

Pursuant to Article 86, paragraph 3, Article 89, paragraph 4, Article 98, paragraphs 5 and 6, Article 102, paragraph 4, Article 103, paragraph 5 and Article 112, paragraph 4 of the Insurance Law (RS Official Gazette, No 139/2014), Article 4, paragraph 3 of the Law on Banks (RS Official Gazette, Nos 107/2005, 91/2010 and 14/2015) and Article 15, paragraph 1 of the Law on the National Bank of Serbia (RS Official Gazette, Nos 72/2003, 55/2004, 85/2005 – other law, 44/2010, 76/2012, 106/2012, 14/2015 and 40/2015 – CC Decision), the Executive Board of the National Bank of Serbia hereby issues the following

D E C I S I O N

ON IMPLEMENTING PROVISIONS OF THE INSURANCE LAW RELATING TO INSURANCE BROKERAGE AND AGENCY ACTIVITIES

I. INTRODUCTORY PROVISIONS

1. This decision regulates in detail the implementation of the provisions of the Insurance Law (hereinafter: the Law) based on which the National Bank of Serbia issues a license to carry on insurance brokerage activities to an insurance brokerage undertaking and a license to carry on insurance agency activities to an insurance agency undertaking and to a natural person – entrepreneur who is an insurance agent, as well as the evidence, documents and data to be submitted along with the license applications. This decision also regulates in detail the manner of proving good business reputation of members of management of these undertakings, as well as the necessary organisational, personnel and technical capacity of the undertakings.

This Decision lays down the activities that are directly or indirectly related to insurance business which an insurance brokerage undertaking may carry on along with insurance brokerage activities, and/or which an insurance agency undertaking and an insurance agent may carry on along with insurance agency activities, as well as the manner in which they are to be carried on.

This Decision lays down the conditions under which a bank, financial leasing provider and the public postal operator with the head office in the Republic of Serbia and established in accordance with law shall carry on insurance agency activities, and the manner of granting, revoking and terminating the prior approval of the National Bank of Serbia to those persons for carrying on such activities.

This Decision regulates in detail the reporting requirement for persons referred to in paragraphs 1 and 3 hereof.

2. The provisions of this Decision that relate to the procedure of decision-making on issuance of a license to carry on insurance brokerage activities to an insurance brokerage undertaking shall accordingly apply to the issuance of a license to carry on insurance agency activities to an insurance agency undertaking and/or an insurance agent.

The provisions of this Decision relating to decision-making on approval for the acquisition of a qualifying holding and on approval for acting as a member of management in an insurance brokerage undertaking in the procedure of licensing an insurance brokerage undertaking shall also accordingly apply to the procedure of decision-making on prior approval of the National Bank of Serbia for the acquisition/increase of a qualifying holding in an insurance brokerage undertaking and/or insurance agency undertaking, and on prior approval of the National Bank of Serbia for members of management in those undertakings.

II. EVIDENCE, DOCUMENTS AND DATA TO BE SUBMITTED ALONG WITH THE APPLICATION FOR LICENSE TO CARRY ON INSURANCE BROKERAGE ACTIVITIES

3. Founders of an insurance brokerage undertaking (hereinafter: brokerage undertaking) shall submit to the National Bank of Serbia the application for an insurance brokerage license along with evidence, documents and data set out in Article 89, paragraph 3 of the Law.

The application referred to in paragraph 1 hereof shall be prepared in writing, and shall contain the details of the body to which it is addressed and the subject of the application, list of submitted evidence and documents, data on the founder (personal data and address and/or business name and head office), data on the authorised person, if such person submits the application in the name and for the account of the founder and/or data on the contact person (personal data, address, phone number, email address), signature of the person submitting the application and date of submission.

The application referred to in paragraph 1 hereof shall be submitted with the authorisation for the authorised person and/or the person with whom the National Bank of Serbia will cooperate in the procedure of decision-making on that application. The authorisation must be dated and signed by all founders. If the founder is a legal person, the signatures must be certified by official stamp of such person, unless the legal person is from a country in which such manner of certification is not prescribed by law as mandatory.

The acts set forth by Article 89, paragraph 3 of the Law shall be signed by the founder of the brokerage undertaking and/or the authorised person if this is stated in the authorisation.

Memorandum of Association and draft Articles of Association of the brokerage undertaking

4. The content of the Memorandum of Association and/or draft Articles of Association of the brokerage undertaking (if it is a joint-stock brokerage undertaking) must be in accordance with the law governing companies.

Memorandum of Association and draft Articles of Association must be dated and must specify the place of signing, while pages of the Memorandum must be bound in a way that prevents their subsequent removal and replacement.

Draft Memorandum of Association shall be submitted to the National Bank of Serbia at the time of submission of the application referred to in Section 3, paragraph 1 hereof, but the signature on this act shall only be certified after the funds are credited to the account referred to in Section 5, paragraph 2 hereof.

Memorandum of Association shall take the form of a founding decision if the brokerage undertaking is founded by one person, or of a founding contract – if the undertaking is founded by several persons.

Prescribed pecuniary part of core capital

5. Proof that the founder of the brokerage undertaking holds the prescribed pecuniary part of core capital shall be that founder's written statement on holding the funds intended for the founding of the brokerage undertaking in the amount set out in Article 88 of the Law and on the origin of those funds.

Prior to issuing the operating license referred to in Section 3, paragraph 1 hereof, the National Bank of Serbia shall notify the founder of the obligation to credit funds to a temporary bank account and/or special account with the National Bank of Serbia and to submit proof thereof.

Business plan of the brokerage undertaking

6. The business plan of the brokerage undertaking shall be prepared at least for a three-year period of operations and shall contain the elements set out in Annex 1, enclosed with and integral to this Decision.

