of decisions

1. The fines provided for in Articles 246 et seq. of this Law shall be collected in a special account of the Authority within 20 calendar days from the date of receiving the notification provided for in Article 258 of this Law.

2. When a fine is not paid by its deadline, the insurance company and responsible person shall pay an interest of 0.01 percent of the fine for each day of delay after the deadline provided for in Paragraph 1 of this Article.

3. The procedures for the determination, review, appeal and execution of administrative contraventions shall be made in compliance with Law No. 10279 of 20 May 2010 “On Administrative Contraventions”.

CHAPTER XV

TRANSITIONAL PROVISIONS

Article 260

Insurance company adjustment

1. An insurance company that, at the date of entry into force of this Law, has a licence to carry out insurance activity and is registered at the NRC shall continue to carry out insurance activity in accordance with the provisions of this Law in the insurance classes specified in its current licence.

2. Within one year from entry into force of this Law, the insurance company referred to in Paragraph 1 of this Article shall adjust its:

   (a) shareholding structure in compliance with Article 14 of this Law;
   (b) company organisation in compliance with Article 19 of this Law;
   (c) members of the board of directors/supervisory board in compliance with Articles 17, 20 and 22 of this Law;
   (ç) audit committee in compliance with the provisions of Article 26 of this Law;
(d) any other elements of its activity in compliance with the relevant other provisions of this Law.

3. The insurance company referred to in Paragraph 1 of this Article shall, within one month from the expiry of the time-limit specified in Paragraph 2, submit to the Authority a report on the adjustment of the company in compliance with Paragraph 2 of this Article. The following shall be attached to the report:

(a) articles of association of the insurance company;
(b) a list of the shareholders, including individual details and their names and head office addresses, total nominal amount of their shares and the amount of their holdings, stated as a percentage against the insurance company capital;
(c) in the case of legal persons as shareholders with qualifying holdings, they shall submit:
(i) a statement from the NRC;
(ii) when a shareholder is a joint-stock company, in addition to the abovementioned information, a statement from the shareholders’ register shall be submitted; in the case of foreign shareholding legal persons, the documents shall be translated into Albanian and notary-certified;
(iii) annual financial statements for the past two financial years.
(c) a list of the persons related to the persons with qualifying holdings, including a description of the type of their relations.

4. Within six months from the date of entry into force of this Law, the insurance company referred to in Paragraph 1 of this Article shall:
(a) appoint the authorised actuary, in accordance with the provisions of Article 223 of this Law;
(b) establish the risk management system in accordance with Article 27 of this Law;
(c) establish the internal control system in accordance with Articles 121 and 122 of this Law.

5. Insurance companies shall, within one month from the expiry of the time-limit specified in Paragraph 4, submit to the Authority a report on the adjustment of the company in compliance with the provisions of Paragraph 4 of this Article.

6. The Authority shall approve the continuity of an insurance company if the reports referred to in Paragraphs 3 and 5 of this Article and their supplementary documentation show that the insurance company has been adjusted.

7. The Authority may revoke the licence of an insurance company and initiate liquidation proceedings against it, pursuant to the provisions of this Law, if the insurance company referred to Paragraph 1 of this Article does not comply with the requirements laid down in Paragraphs 2 and 4 of this Article.

Article 261

Adjustment of an insurance company carrying out life and non-life insurance activity

1. INSIG sh.a., which on the date of entry into force of this Law, under its current licence, carries out life and non-life insurance activity, shall not be obliged to adjust its activity pursuant to Article 6(2) of this Law, until its privatisation.

2. INSIG sh.a., which carries out insurance activity in accordance with Paragraph 1 of this Article, shall:
(a) keep business/accounting books and prepare financial statements separately for the life classes and non-life classes;

(b) calculate the company capital in accordance with Article 75 of this Law, separately for the life classes and non-life classes.

3. After its privatisation, INSIG sh.a. must adjust its activity in accordance with Article 6(2) of this Law.

Article 262

Direct insurance

1. The provisions of this Law that are related to direct insurance provided by an insurance company from a member country in the Republic of Albania shall only apply as of the date of the Republic of Albania membership in the European Union.

2. The provisions of this Law that are related to direct insurance provided by a domestic insurance company in a member country shall only apply as of the date of the Republic of Albania membership in the European Union.

