

**AMENDMENTS TO THE LAW ON INSURANCE  
(Official Gazette of the Republic of Macedonia 79/99)**

**Article 1**

Article 6 of the Law on Insurance (Official Gazette of the Republic of Macedonia 49/97) is changed and reads:

“(1) An insurance company may perform the following types of insurance or reinsurance activities:

- 1) life insurance and
- 2) non-life insurance

(2) Life insurance includes insurance of individuals where savings are accumulated or assets for covering increased risks during the later years of insurance.

(3) Non-life insurance includes the following groups:

- 1) Insurance against consequences of an accident;
- 2) Health insurance, in addition to the compulsory health insurance;
- 3) Automobile insurance;
- 4) Insurance of aircrafts and vessels;
- 5) Insurance of goods during their transportation;
- 6) Insurance of property against fire and other dangers;
- 7) Other insurance of property;
- 8) Insurance against liability of owners of motor vehicles;
- 9) Insurance against liability of owners of aircrafts and vessels;
- 10) Insurance against liability for performing an activity;
- 11) Insurance of credits and guarantees;
- 12) Insurance against financial losses;
- 13) Insurance of saving deposits, in addition to the insurance of saving deposits provided by law; and
- 14) Insurance of legal protection.

(4) An insurance company may perform one or several types of insurance, i.e. reinsurance.

(5) Types and groups in the frames of these types of insurance, i.e. reinsurance are more closely determined in the Establishing Act and the Statute of the Insurance Company.”

**Article 2**

Paragraph 2, in Article 7 is changed and reads:

“(2) As an exception to paragraph 1 of this Article, compulsory insurance against risks that may endanger third parties or their property shall be prescribed by law.”

New paragraph 3 is added after paragraph 2, which reads:

“(3) Regarding the risks that represent general threat for the property of general interest for the Republic of Macedonia and the state property, as well as for insurance against intangible risks, compulsory insurance may be prescribed by law.”

### **Article 3**

The full-stop at the end of the sentence of paragraph 2, Article 8, is replaced by a comma and the following words are added: “and if they do not accept them, it shall reinsure them abroad.”

Paragraph 3 is changed and reads:

“(3) As an exception to paragraph 1 of this Article, the insurance company may be reinsured abroad if:

- 1) domestic companies registered for active reinsurance do not accept to cover the exceeded risk or
- 2) the conditions of the foreign re-insurer are economically more favorable than the conditions of the domestic re-insurers and under condition the insurance company to have offered reinsurance to domestic companies, which are registered for active reinsurance, and they have refused the reinsurance under conditions which the foreign re-insurer accepts”.

### **Article 4**

In Article 9, paragraph 1, the comma and the words: “according to the type of insurance, i.e. reinsurance administered,” are deleted.

In item 4), after the word “reinsurance” full-stop is placed, while the conjunction “and” and the item 5) are deleted.

### **Article 5**

In Article 10, paragraph 2 is changed and reads:

“(2) As an exception to paragraph 1 of this Article, insurance against risks that are general threat for the property of general interest for Republic of Macedonia and the state property, risks that are threat for third parties and their property, as well as for insurance against intangible risks, the Republic of Macedonia may establish a joint stock company for insurance, which will be a state property.”

Paragraph 3 is deleted.

### **Article 6**

In the fourth line of Article 11, paragraph 2, after the word “physical” the following words are added: “or legal” at the end of the sentence the full-stop is replaced by a comma and the following words are added: “While a foreign insurance company the most up to 65% of the stocks of the insurance company with managing right.

In paragraph 3, after the word “Article” the following words are added: “on the basis of a previously obtained approval from the Minister of Finance” while the number “49%” is replaced by the number “80%”.

After paragraph 3, new paragraph 4 is added which reads:

“The total foreign share in the insurance company may be the most up to 65% of the stock of the company with managing right, i.e. 80% on the basis of the previously obtained approval pertaining to paragraph 3 of this Article.”

### **Article 7**

In Article 12, paragraph 2 is changed and reads:

“(2) The principal share which is paid in cash when establishing the insurance company may not be smaller than the denar counter-value of:

- 1) 1.500.000 DEM if the company is established for performing life insurance activities;
- 2) 1.500.000 DEM if the company is established for performing non-life insurance activities;
- 3) 2.000.000 DEM if the company is established for performing reinsurance activities and
- 4) 100.000 DEM if the company is established for performing other insurance activities.”