Data on shareholders/owners of equity interest and persons acquiring a qualifying holding in the brokerage undertaking

7. The list of shareholders/owners of equity interest shall contain data on shareholders/owners of equity interest and data on persons acquiring a qualifying holding in the brokerage undertaking (hereinafter: qualified acquirer), specifically: business name, head office, registration number and tax identification number (TIN) of the legal person or, as applicable, personal name, address, unique personal identification number of a domestic natural person, or personal name, address, passport number and issuing country of a foreign natural person, as well as the percentage of participation in voting rights or the amount of their contribution/participation in capital and the number, type and nominal amount (in absolute and percentage terms) of equity interest and/or shares they are acquiring, data about persons closely associated with the persons acquiring a qualifying holding in the brokerage undertaking, as well as data about associates of shareholders/owners of equity interest and persons acquiring a qualifying holding in the brokerage undertaking (business name, head office and the registration number of the legal person or, as applicable, personal name, address and unique personal identification number of a domestic natural person, or personal name, address, passport number and issuing country of a foreign natural person) and data about the manner of their association.

Within the meaning of paragraph 1 of this Section, an associate shall mean:

- any natural person who is a member of a managing body in a legal person whose beneficial owner, within the meaning of the law governing the prevention of money laundering and terrorism financing, is a shareholder/owner of equity interest or a person acquiring a qualifying holding in the brokerage undertaking or in which the shareholder/owner of equity interest or the person acquiring a qualifying holding in the brokerage undertaking is a member of a managing body;
- any natural person who is a beneficial owner of a legal person in which a shareholder/owner of equity interest or a person acquiring a qualifying holding in the brokerage undertaking is a member of a managing body;
- any natural person who jointly with a shareholder/owner of equity interest or a person acquiring a qualifying holding in the brokerage undertaking holds beneficial ownership in the same legal person.

Data and evidence of the fulfilment of requirements for the acquisition of a qualifying holding in the undertaking prescribed by the Law

8. In the procedure of deciding on the application referred to in Section 3, paragraph 1 hereof, the National Bank of Serbia shall also decide on the approval for acquiring a qualifying holding in the brokerage undertaking.

For a shareholder/owner of equity interest – legal person that is a qualified acquirer, the following documents shall be submitted:

1) evidence of entry of such person in the register of a domestic/foreign competent authority with data on such person's beneficial owners within the meaning of the law governing the prevention of money laundering and terrorism financing – down to the level of natural persons or, as applicable, persons having a holding in such person and on the amounts of capital and/or holding in such person in absolute and percentage terms, as well as identity details of members of managing and/or supervisory bodies of that person and its owners (excerpt from the register of a competent authority, etc.);

2) financial statements of such person for the prior three years, with the certified auditor's report, which should also contain comparative data for the previous year and/or for the earliest comparable period relative to the year to which they relate;

3) certificate issued by a domestic/foreign competent authority that such person, if it is a financial sector person, holds a valid license to perform its activity, if such license is prescribed, except where such person is subject to supervision by the National Bank of Serbia;

4) certificate issued by a domestic/foreign competent authority that such person has no outstanding tax liabilities;

5) evidence issued by a competent authority that no investigation has been initiated against such person and/or that such person has not been convicted by a final judgement of a criminal offence that would make him unfit for such acquisition, including offences associated with money laundering and terrorism financing, and/or evidence of not having been convicted of such offence and evidence that no protective measure has been pronounced against such person which would prohibit the performance of the activity fully or partly corresponding to the activity of the brokerage undertaking (excerpt from the criminal records of the ministry in charge of internal affairs and certificate issued by a competent court, and, in case of a foreign person – certificate issued by a competent authority of the country of his nationality);

5a) evidence issued by a competent authority or – if this evidence cannot be obtained for justifiable reasons – a written statement of the person's legal representative given under financial and criminal liability confirming that the beneficial owner of that person, an associate of that person, as well as a natural person who is a member of that person's managing body have not been convicted by a final judgement;

6) written statement of such person's legal representative that such person did not hold more than 10% in the core capital of a domestic/foreign financial sector person at the time when that person's license was revoked.

For a shareholder/owner of equity interest – natural person who is a qualified acquirer, in addition to the documents set out in paragraph 2, items 4) and 6) of this Section, the following documents shall be submitted:

1) scanned biometric ID card and/or a certified photocopy of the ID card and/or passport proving the personal name, permanent residence, unique personal identification number, document number, issue and validity dates and the issuing authority;

2) such person's CV containing the data on all legal persons that employed or employ such person and in which it held or holds a qualifying holding;

3) letter of reference issued by the legal representative of the person with which such person was or still is employed or engaged, with an opinion on such person's personal, professional and moral integrity;

4) report of the credit bureau and/or another relevant institution verifying such person's creditworthiness (credit score);

5) such person's written statement that in the last three years he/she did not act as a member of a managing and/or supervisory body or was not vested with special authorities in a legal person in respect of which forced liquidation and/or bankruptcy proceedings were instituted;

6) evidence issued by a competent authority that no investigation has been initiated against such person and/or that such person has not been convicted by a final judgement of a criminal offence that would make him unfit for such acquisition, including the criminal offences associated with money laundering and terrorism financing, and/or evidence of not having been convicted of such offences and evidence that no protective measure has been imposed against such person which would prohibit the performance of the activity fully or partly corresponding to the activity of the brokerage undertaking (excerpt from the criminal records of the ministry in charge of internal affairs and certificate issued by a competent court or a prosecutor's office, as applicable, and for foreign persons – certificate issued by a competent authority of the foreign country of his nationality);

7) evidence issued by a competent authority or – if this evidence cannot be obtained for justifiable reasons – a written statement of that person given under financial and criminal liability confirming that the associate of that person has not been convicted by a final judgement.