3. Until the date of Republic of Albania membership in the European Union, the reference to a foreign country shall also include a member country, and the relevant provisions shall apply on a case-by-case basis.

Article 263

Allowed investments of assets covering technical and mathematical provisions in a member country of an OECD member country

1. As of the date of the Republic of Albania membership into the European Union insurance companies may invest their assets covering technical provisions in a member country or an OECD member country, subject to the types of investments specified in Article 97(1) of this Law and the conditions laid down in Article 97(5) of this Law, and, as a result, Article 97(3) of this Law shall be repealed.

2. As of the date of the Republic of Albania membership into the European Union insurance companies may invest their assets covering mathematical provisions in a member country or an OECD member country, subject to the types of investments specified in Article 103(1) of this Law and the conditions laid down in Article 103(5) of this Law, and, as a result, Article 103(3) of this Law shall be repealed.

Article 264

Adjustment of agent companies and brokerage companies

1. Agent companies and brokerage companies which, at the date of entry into force of this Law, have a licence to carry out insurance intermediation activity and are registered with the NRC shall adjust their activity in line with the provisions of this Law within six months from its entry into force.

2. The agent company and brokerage company referred to in Paragraph 1 of this Article shall, within one month from expiry of the time-limit laid down in Paragraph 1 of this Article, submit to the Authority a report on the adjustment of its activity in line with this Law, including the relevant accompanying documentation.
3. If the reports referred to in Paragraph 2 of this Article and the relevant documentation show that the agent company and brokerage company has adjusted itself in accordance with Paragraph 1 of this Article, the Authority shall approve the continuity of the activity of that intermediation activity.

4. The Authority shall revoke the licence of an agent company or brokerage company, referred to Paragraph 1 of this Article, if that company does not comply with the requirements laid down in Paragraph 2 of this Article, and shall initiate liquidation proceedings in accordance with the provisions of this Law.

Article 265

Adjustment of insurance agents and brokers

1. Those persons who, on the date of entry into force of this Law, carry out activity as insurance agents or brokers, shall adjust their activity in line with the provisions of this Law within six months of its entry into force.

2. The agent and broker referred to in Paragraph 1 of this Article shall, within one month from the expiry of the time-limit specified in Paragraph 1, submit to the Authority a report on the adjustment of the activity in compliance with this Law, including relevant documentation.

3. If the reports referred to in Paragraph 2 of this Article and the relevant documentation show that the agent and broker has adjusted itself in accordance with Paragraph 1 of this Article, the Authority shall approve the continuity of the activity of that agent and broker.

4. If the insurance agent or broker referred to in Paragraph 1 of this Article does not meet the requirements laid down in Paragraph 2 of this Article, the Authority shall revoke the current approval or licence.

Article 266

Adjustment of procedures

1. All procedures related to licences, approvals, permits and authorisations which have started before entry into force of this Law and have not finished yet by the time of entry into force of this Law shall be performed in compliance with the provisions of this Law.

2. Persons licensed as actuaries and insurance claim adjusters prior to entry into force of this Law shall continue their activity under their current licences in compliance with the provisions of this Law.

CHAPTER XVI

OTHER PROVISIONS

Article 267

Transformation of branches of foreign/member country insurance companies

1. An insurance company from a foreign/member country carrying out insurance activity in the Republic of Albania through a branch under a
licensure issued by the Authority may transform its branch into a subsidiary in the form of a
joint-stock company by registering the capital donated in subscribed shares by the
insurance company from the foreign/member country.

2. The transformation of a branch of a foreign/member country company into a
subsidiary/domestic insurance company, as provided for in Paragraph 1 of this Article,
may be made upon a request by the insurance company from the foreign/member country
or for risk management purposes if the Authority deems it necessary. When the
transformation is requested by a foreign/member country insurance company, the request
must seek approval from the Authority, which may refuse to give its approval if it is of
the opinion that the transformation could harm the national economy or the state interests
or if it is of the opinion that the transformation could deteriorate the financial situation or
observation of supervisory norms.

3. When a branch of a foreign/member country insurance company is transformed
into a subsidiary controlled by that foreign/member country insurance company, its capital
shall be the algebraic sum of the following balance sheet times, as certified by the audit
firm:
   (a) donated paid-up capital;
   (b) provisions;
   (c) revaluation differences;
   (d) retained profits;
   (d) profit or loss for the current year.