#### **Article 8**

In Article 13 paragraph 2, the words: “new types and groups” are replaced by the words: “new type”.

#### **Article 9**

In Article 14, paragraph 2, the words: “the Registry in the Registry Court” are replaced by the words: “the Registry in which they are registered”.

#### **Article 10**

In Article 18, the words: “and groups” are deleted.

#### **Article 11**

In Article 22 paragraph 1 item 1, the words: “underwriting technical reservations” are replaced by the words: “technical reserves” while the number “85” is replaced by the number “30”.

Item 4 is changed and reads: “if it does not invest the assets of the mathematical reserve and other reserves, in compliance with the provisions of this Law.”

In item 5, the words: “insurance of lives” are replaced by the words: “life insurance”.

In item 7, the word: “acquires” is replaced by the words: “provides acquiring”.

#### **Article 12**

In Article 24, paragraph 1, item 3, the word “insurance” is deleted, while the words “insurance of lives” in the fourth and seventh line are replaced by the words: “life insurance”.

In item 2, after the word: “groups” the following words are added: “in the frames of those types”.

In item 5 the words: “technical reservations and reserves” are replaced by the words: “technical and other reserves”.

#### **Article 13**

In Article 28, after the word “security” the comma and the words: “assets of the mathematical reserve” are deleted.

#### **Article 14**

Article 30 is changed and reads:

“For the purpose of permanent securing of performing the obligations from insurance and reinsurance contracts, the insurance company shall be obligated to establish technical reserves, which are determined and administered according to insurance and technical principles and accounting standards, which consist of:

- 1) Transferable premiums;
- 2) Reserves for damages;
- 3) Mathematical reserve for life insurance.”

#### **Article 15**

After Article 30, three new articles are added: 30-a, 30-b and 30-c, which read:

##### **“Article 30-a**

Transferable premium shall be part of the premium, which is transferred to the future actuarial period in a proportion between the expired insurance period and the remaining period until the expiration of the insurance contract.

##### **Article 30-b**

Reserves for damages shall be separate assets for assessment of obligations for reported events, but still unresolved damages and assessed obligations for events, or not reported damages.

##### **Article 30-c**

The mathematical reserve for life insurance shall be the difference between the current value of all future obligations of the insurance company as per life insurance or reinsurance contract and the current value of all future obligations of the negotiator of the insurance per those contracts.”

#### **Article 16**

Article 32 is deleted.

#### **Article 17**

After Article 33, two new articles are added: 33-a and 33-b, which reads:

##### **“Article 33-a**

Assets for prevention shall be the assets, which are aimed for prevention or decrease of eventual damages and accidents.

##### **Article 33-b**

- (1) Security reserves shall be the assets aimed for covering the obligations of the insurance for a longer time period.
- (2) The insurance company shall be obligated to allocate for the security reserves at least 1/3 of the achieved profit stated in the annual balance, if the profit is not used for covering the losses from the previous year.

- (3) The insurance company which has formed security reserves in the amount of at least 50% of the achieved average premium of insurance during the past two years, where the premiums from the previous years increase for the index of growth of retail prices, calculating the year for which the allocation is made, as well, of the achieved profit, shall not be obligated to put assets in the security reserves from the profit.”

#### **Article 18**

In Article 34, the words: “assets placed in investments and from other investments” are replaced by the word “financing”.

#### **Article 19**

In Article 35, paragraph 1 is changed and reads:

“(1) Expenditures of the insurance company shall be the costs for pay off the damages, premium on the basis of co-insurance and reinsurance, assets for prevention, technical reserves, reserves for massive catastrophic damages, special reserve for insurance from unpaid claims on the basis of premiums and other business expenditures, expenditures for financing and extraordinary expenditures”.

Paragraphs 2 and 3 are deleted.

#### **Article 20**

In Article 36, paragraph 1 is deleted.

Paragraph 2, which becomes paragraph 1 is changed and reads:

“(1) Assets for technical reserves and the special reserve, except the assets for the mathematical reserve, shall be the income in the following calculation period.”

Paragraph 3 is deleted.