The National Bank of Serbia may at any time request that the founder submits evidence of non-conviction of those persons from paragraph 2, items 5) and 5a) of this Section and paragraph 3, items 6) and 7) of that Section, or request that evidence directly from the competent authority.

9. In addition to the documents referred to in Section 8 hereof, the National Bank of Serbia may, in the process of decision-making on the approval referred to therein, also request other documents it considers necessary for such decision-making, including in particular the information and documents prescribed by the law governing the prevention of money laundering and terrorism financing, which shall be obtained by the applicant from Section 3 of this Decision.

If the National Bank of Serbia acquires data revealing facts that are or could be related to money laundering or terrorism financing, within the meaning of the law governing the prevention of money laundering and terrorism financing, it shall notify the relevant anti-money laundering authority thereof in writing.

In addition to the documents referred to in paragraph 1 hereof, for the purpose of deciding on the approval referred to therein, the National Bank of Serbia may also use data from other sources it deems relevant.

10. When deciding on the approval for the acquisition of a qualifying holding in a brokerage undertaking, the National Bank of Serbia shall assess the fulfilment of the requirements set out in Article 32, paragraph 1, items 1), 3) and 6) of the Law, which are used to establish the reliability of the qualified acquirer and the financial justifiability of such acquisition.

The business reputation of a qualified acquirer shall be evaluated based on such person's ability to positively influence, in the capacity of a shareholder/owner of equity interest in the brokerage undertaking, the operations of the undertaking over the long run, as well as on the basis of the following:

- 1) for a legal person – on the basis of its past performance and other data;
- 2) for a natural person – on the basis of personal, professional and moral integrity, his/her prior work and management of legal persons, as well as of other data.

A qualified acquirer shall be deemed not to have good business reputation in the following cases:

- if he has been convicted by a final judgement of criminal offences against economy, property, legal transactions, public order, official duty or judiciary, or criminal offences of money laundering or terrorism financing, or criminal offences for which an unconditional prison sentence has been

pronounced, or for similar or comparable criminal offences in accordance with the regulations of a foreign country;

- if an associate of that person has been convicted by a final judgement of criminal offences referred to in indent 1 hereof;
- if in the last ten years he has committed a grave violation and/or repeated violations of regulations governing the prevention of money laundering and terrorism financing.

The financial condition, and/or financial position and the business performance of a qualified acquirer – legal person shall be assessed on the basis of the submitted financial statements (which may be positively evaluated if the National Bank of Serbia establishes that the person does not have serious financial difficulties and/or is able to finance the intended investment) and other data, while the financial condition of a qualified acquirer – natural person shall be evaluated on the basis of data on total debt of such person and other data.

The National Bank of Serbia may, for the purpose of deciding on the approval referred to in Section 8, paragraph 1 hereof, invite for an interview at its premises the natural person – applicant and/or the responsible person (general manager) of the legal person.

10a. When assessing the structure of the managing body and beneficial ownership of a qualified acquirer, the National Bank of Serbia shall establish whether there are any suspicions that the intended acquisition of the qualifying holding in a brokerage undertaking is associated with money laundering or terrorism financing, and in doing so it shall consider whether the qualified acquirer is a person recognizable in the market, i.e. whether it is a foreign person from the financial sector, an international financial organisation or another legal person that, according to the latest ranking before submitting the application from Section 8, paragraph 1 of this Decision, has been allocated long-term credit rating by STANDARD&POOR'S or FITCH of at least BBB-, or long-term credit rating by MOODY'S of at least BAA3, as applicable.

When assessing the financial standing of a qualified acquirer for the purpose of assessing the source of funds for the acquisition of the qualifying holding in a brokerage undertaking, the National Bank of Serbia shall obtain data from the relevant body of the administration for the prevention of money laundering as to whether any suspicions regarding money laundering or terrorism financing can be associated with the qualified acquirer, beneficial owner of the qualified acquirer, a person closely associated with the qualified acquirer or a natural person who is a member of a managing body of the qualified acquirer. If there are suspicions regarding money laundering or terrorism financing, the National Bank of Serbia shall ask for information

thereof from the relevant authorities (court, prosecutor's office, ministry in charge of internal affairs, the securities market supervisory authority, etc.).

When deciding on the consent from Section 10, paragraph 1 of this Decision, the National Bank of Serbia shall establish whether the qualified acquirer – foreign person is a taxpayer in a country that does not apply international standards in the area of the prevention of money laundering and terrorism financing, as well as whether the qualified acquirer is a public official, a close family member of a public official or a close associate of a public official within the meaning of the law governing the prevention of money laundering and terrorism financing, which is taken into consideration when assessing the business reputation of a qualified acquirer.

Data on nominated members of management of the brokerage undertaking and data and evidence prescribed by the Law which relate to the fulfilment of requirements for acting as a member of management

11. When deciding on the application referred to in Section 3, paragraph 1 hereof, the National Bank of Serbia shall also decide on the approval for the person nominated as executive director/director of the brokerage undertaking (hereinafter: member of management) to perform that function.

