

The scope of this report - by *Rokas (Skopje)* - is to present the legal regime framework related to insurance in FYR of Macedonia, which is as follows below...

## 1. REGULATION

- Law on insurance supervision (Official gazette no. 27/02 and changes in the official gazette 64/12) secondary legislation acts (rulebooks) ;
- Law on obligations (official gazette no. 18/2001 and changes)
- Law on compulsory traffic insurance (Official Gazette no. 88/2005, 70/2006;26/2008; 81/2008;47/2011; 135/2011)

## 2. INSURANCE AND REINSURANCE COMPANIES, BRANCH OFFICES OF FOREIGN INSURANCE COMPANIES AND DIRECT PROVISION OF INSURANCE SERVICES, WHEN APPLICABLE

According to article 7 from the Law on insurance supervision (official Gazette no. 27/02), the re/insurance services may be provided by insurance companies, established as share holding companies in the Trade Registry, with head office in FYR of Macedonia, that holds a license for carrying out insurance activities by the Insurance Supervision Agency (solely for the classes of insurance that they have been granted license); branch office of a foreign insurance company that has been granted a license for carrying out insurance activities by the Insurance Supervision Agency, and insurance company from a member state that has established a branch office on the territory of FYR of Macedonia or has been authorized to directly carry out insurance activities on the territory of FYR of Macedonia, in accordance with the Law on insurance supervision.

## 3. INSURANCE SUPERVISION

The Supervision Department of the Insurance Supervision Agency (ISA) accomplishes work that is related to conducting the on-site and off-site supervision over the insurance companies (life & non-life), the insurance brokerage companies, insurance agencies, insurance brokers, insurance agents, actuaries and the National Green Card Bureau. The ISA is also authorized to issue and withdraw licenses to insurance companies for carrying out insurance activities, for introduction of a new class of insurance, for transfer of insurance contracts to another insurance company, insurance agents, gives consent for change of statute, for change of the articles in the incorporation act of the insurance company, approval to Insurance agency consents, license to perform activities for representation in insurance, license for insurance broker, license for insurance brokerage companies, license for branch office of the foreign brokerage companies; issues consent for appointing executive member of the managing board; license for work as an authorized actuary. The ISA keeps registers for insurance undertakings, insurance brokerage companies, insurance agencies, insurance brokers, insurance agents, certified actuaries, register of banks who are working with issues for representation in insurance.

## 4. QUALIFICATIONS AND SUPERVISION OF THE MANAGEMENT

As a member of a management body may be a person who has appropriate vocational training and experience for management with the insurance company, who is familiar with the regulations in the field of insurance, who holds a university degree and has working experience at managerial positions in an insurance company, that is, 5 years of working experience at managerial positions in a bank or other financial institution of similar scope of activities as an insurance company, must be employed for an indefinite period of time in the insurance company and at least one of the members must be familiar with the language and its Cyrillic letters and have a permanent place of residence in FYR of Macedonia.

Prior consent for exercising the office of a member of a management body of an insurance company shall be necessary to be obtained by the Insurance Supervision Agency, by submitting appropriate documents which proves the fulfilment of the conditions required for appointing executive member of the managing board.

## 5. CAPITAL REQUIREMENTS AND RESERVES

The capital of the insurance company is consisted from basic capital (personal stocks owned by the insurance company; long-term non-material assets; not covered transferred loss and loss in the current year and other potential liabilities that the insurance company is obliged to show in the off-balance sheet) and additional capital. The capital of the insurance company should be at least in the amount of the guarantee fund. The monetary funds deposited as share capital of the insurance company must not originate from loans and they must not be subject of any other burdens. The guarantee fund of the insurance company, may be not less than 2.000.000 Euros, if the

company carries out insurance activities in certain classes of insurance in the group of non-life insurance; 3.000.000 Euros, if the company carries out insurance activities in all the classes of insurance in the group of non-life insurance, i.e. in certain classes of insurance; 3.000.000 Euros if the company carries out insurance activities in one or in all the classes of insurance in the group of life insurance and 4.500.000 Euros if the company carries out reinsurance activities. For the purpose of permanent ensuring to perform the duties from the insurance contracts, the insurance company shall be obliged to form technical provisions, consisting of:

1. reserves for transferable premiums;
2. reserves for bonuses and discounts;
3. damage provisions, and
4. other technical provisions.

