ALBANIAN FINANCIAL SUPERVISORY AUTHORITY
THE BOARD

REGULATION
No. 7, date 08 February 2007

On the Insurance Companies Certified Accounting Experts
Adopted upon Board decision No. 7, date 08 February 2007

Article 1
General Provisions

The following are hereby defined in this regulation:
*Criteria and procedures for certified accounting experts companies, which will be designated by the insurance companies following the Financial Supervisory Authority approval.

*Content of report on the auditing conducted by the certified accounting experts companies on the insurance companies.

1.1. Legal basis of this regulation consists of the following: Articles 71, 72, 73, 74 of Law No 9267, date 29 July 2004 “On the Insurance, Reinsurance and Intermediary Business in Insurance and Reinsurance”; Article 14 of Chapter III of Law No. 9572, date 03 July 2006 “On Financial Supervisory Authority”; Law No. 7638, date 19 November 1992 “On Commercial Companies”.

1.2. Insurance companies and the foreign companies’ offices, which are already licensed or, which are still in a process of being licensed by the Financial Supervisory Authority to carry out insurance or reinsurance business in the Republic of Albania and, which will hereinafter be called “insurance companies” and/or “reinsurance companies” are subject to this regulation.

1.3. To the effect of this regulation, “Auditing conducted by Certified Accounting Experts Companies” includes the following:

a) Auditing of basic financial reports, hereinafter called “financial reports”, which are drafted by the insurance company in compliance with “International standards of financial reporting” apart from cases when defined otherwise by the Law on Accounting and, by Law No 9267, date 29 July 2004 “On the Insurance, Reinsurance and Intermediary Business in Insurance and Reinsurance”.

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b) Assessment of financial statements of specific character drafted by the insurance company pursuant to Law No. 9267, date 29 July 2004 and bylaws of the Financial Supervisory Authority.

c) Assessment of adequacy and of the quality of the enforcement of bylaws and procedures, which constitute the basis of the insurance company operation.

**Article 2**

**Conditions and the required documentation**

2.1. Insurance company informs the Financial Supervisory Authority about the certified accounting experts company designated by it no latter than 30 July of every calendar year.

2.2. The Financial Supervisory Authority approves the certified accounting experts company when the candidate for accounting expert presented for approval is “Certified accounting experts company” registered in the list of Institute for Certified Accounting Experts.

2.3. To get the approval of the designated certified accounting experts company, the insurance company presents to the Financial Supervisory Authority the following documentation:
- The decision of the insurance company shareholders assembly on the designation of certified accounting expert company;
- Auditing schedule;
- Letter of commitment submitted by the certified accounting experts company;
- Certificate from the licensing authority, which confirms that the certified accounting experts company has no less than 5 years of experience (from the period when it started auditing in financial sector) as a company of experts in the financial sector; or the international auditing company, with which the auditing company established in Albania, possessed and hired by the former, has no less than 5 years of experience in the areas of accounting expertise in financial sector (from the period when it started auditing in financial sector);
- Data about the certified actuary, which is hired by the certified accounting experts company;
- Other specific data as requested by the Financial Supervisory Authority.

2.4. Documentation has to be presented in Albanian language, authentic or in notarized photocopies. When documentation is in a language other than Albanian, it has to be associated with the translated version into Albanian and notarized.

2.5. The insurance company is obliged to acquire the Approval of the Financial Supervisory Authority for every change in relation to the certified accounting experts company.

**Article 3**

**Approval or Refusal of the Certified Accounting Experts Company**
3.1. The Financial Supervisory Authority approves or refuses the certified accounting experts company of the insurance company within one month of the presentation of documentation completed as to Article 2 of this Regulation.

3.2. In cases when the presented documentation is incomplete, the Financial Supervisory Authority notifies the insurance company in 10 days. Shortfalls must be remedies by the insurance company in 15 working days.

3.3. The Financial Supervisory Authority board approves the designated certified accounting experts company in compliance with point 11 of Article 14 of Law No, 9572, date 03 July 2006.

3.4. The Financial Supervisory Authority may refuse the certified accounting experts company, when it judges that this company, in prior auditing, has not operated in compliance with or, has failed to adequately meet the requirements of Article 4, Point 5.1 of Article 5, Points 6.1 and 6.4 of Article 6 and of Article 7 of this regulation or other requirements, which have been agreed upon in writing.

Article 4

Financial reports auditing

4.1. The certified accounting experts company, which has thereafter received the approval of the Financial Supervisory Authority, checks whether or not the insurance company financial reports comply with the “Financial Reporting International Standards”, apart from the cases when defined otherwise by Law “On Accounting”, Law No. 9267, date 29 July 2004 and by the financial Supervisory Authority bylaws.