For a person nominated as a member of management of a brokerage undertaking, the following documents shall be submitted:

- 1) scanned biometric ID card and/or photocopy of the ID card and/or passport proving the personal name, permanent/temporary residence and unique personal identification number of the person, document number, issue and validity dates and the issuing authority;
- 2) data on the number and issue date of the decision of the National Bank of Serbia granting that person the authorisation to carry on insurance brokerage activities;
- 3) that person's CV containing data on prior experience and/or engagements, period of employment and job descriptions;
- 4) letter of reference issued by the legal representative of the person with which the nominated person was or still is employed or engaged, containing an elaborate opinion on the business reputation, expertise, abilities and personal, professional and moral integrity of that person, as well as on whether the person operated with the due diligence of a prudent businessperson and whether the person demonstrated responsibility and adequate level of expertise in his/her work;
- 5) evidence issued by a competent authority that no investigation has been initiated against such person and/or that such person has not been convicted by a final judgement of a criminal offence that would make him/her

unfit to perform that function, including the criminal offences associated with money laundering and terrorism financing, and/or evidence of not having been convicted of such offences and evidence that no protective measure has been pronounced against such person which would prohibit the performance of the activity which fully or partly corresponds to the activity of the brokerage undertaking (excerpt from the criminal records of the ministry in charge of internal affairs and certificate issued by a competent court or a prosecutor's office, as applicable, and, in case of a foreign person – certificate issued by a competent authority of the foreign country of his/her nationality);

5a) evidence issued by a competent authority or – if this evidence cannot be obtained for justifiable reasons – a written statement of that person given under financial and criminal liability confirming that the associate of that person has not been convicted by a final judgement;

6) certificate issued by the domestic/foreign competent authority that such person has no outstanding tax liabilities;

7) written statement of that person that on the date of revocation of the operating license of a financial sector legal person or six months before this date and/or the date of introduction of receivership or opening of bankruptcy proceedings or forced liquidation – the person was not authorised to represent that legal person and was not a member of its managing body, other than the receiver of that legal person;

8) written statement of that person that his/her approval to act as a member of management or to perform another function which requires the approval of a competent authority has not been revoked in the last three years.

The National Bank of Serbia may at any time request that the founder submits evidence of non-conviction of those persons from paragraph 1, items 5) and 5a) of this Section, or request that evidence directly from the competent authority.

In addition to the documents referred to in paragraph 2 hereof, along with the application referred to in paragraph 1 hereof other documents may be submitted to verify the good business reputation of the person nominated as a member of management of the brokerage undertaking.

12. The National Bank of Serbia shall determine whether the person nominated as a member of management of the brokerage undertaking meets the requirements to perform such function prescribed by the Law and this Decision. When assessing the ability to perform the function, the National Bank of Serbia shall assess in particular the person's capacity for management of the brokerage undertaking and business reputation.

A good business reputation of a member of management means that a person has the personal, professional and moral integrity and professional reputation which ensures that the person will manage such brokerage undertaking with the due diligence of a prudent businessperson and in line with the rules of safe and sound business conduct – fairly and conscientiously. It also means that such person has never broken the rules governing insurance activities in his/her work thus far.

A person proposed as a member of management of a brokerage undertaking shall be deemed not to have good business reputation in the following cases:

- if he has been convicted by a final judgement of criminal offences against economy, property, legal transactions, public order, official duty or judiciary, or criminal offences of money laundering or terrorism financing, or criminal offences for which an unconditional prison sentence has been pronounced, or for similar or comparable criminal offences in accordance with the regulations of a foreign country;
- if an associate of that person has been convicted by a final judgement of criminal offences referred to in indent 1 hereof;
- if in the last ten years he has committed a grave violation and/or repeated violations of regulations governing the prevention of money laundering and terrorism financing.

When deciding on the application from Section 11 of this Decision, the National Bank of Serbia shall establish whether the foreign person proposed as a member of management of a brokerage undertaking is a taxpayer in a country that does not apply international standards in the area of the prevention of money laundering and terrorism financing within the meaning of the law governing the prevention of money laundering and terrorism financing, which is taken into consideration when assessing the business reputation of the proposed person.

The National Bank of Serbia shall particularly assess whether the person proposed as a member of management of the undertaking is a public official, a close family member of a public official and a close associate of a public official within the meaning of the law governing the prevention of money laundering and terrorism financing.

Personnel and technical capacity of the undertaking

13. Personnel capacity means that a brokerage undertaking has adequate employee qualifications structure with necessary work experience for each job, as well as a planned schedule of appointment to classified jobs, which

should be consistent with the planned expansion of the scope of business in a way that enables continuous fulfilment of all legal obligations of the undertaking.

Evidence of personnel capacity referred to in paragraph 1 hereof shall be the description of internal organisation and classification of jobs in the brokerage undertaking and/or act on internal organisation and classification of jobs in the undertaking, if the obligation to prepare such an act is prescribed by the law governing labour relations.

14. Technical capacity of the brokerage undertaking means having appropriate business premises, equipment and software support necessary for smooth operations of the undertaking, which are adequate to the number of employees in the brokerage undertaking and the planned scope of its activities and enable the performance of activities in line with the business plan of that undertaking.

The following documents shall be submitted as evidence of technical capacity referred to in paragraph 1 of this Section:

a) title deed, lease agreement, contract on assignment of the right of use, etc. proving ownership of the business premises and/or other right of use of such business premises for the performance of insurance brokerage activities, which meet the legally defined requirements regarding technical capacity, safety at work and environmental protection;

b) invoice on the procurement of equipment, contract on lease of equipment, statement of ownership of equipment, etc. proving ownership of computer and other equipment and software support for the performance of insurance brokerage activities.

Liability for damages arising from activities

15. Proof of liability for damages arising from activities shall be a professional liability insurance contract concluded between the founder of the brokerage undertaking and an insurance undertaking for the insured sum not less than the RSD equivalent of EUR 200,000 calculated at the middle exchange rate of the National Bank of Serbia on the day of payment, or an unconditional guarantee to the same amount issued by a bank accepted by the National Bank of Serbia.

Relation by capital or otherwise with other supervised entities in the insurance business

16. Evidence of being related by capital or otherwise with other supervised entities in the insurance business shall be a written statement of

the founder of the brokerage undertaking on relation by capital, management or otherwise with insurance/reinsurance undertakings, insurance agency undertakings or other brokerage undertakings, and the evidence of such relation, if any.