4. In the case of a transformation, the capital of the insurance company or a part
thereof shall not fall under the initial minimum capital required for licensing an insurance
company.

5. The transformation of a branch of a foreign/member country insurance company
into a subsidiary/domestic insurance company shall be take place within three months from
the approval by the Authority of the application of the foreign/member country insurance
company or within six months where the transformation was requested by a decision of the
Authority. This time-limit may be extended by a decision of the Authority. In case of
refusal of transformation or failure to observe the time-limit by which the transformation
has to be made, the Authority may take the supervision measures provided for in this Law,
and may revoke the licence of the branch of the foreign/member country company and
subject it to mandatory liquidation.

6. The transformation of a branch of a foreign/member country insurance company
into a subsidiary/domestic insurance company upon a request of that insurance company
shall become effective upon registration at the NRC of the transformation resolution taken
by the general meeting or another responsible body of the parent insurance company
together with the decision of the Authority to approve the transformation.

7. The transformation of a branch of a foreign/member country insurance company
into a subsidiary/domestic insurance company by a decision of the Authority shall become
effective upon notification of that decision to the legal representatives of the branch of the
foreign/member country insurance company and/or the parent insurance company, or on
the date specified by the Authority in the transformation decision. This decision shall be
communicated to the NRC and may be published after the completion of the
transformation.

8. The registration of the company transformation at the National Registration
Centre shall have these effects:
   (a) the insurance company that is the parent of the insurance company branch from
a foreign/member country to be transformed shall participate in the share equity of the
insurance company in accordance with the provisions of this Law;
(a) any claims of the parent insurance company and other third parties towards the insurance company branch from a foreign/member country to be transformed shall continue to apply to the subsidiary.

Article 268

Transformation procedure

1. The branch of a foreign/member country insurance company to be transformed shall submit to the Authority a detailed report explaining the legal and economic basis for the proposed transformation and/or relevant grounds. The report must also contain a description of the specific difficulties in the encountered transformation assessment and a description of the envisaged impact of the transformation on the regulatory and supervisory norms and on the employees of the branch of the foreign/member country insurance company.

2. The decision to transform the branch of the foreign/member country insurance company, where such transformation is requested by the foreign/member country insurance company, must be taken by the general meeting of another competent body of the parent insurance company. If the transformation will result in changed special rights and obligations of the shareholders, the transformation decision shall be subject to approval by the affected shareholders in accordance with the requirements of the relevant company law.

3. Articles 221 to 223 of Law No. 9901 of 14 April 2008 “On Entrepreneurs and Companies”, as amended, shall apply accordingly to the protection of creditors, holders of special rights and interest holders opposed to the transformation.

4. Article 224 of Law No. 9901 of 14 April 2008 “On Entrepreneurs and Companies”, as amended, shall apply accordingly to the liability of the members of management and other managing directors of a foreign/member country insurance company branch for damages caused by their breach of duty during the conduct of the transformation.

Article 269

Legal effects of transformation

1. The transformation shall not change the rights and duties assumed by the foreign/member country insurance company branch towards third parties. The subsidiary company of a foreign/member country insurance company shall inherit all the rights and obligations deriving from the activity of the branch of the foreign/member country insurance company undergoing transformation, including the total amount of collected premiums. All the rights and obligations of the branch of the foreign/member country insurance company undergoing transformation against third parties already existing prior to the transformation becoming effective shall continue to be valid for the insurance company after the transformation in accordance with the respective memoranda or agreements with those parties.

2. The rights and obligations under Paragraph 1 of this Article, where the transformation is made because the Authority deems it necessary, shall be transferred with no need to seek prior consent from the depositors, other creditors, shareholders with special rights or other third parties.
3. Upon entry into force of the transformation process, all financial and physical assets held or managed by the foreign/member country insurance company branch undergoing transformation shall continue to be held or managed by the subsidiary.

4. For tax registration purposes, the insurance company shall continue to keep the NIPT (taxpayer identification number) that is used by the foreign/member country insurance company branch undergoing transformation.