4.2. The certified accounting experts company hereby provides, based on the examination conducted pursuant to Point 4.1 and 4.2 of this article, an opinion by highlighting whether or not the financial reports offer a genuine picture of assets, liabilities, capital, technical or mathematical provisions, cash flow, and whether or not the insurance company meets the solvency requirements or other requirements of the Financial Supervisory Authority as defined in Law No. 9267, date 29 July 2004.

Article 5

Certified Accounting Exerts Company Opinion

5.1. Based on the auditing of actual year financial reports, the company of accounting experts drafts the corresponding report about this auditing conducted in incompliance with auditing international standards and submits this report to the leading officials of the insurance company and to the internal auditing committee.

5.2. The leading officials of the insurance company present for approval to the ordinary shareholders’ assembly the annual financial reports audited by the certified accounting experts company along with their opinion. Company leading officials sign the financial reports audited by the certified accounting experts company.
5.3. Following the corresponding decision made by the shareholders’ assembly pursuant to the definition set forth in Point 5.2 of this Article, the insurance company publishes in one of the regular financial journals the following: complete package of financial statements along with the summary report of the certified accounting experts company within 15 days of the date of Financial Supervisory Authority approval of the annual report, but no later than 6 months of the end of calendar year.

5.4. A copy of the insurance company publication conducted pursuant to Point 5.3 of this Article will be submitted to the Financial Supervisory Authority.

Article 6
Assessment of financial statements of specific character

6.1. In cases when the certified accounting experts company may not be able to provide an assessment based on the outcomes of financial statements auditing, it makes comments on every individual table, for which a positive assessment may be provided hereby presenting, at the same time, the irregularities observed in the statement at issue.

6.2. The certified accounting experts company delivers the assessment in writing to the leading officials of the insurance company and to the internal auditing committee.

6.3. The Leading officials of the insurance company present to the Financial Supervisory Authority the financial statements drafted in compliance with the Financial Supervisory Authority bylaws along with the certified accounting experts company report/assessment by no later than 30\textsuperscript{st} of April of the following year.

6.4. Every individual statement of the insurance company has to be signed in advance by the leading officials of the insurance company.

Article 7
Other auditing procedures

7.1. The certified accounting experts company conducts the assessment of adequacy, quality and enforcement of bylaws and procedures, based on which the insurance company operates. This includes assessment by the certified accounting experts company of the following:

a) Organization and efficiency of internal auditing system of insurance company;

b) The quality and enforcement of internal regulations of the insurance company with regard to asset and liabilities administration;

c) Information technology system organization and its coordination with the business goals and maintenance of data integrity.

7.2. The certified accounting experts company asks in advance and considers the worries of the Financial Supervisory Authority on specific aspects of insurance company activity.

7.3. The certified accounting experts company drafts a report, whereby it states its opinion and assessment on the outcomes issued in relation to
insurance company internal auditing efficiency and on the insurance company regulations quality and their enforcement, and submits it to the leading officials of the insurance company.

**Article 8**

**End provisions**

8.1. The certified accounting experts company of the insurance company, which has received the Financial Supervisory Authority approval, audits the same insurance company for a period of no longer than two years in succession following the moment of its approval in compliance with the provision of this regulation.

8.2. Based on the request put forth by the Financial Supervisory authority, the insurance company leading officials present for information to the Financial Supervisory Authority the “letter of management” that the certified accounting experts company drafts for the high ranking leaders of the insurance company.

8.3. A copy of the certified accounting experts company report along with the assessments of the internal auditing committee drafted according to the requirements set forth in articles 5, 6 and 7 of this regulation or, any other required report will be sent to the Financial Supervisory Authority by the insurance company leaders at no latter deadlines than those set forth in articles 72 and 75 of Law No. 9267, date 29 July 2004.

8.4. Representatives of the Financial Supervisory Authority (Supervisory Department), certified accounting experts company and representatives of the insurance company will conduct regular meetings in the following cases:

- Before or following completion of full auditing of the insurance company conducted by the Financial Supervisory authority.

- Under circumstances when important decisions, which affect the insurance company, are made thereto.

8.5. The Financial Supervisory Authority has therefore the right to ask the certified accounting experts company of the insurance company for every type of information on its activity. The certified accounting experts company has no restrictions in terms of professional secrecy when providing information to the Financial Supervisory Authority.


This regulation comes into effect as of the day of its adoption and it will be published in the Official Journal.

**Chairperson**

**Elisabella GJONI**

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