III. EVIDENCE, DOCUMENTS AND DATA TO BE SUBMITTED ALONG WITH THE APPLICATION FOR LICENSE TO CARRY ON INSURANCE AGENCY ACTIVITIES

Issuance of a license to carry on insurance agency activities to an insurance agency undertaking

17. Founders of an insurance agency undertaking (hereinafter: agency undertaking) shall submit to the National Bank of Serbia the application for an insurance agency license in accordance with the provisions of Section 3 of this Decision, and shall also submit the evidence, documents and data set out in Article 102, paragraph 3 of the Law and provisions of Sections 4 through 7, Section 8, paragraphs 2 and 3, Section 11, paragraphs 2 and 3, Section 13, paragraph 2 and Section 14, paragraph 2 of this Decision, along with the act on processing of policy register forms, insurance agency contract and evidence of relation by capital or otherwise with other supervised entities in the insurance business.

Act on processing of policy register forms

18. The act on processing of policy register forms should contain the following elements: manner of keeping the records of concluded contracts; records of unfilled insurance policy forms by insurance undertaking and class of insurance, policy issue and serial number; analytical records of policies, offers and other strict accountability forms, which should contain: initial number of insurance policy forms at the beginning of the year, number of charged forms during the year, discharged used forms on account of concluded insurance contracts, discharged forms returned to the undertaking on account of technical flaws (cancelled insurance policy forms) and the number of insurance policy forms at the end of the year.

The act referred to in Article 1 hereof shall also contain data on the movement of policy register forms within the agency undertaking – by employee and/or engaged person (charged/discharged within the undertaking).

Insurance agency contract

19. The insurance agency contract concluded between the founder of an agency undertaking and an insurance undertaking should contain provisions on:

1) liability for activities undertaken by the agency undertaking in the course of its agency business in the name and for the account of that insurance undertaking;

2) the insurance undertaking's right to continuously monitor the execution of that contract;

3) manner of acting upon complaints of insurance service beneficiaries related to the operation of insurance agency undertakings.

Relation by capital or otherwise with other supervised entities in the insurance business

20. Evidence of relation by capital or otherwise with other supervised entities in the insurance business shall be a written statement of the founder of the agency undertaking on relation by capital, management or otherwise with insurance undertakings, brokerage undertakings and other agency undertakings, and evidence of such relation, if any.

Issuance of a license to carry on insurance agency activities to an insurance agent

21. The person intending to carry on insurance agency activities as a natural person – entrepreneur (hereinafter: insurance agent) shall submit to the National Bank of Serbia the application for an insurance agency license by applying accordingly the provisions of Section 3 of this Decision, and shall also submit the evidence and documents prescribed in Article 103, paragraph 3 of the Law and provisions of Sections 5 and 6, Section 13, paragraph 2, Section 14, paragraph 2 and Sections 18, 19 and 20 of this Decision, as well as the Memorandum of Association, proof of identity, permanent residence and good business reputation and the authorisation to carry on insurance agency activities.

Insurance agent's Memorandum of Association

22. Memorandum of Association (founding decision) must contain personal data on the person referred to in Section 21, paragraph 1 hereof, business name, head office and address of the head office of the insurance agent, specification of activities i.e. insurance agency operations, as well as the amount of cash referred to in Article 103, paragraph 4 of the Law, and the obligation to maintain that amount.

The Memorandum of Association must be dated and must specify the place of signing, while its pages must be bound in a way that prevents their subsequent removal and replacement.

Draft Memorandum of Association shall be submitted to the National Bank of Serbia at the time of submission of the application referred to in Section 21 hereof, but the signature on this act shall only be certified after the amount referred to in paragraph 1 hereof is credited.

Applicant's identity

23. Proof of the applicant's identity shall be a scanned biometric ID card and/or a copy of the ID card proving the personal name, unique personal identification number and permanent residence of the person referred to in Section 21 hereof, document number, issue and validity dates and the issuing authority.

Applicant's residence

24. Proof of the applicant's residence shall be a certificate of the Ministry of Interior that the person's residence is located in the territory of the Republic of Serbia.

Applicant's good business reputation

25. A good business reputation of the person referred to in Section 21 hereof shall mean that such person has the personal, professional and moral integrity and the ability to carry on insurance agency activities in line with the rules of safe and sound business conduct, fairly and conscientiously, and that such person has never broken the rules governing insurance activities in his/her work thus far.

As evidence of the fulfilment of requirements concerning the applicant's good business reputation, the following documents shall be submitted:

- 1) that person's CV containing data on prior experience and/or engagements, period of employment and job descriptions;
- 2) letter of reference issued by the legal representative of the person with which the applicant was or still is employed or engaged, containing an elaborate opinion on the business reputation, expertise, abilities and personal, professional and moral integrity of that person, and whether he/she demonstrated responsibility and adequate level of expertise in his/her work;
- 3) evidence issued by a competent authority that no investigation has been initiated against that person and that the person has not been convicted by a final judgement of a criminal offence that would make him/her unfit to

carry on insurance agency activities, including the criminal offences associated with money laundering and terrorism financing, and/or evidence of not having been convicted of such offences and evidence that no protective measure has been pronounced against that person which would prohibit the performance of the activity fully or partly corresponding to insurance agency activities (excerpt from the criminal records of the ministry in charge of internal affairs and certificate issued by a competent court or a prosecutor's office, as applicable);

3a) evidence issued by a competent authority or – if this evidence cannot be obtained for justifiable reasons – a written statement of that person given under financial and criminal liability confirming that the associate of that person has not been convicted by a final judgement;

4) certificate issued by a competent authority that the person has no outstanding tax liabilities;

5) written statement of that person that he/she did not hold more than 10% of the core capital of a domestic/foreign financial sector person at the time when its license was revoked;

6) that person's written statement that in the last three years he/she did not act as a member of a managing or supervisory body or was not vested with special authorities in a legal person in respect of which forced liquidation and/or bankruptcy proceedings were instituted;

7) written statement of that person that his/her approval to act as a member of management or to perform another function which requires the approval of a competent authority has not been revoked in the last three years.

