



**REPUBLIC OF ALBANIA  
COUNCIL OF MINISTERS**

**DECREE  
No. 96 of 3 February 2008**

**ON ASSETS COVERING TECHNICAL AND MATHEMATICAL PROVISIONS,  
AND THEIR INVESTMENT BY INSURANCE COMPANIES**

Pursuant to Article 100 of the Constitution and Article 105 (2) of Law No 9267 of 29 July 2004 “On Insurance and Reinsurance Activities, and Insurance and Reinsurance Intermediation Activities”, upon the Minister of Finance’s proposal, the Council of Ministers

**DECIDED:**

- 1.** The purpose of this Decree is to specify:
  - a) investment categories for assets covering technical and mathematical provisions;
  - b) maximum limits for investing assets covering mathematical or technical provisions;
- 2.** Insurance companies must hold assets to cover their technical and mathematical provisions that cannot be less than the gross amount of technical provisions. Assets covering technical and mathematical provisions must be categorized and distributed in such a way that they are not linked to a single type of assets or entity, and must not be linked to other liabilities except for those deriving from insurance contracts.
- 3.** Insurance companies must cover their technical and mathematical provisions only with the following categories of assets:
  - a) Treasury bills, bonds, money and capital market instruments deriving from, or certifying, debt, issued and guaranteed by local governments in the Republic of Albania. After applying with the Authority and receiving its approval, insurance companies may also invest in the abovementioned instruments in EU Member States, USA and Japan, and in debt securities guaranteed by international organizations the Republic of Albania adheres to;
  - b) other securities, debt securities with fixed income and variable income, traded on a regulated market;
  - c) shares in investment funds in the Republic of Albania;
  - d) equity shares of companies listed in a legally regulated market in the Republic of Albania;
  - e) shares in insurance companies and reinsurance companies provided this is approved by the Authority;
  - f) land, buildings and rights on immovable properties in the Republic of Albania;
  - g) individual mortgage housing loans extended only to the staff of the respective insurance company;
  - h) certificates of deposit and other securities issued by banks that have been licensed by the Bank of Albania;

- i) cash and cash equivalents (including cash on hand, cash in bank and time deposits with maturity periods of less than 3 months) with banks that have been licensed by the Bank of Albania and the registered offices of which are in the Republic of Albania;
- j) amounts due from reinsurers, which are not pending for more than a year from their accrual;
- k) reinsurers' shares in technical provisions;
- l) deposits in ceding companies and debts possessed by them;
- m) amounts due from policyholders and intermediaries deriving from direct insurance and reinsurance activities, if no more than 3 months have passed from the due date, but no more than 20% of the unearned premium provision;
- n) claims deriving from salvaged parts and subrogation that have not been pending for more than a year;
- o) due interests and rents, other due income and advance payments;
- p) tangible fixed assets, except for those provided for in Paragraph 3 (f) of this Decree, valued based on depreciation rates;

The following shall not be considered assets covering technical provisions of insurance companies:

- a) Assets used to finance an insurance company equity or the equity of another entity that is under regulatory restrictions imposed by the Supervisory Authority, within the same equity group;
- b) Securities of companies that are subsidiaries, auxiliary companies or shareholders of the insurance company, or otherwise considered as parties related to the insurance company.

**4.** Regarding assets covering technical and mathematical provisions and their investment, insurance companies may not invest more than:

- a) 40 percent of their gross technical and mathematical provisions in listed securities and securities traded on a regulated market and shares in investment funds or collective investment plans;
- b) 20 percent of their gross technical and mathematical provisions in land and buildings, including 10 percent in any part of land or building or a number of parts of land of buildings that are sufficiently close to each other to be effectively considered a single investment;
- c) 5 percent of their gross technical and mathematical provisions in shares and other securities listed on a licensed securities market, such as: shares, bonds and other money and capital market instruments of the same undertaking or loans extended to the same borrower. This ceiling may be extended to 10 percent if the undertaking does not invest more than 40 percent of its gross technical provisions in loans or securities of issuing or borrowing institutions, investing more than 5 percent of its assets in each of them;
- d) 10 percent of their gross technical and mathematical provisions in debt securities, secured bonds and shares that are not listed, and other securities with fixed or variable income, provided that an insurance company's investment in an entity issuing such securities does not exceed 10 percent of the equity of the latter;

- e) 5 percent of their gross technical and mathematical provisions in unsecured loans, including 1 percent in each individual loan;
- f) 25 percent of their technical and mathematical provisions in amounts due from ceding companies and reinsurers, and a reinsurer's share in the technical provisions, in accordance with Paragraph 3 (j). This rule shall not apply to reinsurers rated by Standard & Poor as BBB- or above;
- g) 3 percent of their gross technical provisions in the form of cash or cash equivalents;
- h) 5 percent of their gross technical provisions in fixed tangible assets, other than those specified in subparagraph b;
- i) 15 percent of their gross technical provisions in mortgage loans as per the provisions of Paragraph 3 (g), including 5 percent of their net technical provisions in a single loan;
- j) 2 percent of their gross technical provisions in claims deriving from salvaged parts and subrogation, including 1 percent for each individual amount, in accordance with Paragraph 3 (n);
- k) 20 percent of their gross technical provisions in deposits with ceding companies and debts owned by them;
- l) 5 percent of their gross technical provisions in accrued interest, payable rent and advances.

**5.** Insurance companies that have been licensed prior to this Decree entering into force shall adjust their assets covering technical and mathematical provisions and their investment limits by 31 March 2008. The maximum limit of 30 percent of the gross technical provisions shall be applied to adjust assets in accordance with Paragraph 4 (b) of this Decree only from the effective date of this Decree till 30 June 2008.

**6.** The Council of Ministers Decree no 268 of 28 April 2005 "On Specifying the Maximum Allowed Limits for Assets Covering Technical and Mathematical Provisions and Their Investment by Insurance Companies" shall be repealed.

**7.** This Decree shall enter into force after its publication in the Official Gazette.

**PRIME MINISTER  
SALI BERISHA**