5. The subsidiary resulting from the transformation of the branch of the foreign/member country insurance company shall not undergo a new licensing procedure by the Authority, but the Authority shall verify the conditions laid down in laws and Authority’s acts and approve or refuse the transformation of the foreign/member country insurance company branch into an insurance company. If the Authority approves the transformation, the insurance company shall inherit the licence of the transformed branch of the foreign/member country insurance company. In such a case the Authority shall provide the subsidiary/domestic insurance company with the new licence format reflecting the change in the name of the foreign/member country insurance company branch into insurance company.

6. After the completion of the transformation, the subsidiary shall be registered in the NRC company register, and the foreign/member country insurance company branch shall be deleted from that register.

7. The subsidiary shall be supervised by the Authority in accordance with the provisions of this Law and the acts the Authority issues pursuant to this Law. The subsidiary shall observe all the norms and requirements laid down in this Law and the acts the Authority issues pursuant to this Law.

8. The Authority may adopt further rules on the transformation, regulation and supervision of subsidiaries.

Article 270

Adoption of regulations

1. The Authority shall adopt the acts within the powers granted by this Law within one year from its entry into force.

2. Until entry into force of the acts referred in Paragraph 1 of this Article, the regulations issued pursuant to Law No. 9267 of 29 July 2004 “On the Activity of Insurance, Reinsurance and Intermediation in Insurance and Reinsurance”, as amended, shall apply as long as they are not against the provisions of this Law.

Article 271

Repeal

Upon entry into force of this Law, Law No. 9267 of 29 July 2004 “On the Activity of Insurance, Reinsurance and Insurance and Reinsurance Intermediation”, as amended, shall be repealed.
Article 272

**Entry into force**

This Law shall enter into force 15 days after its publication in the Official Gazette.

SPEAKER OF PARLIAMENT

Ilir META

Adopted on 22 May 2014
Annex I

Insurance classes

A. Non-life insurance activity includes the following classes:
   1. Accident (including industrial injury and occupational diseases) covering:
      1.1 fixed pecuniary benefits (full immediate benefits);
      1.2 benefits in the nature of indemnity (payment of the insured amount in instalments);
      1.3 a combination of 1.1 and 1.2;
      1.4 payment of damages related to health injury to passengers or passenger death.
   2. Sickness insurance covers:
      2.1 fixed pecuniary benefits due to health incapability;
      2.2 benefits in the nature of indemnity;
      2.3 combination of 2.1 and 2.2
   3. Insurance of land vehicles (other than railway rolling stock) covering all damage or loss from:
      3.1 land motor vehicles;
      3.2 non-self-propelled land vehicles.
   4. Insurance of railway rolling stock covers all damage or loss from railway rolling stock.
   5. Insurance of aircraft covers all damage to or loss of aircraft.
   6. Insurance of ships covers damage to or loss of:
      6.1 river and canal vessels;
      6.2 lake vessels;
      6.3 sea vessels;
   7. Insurance of goods in transit (including merchandise, baggage, and all other goods) covers all damage to or loss of goods in transit or baggage, irrespective of the form of transport.
   8. Insurance against fire and natural forces covers all damage to or loss of property (other than property included in classes 3, 4, 5, 6 and 7) due to:
      8.1 fire;
      8.2 explosion;
      8.3 storm;
      8.4 natural forces other than storm;
      8.5 nuclear energy;
      8.6 land subsidence and earthquakes.
   9. Insurance against other damage to property covers all damage to or loss of property (other than property included in classes 3, 4, 5, 6 and 7) due to hail or frost, and any event such as theft, other than those mentioned under 8.
   10. Insurance of motor vehicle liability covers all liability arising out of the use of motor vehicles operating on the land (including carrier's liability and coverage of compulsory liability).
   11. Insurance of aircraft liability covers all liability arising out of the use of aircraft (including carrier's liability).
12. Insurance of liability for ships (sea, lake and river and canal vessels) covers all liability arising out of the use of ships, vessels or boats on the sea, lakes, rivers or canals (including carrier's liability).

13. Insurance of general liability covers all liability other than those forms mentioned under classes 10, 11 and 12.

14. Insurance of credit covers:
   14.1 default risk due to insolvency (general);
   14.2 export credit and other risks related to export, trade and investment in the country and abroad;
   14.3 instalment credit;
   14.4 mortgages and Lombard loans;
   14.5 agricultural credit;
   14.6 other credit.