The National Bank of Serbia may at any time request that the founder submits evidence of non-conviction of those persons from paragraph 2, items 3) and 3a) of this Section or request that evidence directly from the competent authority.

In addition to the evidence referred to in paragraph 2 hereof, the National Bank of Serbia may also gather data from other sources it deems relevant for the assessment of the applicant's business reputation.

When deciding on the application referred to in Section 21 hereof, the National Bank of Serbia shall assess the applicant's business reputation based on his/her personal, professional and moral integrity, work performed thus far and management of legal entities, and based on data indicating unfair conduct of that person in past professional work, failure to cooperate with competent authorities or failure to act upon measures pronounced by the National Bank of Serbia or another domestic/foreign competent supervisory authority, as well as based on other data.

The person from Section 21 of this Decision shall be deemed not to have good business reputation in the following cases:

- if he/she has been convicted by a final judgement of criminal offences against economy, property, legal transactions, public order, official duty or judiciary, or criminal offences of money laundering or terrorism financing, or criminal offences for which an unconditional prison sentence has been pronounced, or similar or comparable criminal offences in accordance with the regulations of a foreign country;
- if an associate of that person has been convicted by a final judgement of criminal offences referred to in indent 1 hereof;
- if in the last ten years he/she has committed a grave violation and/or repeated violations of regulations governing the prevention of money laundering and terrorism financing.

Authorisation to carry on insurance agency activities

26. Evidence that the applicant has the authorisation to carry on insurance agency activities shall be data on the number and issue date of the decision of the National Bank of Serbia granting that person such authorisation.

IV. ACTIVITIES THAT THE INSURANCE BROKERAGE/AGENCY UNDERTAKING AND INSURANCE AGENT MAY PERFORM ALONG WITH INSURANCE BROKERAGE/AGENCY ACTIVITIES

27. In addition to insurance brokerage activities, a brokerage undertaking may also perform the following activities:

- 1) intermediation in sale of damaged property which has become the property of the insurance undertaking under an insurance contract, or sale of such property;
- 2) taking measures to minimise and prevent risks likely to be detrimental to the persons and property insured;
- 3) assessment of the degree of exposure of the insured asset to risk and assessment of damage;
- 4) insurance market research.

The brokerage undertaking may perform activities referred to in paragraph 1 hereof if it enters into an agreement on the performance of such activities and keeps separate records of the performed activities, which include the structure of realised income by type of activity and person for which the activities were performed.

In addition to insurance agency activities, an agency undertaking or insurance agent may also perform the following activities:

- 1) representation of an insurance undertaking in the sale of damaged property which has become the property of the insurance undertaking under an insurance contract, or sale of such property;
- 2) taking measures to minimise and prevent risks likely to be detrimental to the persons and property insured;
- 3) insurance market research for the needs of the insurance undertaking;
- 4) providing advice and assistance in the exercise of rights under insurance contracts concluded in the name and for the account of the insurance undertaking they represented.

The person referred to in paragraph 3 hereof may perform the activities referred to therein under the condition that it concludes a contract on the performance of those activities with the insurance undertaking and that it keeps separate records of the performed activities, which include the structure of realised income by type of activity and insurance undertaking for which the activities were performed.

28. A brokerage undertaking may, in cooperation with another brokerage undertaking, carry on insurance brokerage activities for which it is licensed, while an agency undertaking and/or agent may, in cooperation with another agency undertaking and/or insurance agent, carry on insurance agency activities for which it is licensed (with the exception of concluding insurance contracts) – under the following conditions:

- 1) that such activities are performed in accordance with the requirements and obligations prescribed by the Law for the performance of such activities;
- 2) that such activities are performed in cooperation with another entity for objective reasons, exclusively with the aim of enhancing the efficiency of their performance;
- 3) that the cooperation referred to herein is regulated by a written contract.

The agency undertaking and/or insurance agent referred to in paragraph 1 hereof must also have the written consent of the insurance undertaking that it may cooperate with the person licensed for insurance agency activities in the performance of such activities, with the exception of concluding insurance contracts.

The person referred to in paragraph 1 hereof shall be responsible for the selection of the persons referred to therein with whom it will cooperate in the performance of insurance agency/brokerage activities.

V. DETAILED REQUIREMENTS FOR CARRYING ON INSURANCE AGENCY ACTIVITIES AS A SUPPLEMENTARY ACTIVITY

29. A bank, financial leasing provider and the public postal operator with the head office in the Republic of Serbia and established in accordance with law may carry on insurance agency activities under the following conditions:

- 1) that they ensure that such activities are performed by authorised insurance agents;
- 2) that the performance of such activities is regulated by their internal acts and business plan in accordance with the Law and this Decision;
- 3) that they have the required personnel and technical capacity to carry on such activities, as prescribed by this Decision;
- 4) that they have concluded with the insurance undertaking an insurance agency contract containing the elements prescribed by this Decision.

