ALBANIAN FINANCIAL SUPERVISORY AUTHORITY

THE BOARD

REGULATION

No. 4, Date 08 February 2007

On the Insurance Companies Capital Investment Limits

Adopted upon Board decision No. 4, date 08 February 2007

Article 1

This regulation is drafted on the basis of and pursuant to Point 2 of Article 58 and 95 of Law No. 9267, date 29 July 2004 “On the Insurance, Reinsurance and Intermediary Activity in Insurance and Reinsurance”

Article 2

This regulation defines the basis of capital investment limits of insurance companies. To the effect of this regulation implementation, the terms applied in it bear the same meaning as those described in Article 3 of Law No. 9267, date 29 July 2004 “In the Insurance, Reinsurance and Intermediary Activity in Insurance and Reinsurance”, which is referred to as “The Law” in this regulation.

Article 3

The purpose of this regulation consists in setting the balance of the insurance companies’ capital investments activity and, in the mandatory adherence to some supervisory ratios:

Article 4

The goal of setting these supervisory ratios is to restrain insurance companies from investing their capital in an unrestrained manner in order to prevent them from becoming subject to facing various risks in an uncontrolled manner.

Article 5

Investment of the capital of an insurance company is carried in such a manner as to ensure maintaining of the value, profitability and liquidity.

Article 6

1. The capital of an insurance company consists of the stock capital and surplus capital. The capital allowed to be invested by the insurance companies consists of that share of capital, which exceeds the minimum threshold of the guarantee
calculated according to Article 98 of Law No. 9267, date 29 July 2004 “In the Insurance, Reinsurance and Intermediary Activity in Insurance and Reinsurance”.

**Article 7**
Directions of insurance companies’ capital investment are as follows:
1. Immovable properties (lands and buildings);
2. Financial investments (government and public debt securities, other means belonging to money and capital markets).

**Article 8**
1. Insurance companies invest their capital inside the territory of the Republic of Albania.
2. Regardless of Point 1 of this Article, companies can invest no more than 10% of their capital in international markets outside Albania exclusively in securities ensured by the governments of European Union and Northern American countries, after having received in advance the approval by the Financial Supervisory Authority.

**Article 9**
1. The insurance company capital can be invested up to an extent of 5% (percent) in guaranteed loans on condition that insurance companies’ individual investments in this type of loans must not exceed over 1% (percent) of the insurance company’s capital value and they must be paid off in one year.
2. Insurance company’s financial investments in a bank can not exceed 25% (percent) of the insurance company capital.
3. Insurance company financial investments in a non bank juristic person (non bank financial institutions) are not allowed to exceed over 10% (percent) of the insurance company’s capital.

**Article 10**
In case of insurance companies’ failure to comply with the obligations set forth in this regulation, the Financial Supervisory Authority takes administrative measures contemplated in Article 164 - and the next of Law No. 9267, date 29 July 2004.

**Article 11**
This regulation comes into effect following its publication in the official gazette.

Chairperson

Elisabeta GJONI

*Unofficial Translation*