Paragraph 4, which becomes paragraph 2 is changed and reads:

“The manner of calculation and the amount of the part of premium of insurance, i.e. the reinsurance which is taken from the technical reserves and reserves for massive catastrophic damages, as well as the assets for other reserves shall be determined by a General Act of the company.”

#### **Article 21**

Article 37 is deleted.

#### **Article 22**

In Article 38, paragraph 2, item 3, the comma and the words: “i.e. investors” which come after the word “stock-holders” are deleted.

Item 4 is changed and reads:

“Additional amounts on the basis of life insurance.”

#### **Article 23**

Article 39 is deleted.

#### **Article 24**

In Article 41, paragraph 1, item 4 is deleted, while item 5 becomes item 4.

### **Article 25**

In Article 45, paragraph 2, item 3, a semi-column is placed after the word “profit”, while the conjunction “and” is deleted.

In item 4, the full-stop at the end of the sentence is replaced by a semi-column and the conjunction “and” is added.

After item 4, new item 5) is added, which reads:

“5) reserves for massive catastrophic damages.”

### **Article 26**

In Article 46, paragraph 1, item 3 sub-item a), before the word “of” at the beginning of the sentence the number “12%” is added, while in item b) before the word “of” at the beginning of the sentence the number “20%” is added.

### **Article 27**

Article 49 is changed and reads:

“(1) The insurance company shall keep the assets in accounts and placements in the Republic of Macedonia and during their operations with these assets, it shall be obligated to take care for the security of the placements, i.e. investments, in order not to endanger their value and its own liquidity, in performing its duties.

(2) The total investments in the insurance company may not exceed 35% of the guaranteed fund of the company.

(3) In the frames of the amount pertaining to paragraph 2 of this Article, the separate investments may amount the most to:

1. 15% of the guaranteed fund for investments in real estate;
2. 15% of the guaranteed fund for investments in stocks and other securities, such as bonds, shares in investment funds and other instruments that are traded on the money market and short-term securities and effective stock market and
3. 10% of the guaranteed fund for advance payments and loans that the company according to the general insurance conditions approves by presentation of its own policies, for which, the premium has been paid on time, and where the separate investments of the insurance company in such loans may not exceed 1% of the guaranteed fund.

(4) As an exception to paragraph 2 of this Article, the insurance company may use the assets of the guaranteed fund without limitations, respecting the principles of liquidity, security and profitability, for approval of loans to banks and legal entities through a bank or by providing a bank guarantee.

(5) the total amount of loans pertaining to paragraph 4 of this Article, approved through one bank may amount the most to 50% of the guaranteed fund of the insurance company.

(6) The total amount of all loans approved to one loan applicant may be the most up to 10% of the guaranteed fund of the insurance company.

(7) Loans pertaining to paragraph 4 of this Article shall be approved with a term of pay off the most to one year.

### **Article 28**

Titles and Articles 84, 85, 86, 87, 88, 89, 90, 91, 92, and 93 are deleted.

#### **Article 29**

In Article 98, paragraph 1, the words: “insurance and technical reservations of the reserves as well” are replaced by the words: “technical reserves and other reserves”.

#### **Article 30**

In Article 109, paragraph 2, the word “reservation” is replaced by the word “reserve”, while in the title before Article 111, in Article 111 and in Article 112, paragraph 2, the word “reservations” is replaced by the word “reserves”.

#### **Article 31**

In Article 121, paragraph 1, item 5, the number “32” is replaced by the number “30”.

In item 6, the number “39” is replaced by the number “33b”. Item 15 is changed and reads: “does not form technical reserves (Article 30).”

#### **Article 32**

In Article 122, paragraph 1 new item 1 is added, which reads:

“1) if insured, i.e. reinsured abroad contrary to this Law (Articles 2 and 8).”

Item 1) becomes 2).

In paragraph 2, the word “operation” is replaced by the word “operations”.

#### **Article 33**

The existing insurance companies shall be obligated to reconcile their operations, establishing and other acts with the provisions of this Law, by 30 June 2000 and to submit them to the Ministry of Finance within 15 days from the day of reconciliation.

#### **Article 34**

This Law shall enter into force on the eighth day from the day of its publishing in the Official Gazette of the Republic of Macedonia.