30. Along with the application for prior approval of the National Bank of Serbia to carry on insurance agency activities, the person referred to in Section 29 hereof shall submit the following documents:

- 1) evidence that the natural persons who will perform such activities for the applicant are authorised to carry on insurance agency activities (data on the number and issue date of the decision of the National Bank of Serbia granting such authorisation);
- 2) act on processing of policy register forms, which should contain the elements referred to in Section 18 hereof;
- 3) internal acts governing:
 - the keeping of separate records of the performance of insurance agency activities in business records and of the insurance undertakings in whose name and for whose account that person performs such activities,
 - the performance of insurance agency activities for an insurance undertaking in accordance with the Law and this Decision, in particular the obligation of providing information to the policyholder/the insured prior to the conclusion of an insurance contract and during the validity of that contract, and other prescribed information, the content of such information, and the obligation to protect the data on the insured and the documents;

4) business plan which relates to the performance of insurance agency activities, which should contain the elements prescribed in Annex 1 to this Decision;

5) evidence of personnel and technical capacity of that person for the performance of insurance agency activities, as follows:

– act on organisation and classification of jobs which specifies the jobs for the performance of insurance agency activities which require the authorisation of the National Bank of Serbia for the performance of insurance agency activities, with the planned number of persons who will carry on such activities,

– written statement of such person's legal representative that conditions are met to visibly mark on that person's premises the place where insurance agency activities are performed and to visibly display the name of the insurance undertaking represented by that person, and that the appropriate computer equipment has been ensured, along with software support for the performance of those activities;

6) the insurance agency contract concluded with the insurance undertaking, containing the elements referred to in Section 19 hereof.

The National Bank of Serbia shall decide on the application referred to in paragraph 1 hereof within 60 days of the day of receipt of a duly completed application.

Based on the documents and evidence referred to in paragraph 1 hereof and other available data, the National Bank of Serbia shall establish whether the person referred to in Section 29 hereof fulfils the requirements specified therein.

31. The National Bank of Serbia shall reject the application referred to in Section 30, paragraph 1 hereof in the following cases:

- 1) if the submitted documents and data are incomplete;
- 2) if at least one of the requirements referred to in Section 29 hereof has not been met.

The person referred to in Section 29 hereof whose application referred to in Section 30, paragraph 1 hereof was rejected may not submit a new application until one year passes after the date of such rejection.

32. The prior approval of the National Bank of Serbia to carry on insurance agency activities granted to the person referred to in Section 29 hereof shall cease to be valid in the following cases:

- 1) if the person fails to begin carrying on such activities within one year of the date of receipt of the decision on the issuance of such approval;

- 2) if the person fails to carry on the said activities for an uninterrupted period of more than one year;
- 3) if the approval is revoked.

The National Bank of Serbia shall revoke the approval referred to in paragraph 1 hereof from the person referred to in Section 29 hereof in the following cases:

- 1) if the approval was obtained on the basis of untrue and incorrect data;
- 2) if the person no longer meets at least one of the requirements referred to therein;
- 3) if it is established that the person does not carry on insurance agency activities in accordance with law and other regulations.

VI. NATIONAL BANK OF SERBIA'S REPORTING REQUIREMENTS

33. The brokerage undertaking, agency undertaking, insurance agent and persons referred to in Section 29 hereof are required to report to the National Bank of Serbia annually and at the request of the National Bank of Serbia.

Annual reports of the persons referred to in paragraph 1 hereof shall be submitted to the National Bank of Serbia by 30 April of the current year for the previous year, while their content is prescribed in Annexes 2 and 3 which are integral to this Decision.

VII. SUBMISSION OF PRESCRIBED DOCUMENTS AND PROOF OF PAYMENT OF FEES

34. The prescribed documents submitted in accordance with this Decision shall be submitted in the form of originals or certified photocopies and may not be older than three months from the day of submission of the application referred to herein.

Written statements referred to herein given by natural persons must be certified in accordance with law. If the founder of the brokerage undertaking or agency undertaking is a legal person – the signature must be certified by that person's stamp, except if the legal person is from a country in which such type of certification is not prescribed as mandatory.

The documents referred to in paragraph 1 hereof must be in the Serbian language. If they are in a foreign language, translation into the

Serbian language certified by a court interpreter shall also be submitted along with the originals or certified photocopies of the documents.

35. In addition to prescribed documents within the meaning of this Decision, the applicants shall also submit to the National Bank of Serbia proof of payment of the fee prescribed by the decision on uniform fees charged for services provided by the National Bank of Serbia.

VIII. CLOSING PROVISIONS

36. As of the day of entry into force of this Decision, the Decision on Terms of Granting Approval to Banks to Act as Insurance Agents (RS Official Gazette, No 57/2006) shall cease to be valid.

37. This Decision shall be published in the RS Official Gazette and shall enter into force on 27 June 2015.

NBS EB No 60
19 June 2015
B e l g r a d e

Chairperson
NBS Executive Board
G o v e r n o r
National Bank of Serbia

Dr Jorgovanka Tabaković

CONTENT OF THE BUSINESS PLAN

The business plan of an insurance brokerage undertaking, insurance agency undertaking and insurance agent shall be compiled for a period of at least three years (which is indicated in the header), shall contain the name of the person to which it relates, the date of compiling and its founder's signature, and at least the following elements:

- 1) starting points, which include:
 - data used as the basis for planning or data from personal experience,
 - data on the insurance undertaking with which an insurance brokerage and/or agency contract has been concluded,
 - planned method of selling insurance services, the target client group etc.,
 - planned number of employees and the planned number and method of engaging other persons,
 - planned number of concluded insurance contracts by class of insurance and year of the plan,
 - expected insurance premium and the percentage of brokerage and/or agency remunerations by insurance class and year of the plan (in accordance with the contract concluded with the insurance undertaking),
 - planned method of protecting the rights and interests of insurance service beneficiaries (informing beneficiaries before concluding an insurance contract, as well as during the validity of the contract, acting upon complaints of beneficiaries, etc.);
- 2) planned founding costs and the manner of covering such costs;
- 3) planned total income, specifically:
 - planned income from brokerage and/or agency remunerations (regular activities),
 - other planned income (activities referred to in Section 27 hereof, state on what account other income is made);
- 4) planned total expenses and expected business result;
- 5) planned maintenance of the prescribed level of capital of the insurance brokerage/agency undertaking and the planned maintenance of liquid assets in accordance with Articles 88 and 101 of the Law;
- 6) planned maintenance of liquid assets of the insurance agent, in accordance with Article 103 of the Law.