15. Insurance of suretyship covers:
   15.1 suretyship (direct);
   15.2 suretyship (indirect).

16. Insurance of miscellaneous financial loss covers the financial losses caused as a result of:
   16.1 employment risks;
   16.2 insufficiency of income (general);
   16.3 bad weather;
   16.4 loss of benefits;
   16.5 continuing general expenses and other expenses;
   16.6 unforeseen trading and operational expenses;
   16.7 loss of market value;
   16.8 loss of rent or revenue;
   16.9 indirect trading losses other than those mentioned above;
   16.10 other financial loss (non-trading);
   16.11 other forms of financial loss.

17. Insurance of legal defence covers:
   17.1 legal expenses and costs of litigation, including off-court dispute resolution.

18. Insurance of assistance covers:
   18.1 assistance to persons who have difficulties during their travel or if they are far from their homes or permanent residence.

B. Life assurance activity includes the following classes:

19. Life assurance covers:
   19.1 insurance on death;
   19.2 insurance on survival to a stipulated age;
   19.3 insurance on survival to a stipulated age or on earlier death;
   19.4 life assurance with return of premiums.

20. Marriage and birth insurance covers:
   20.1 expenses in relation to marriage or childbirth;
   20.2 expiry of the insurance conditions, which is related to reaching a stipulated age of children.
21. Life assurance linked to collective investment funds covers:
21.1 life assurance where the benefits are directly linked entirely or in part to the value of shares or units in a collective investment undertaking or to the value of assets contained in an internal fund held by the insurance undertaking.

22. Annuities covers:
22.1 life assurance with savings elements;
22.2 life assurance with fixed period;
22.3 deferred annuities;
22.4 immediate annuities.

23. Supplementary insurance which is linked to life assurance contracts, including one or more of the following combinations:
   (a) death resulting from an accident;
   (b) incapacity for employment or some form of injury resulting from an accident;
   (c) incapacity for employment or some form of injury resulting from sickness;
   (ç) temporary disability resulting from an accident;
   (d) temporary disability resulting from sickness;
   (dh) incapacity to perform a profession or a job as a result of bodily injury;
   (e) hospital services;
   (ë) incurable disease;
   (f) medical services.

C. Life assurance activity also includes the following insurance operations:
1. Tontines whereby associations of subscribers are set up with a view to jointly capitalising their contributions and subsequently distributing the assets thus accumulated among the survivors or among the beneficiaries of the deceased;
2. Capital redemption, which is a type of insurance for a stipulated period, where an insurer agrees, in return for premiums, on the payment of a stipulated amount at the of the agreed period;
3. Management of pension fund investments and in particular the assets representing the reserves of entities that have an impact on the payments on death or survival or in the event of discontinuance or curtailment of activity.
Annex II

Description of licences granted for more than one class of insurance

If a licence to carry out insurance activity in non-life classes covers at the same time more than one class of insurance it shall be described:

(a) classes nos. 1 and 2 “Accident and health insurance”;
(b) classes nos. 1 (fourth paragraph), 3, 7 and 10, “Motor insurance”;
(c) classes nos. 1 (fourth paragraph) 4, 6, 7 and 12, “Marine and transport insurance”;
(ç) classes nos. 1 (fourth paragraphs, 5, 7 and 11 “Airplane insurance”;
(d) classes nos. 8 and 9, “Insurance against fire and other property damage”;
(dh) classes nos. 10, 11, 12 and 13, “Liability insurance”;
(e) classes nos. 14 and 15, “Credit and security insurance”;
(ë) all the classes shall be described “All non-life classes of insurance”.
Annex III

Large risks

1. For the purposes of this Law, large insurance risks shall be the following:
   (a) the risks included in classes 4, 5, 6, 7, 11 and 12 of Annex I;
   (b) the risks under classes 14 and 15 of Annex I, if the insured carries out industrial or trading activity or is self-employed and the risks in question are linked to that activity;
   (c) the risks under classes 3, 8, 9, 10, 13 and 16 of Annex I, if the insured meets at least two of the following conditions: (i) total balance sheet amount is ALL 900 million; (ii) profit is ALL 1,800 million;
      (iii) employees on average 250 employees in a financial year.

2. If the insured is a group member, the conditions laid down in Paragraph 1(c) of this Article shall apply to the consolidated financial statements.