CONTENT OF THE ANNUAL REPORT OF THE INSURANCE BROKERAGE UNDERTAKING, INSURANCE AGENCY UNDERTAKING AND INSURANCE AGENT

Regular reporting relates to the obligation to submit the following documents and data on the performed brokerage and/or agency activities during the previous year (noting that they must be signed and stamped by a responsible person and submitted by 30 April of the current year at the latest):

- 1) basic data on the insurance brokerage/agency undertaking or insurance agent: full and abbreviated business name, head office and address of the head office, branches, registration number, TIN, phone/fax, website, official email address etc.;
- 2) notification of the changes of data in relation to the data based on which the license of the National Bank of Serbia was obtained;
- 3) certified transcript or photocopy of the balance sheet as at 31 December of the previous year;
- 4) certified transcript or photocopy of the income statement for the period from 1 January to 31 December of the previous year;
- 5) notification of the change in the structure of capital/ownership;
- 6) list of employees and basic data: name, professional qualifications, name of position, workplace etc.;
- 7) list of additionally engaged persons and reasons for engagement;
- 8) name of insurance/reinsurance undertaking, number and date of the contract concluded with that undertaking based on which insurance brokerage and/or agency activities are carried on;
- 9) list of persons other than insurance/reinsurance undertakings for which insurance agency activities are carried on;
- 10) data on the number of received insurance policies, offers and other strict accountability forms from the insurance undertaking, number of used – executed or cancelled forms during the year, and on the number of forms as at 31 December (according to the regular annual inventory);
- 11) data on total income from the performance of brokerage and/or undertaking activities by insurance/reinsurance undertaking and aggregately in the following form:

Name of the insurance/reinsurance undertaking: _____						
Insurance class	Total earned insurance premium and/or total value of other services performed			Total earned (invoiced) remuneration and/or value of other brokerage and/or agency services performed, etc.		
	Brokerage	Agency	Other	Brokerage	Agency	Other
01	02	03	04	05	06	07
1. LIFE INSURANCE						
2. NON-LIFE INSURANCE						
2.1. Non-life insurance, except insurance referred to in Article 9, items 10) to 15) of the Law						
2.2. Non-life insurance referred to in Article 9, items						

10) to 15) of the Law						
3. TOTAL INSURANCE (1+2)						
4. REINSURANCE						

12) overview of the performed activities referred to in Section 27 hereof in the previous year, with the structure of income earned on that account, by type of activity and person for which the activities were performed;

13) list of persons cooperated with in the performance of insurance brokerage/agency activities in accordance with Section 28 hereof;

14) proof referred to in Section 15 hereof of liability for damages arising from activities of an insurance brokerage undertaking for the following year (if such proof was not already submitted to the National Bank of Serbia in the previous period).

CONTENT OF THE ANNUAL REPORT FOR LEGAL ENTITIES PERFORMING INSURANCE AGENCY ACTIVITIES AS A SUPPLEMENTARY ACTIVITY

Regular reporting relates to the obligation to submit the following documents and data on the performed insurance agency activities during the previous year (noting that they must be signed and stamped by a responsible person and submitted by 30 April of the current year at the latest):

1) basic data on the legal entity referred to in Section 29 hereof: full and abbreviated business name, head office, registration number, TIN, phone/fax, website, official email address etc. All changes that happened after obtaining the prior approval of the National Bank of Serbia for the performance of insurance agency activities must be specified;

2) data on the person responsible for the performance of activities of insurance agency activities in the legal person referred to in Section 29 hereof, such as name, professional qualifications, workplace – function, authorisation to carry on insurance agency activities, business address, contact information, and the starting date and the envisaged period for the performance of insurance agency activities by the responsible person;

3) changes to other data on the legal entity referred to in Section 29 hereof (if any) in relation to the data based on which the prior approval of the National Bank of Serbia was issued in accordance with the Law and in relation to the data available to the National Bank of Serbia (internal acts relating to insurance agency activities, method of work compared to the one presented to the National Bank of Serbia at the submission of the application for prior approval, etc.);

4) data on the total number of employees and other engaged persons by organisational unit in the legal entity referred to in Section 29 hereof who performed insurance agency activities as at 31 December of the reporting year, with the data on those persons' authorisations to carry on agency activities;

5) amendments and supplements to the data on insurance undertakings represented by the legal entity referred to in Section 29 hereof, including the number and date of newly concluded insurance agency contracts and/or amendments/supplements to those contracts – which were not submitted to the National Bank of Serbia in the previous period;

6) data on the balance of offers and insurance policies, i.e. strict accountability forms in the possession of the legal entity referred to in Section 29 hereof according to the regular annual inventory as at 31 December of the reporting year, by insurance class and insurance undertaking, containing the number of received, used, cancelled and discharged forms during the year;

7) overview of all insurance services offered by the legal entity referred to in Section 29 hereof to insurance service beneficiaries in the performance of insurance agency activities, based on insurance agency contracts concluded with insurance undertakings;

8) overview of total revenue earned by the legal entity referred to in Section 29 hereof on the basis of performance of insurance agency activities during the reporting year – aggregately and for each insurance undertaking represented by that person, in the following form:

Name of the insurance undertaking: _____		
Insurance class	Total earned insurance premium on account of the insurance agency	Calculated agency remuneration on the principal in column 02
<i>01</i>	<i>02</i>	<i>03</i>
1. LIFE INSURANCE		
2. NON-LIFE INSURANCE		
2.1. Non-life insurance, except insurance referred to in Article 9, items 10) to 15) of the Law		
2.2. Non-life insurance referred to in Article 9, items 10) to 15) of the Law		
3. TOTAL INSURANCE (1 + 2)		