## 6. INSURANCE INTERMEDIATION

The Insurance Supervision Agency, keeps a register of insurance brokers and insurance brokerage companies, authorized for performance of insurance brokerage activities in the territory of the country and insurance agents and insurance agencies holding a license, i.e. a permission to perform activities for representation in insurance. Each insurance company has the obligation to keep a register of insurance agents, i.e. insurance agencies with which it has concluded a representation contract. Each insurance brokerage company has the obligation to keep a register of insurance brokers employed at the particular insurance brokerage company. Each insurance agency has the obligation to keep a register of insurance agents employed or engaged in any other legal relation with the particular agency. All these registers are public. The intermediaries need a license for professional and other qualifications.

The insurance agency is liable for the damage that will occur due to false representation, negligence or not following the provisions of the concluded representation contract of the insurance agent; the insurance agency and the insurance brokerage company are obliged to conclude an insurance contract with the insurance company in order to secure its obligations towards the owners of policies in case of violation of the provisions from the provisions of the representation contract, up to a secured amount, that in regard to an individually secured case must not be lower than 250.000 Euros and/or in regard to all the insured cases in a period of one year it must not be lower than 500.000 Euros.

## 7. MARKETING AND SALES PRACTICES (CONSUMER PROTECTION)

The insurance agent, i.e. the insurance broker has the obligation to provide the following information to the insured, prior to concluding the insurance contract, as well as extending the same: name, surname and address; register where he is entered and how it can be checked; insurance agency, i.e. insurance brokerage company where he works; whether he owns alone, or the insurance agency, i.e. insurance brokerage company where he works, more than 10% of the stocks with a right to vote in the insurance company with which the insurance contract is concluded; whether the insurance company with which the insurance contract is concluded or an entity affiliated thereto owns more than 10% of the stocks with a right to vote in the insurance agency, i.e. insurance brokerage company and data on the option for out-of-court dispute resolution procedure between the contracting parties of the insurance; to prepare the analysis for adequate risk analysis and propose proper insurance coverage for the insured; on the basis of an accordingly great number of insurance contracts available on the market, that enable giving recommendations in accordance with professional criteria, so that the initiator of the insurance can realize its needs by concluding the contract. Prior to concluding the contract, the insurance broker shall be obliged, on the basis of data obtained from the insurance initiators, i.e. insured, to define the needs and requirements, as well as the reasons for giving advice to the insurance initiator, i.e. to the insured, related to the insurance contract.

The insured persons, policy holders or third persons who suffered damage (consumers) have the right to submit the petition to ISA regarding the protection of their rights and interests against insurance companies, Insurance blockage companies, insurance agencies, insurance brokers and National Biro, according to the rulebook for the manner of treating the petition submitted to ISA by insured persons, policyholders and third persons who suffered damage. The general consumer regulation is applicable only when the particular insurance regulation may not fulfil the protection of the consumers.

## 8. TYPES OF COMPULSORY INSURANCES

The law, as compulsory insurances recognizes: Motor third part liability insurance; Insurance of travelers –users of public transport and transport of goods, vessel liability transport, aircraft liability insurance; insurance of liability (of attorneys at law, executors, notaries, auditors, accountants, bankruptcy managers, touristic agencies, court evaluators, shippers, designer, security agencies)

**9. INSURANCE MARKET**

According to the announced data on the web site of ISA, the following are noted:

- In the registry of insurance undertakings, held in the ISA, there are registered 15 insurance companies and four of them are registered for the class 19 -related to the life insurance.
- The registry of insurance agents which is held in ISA, is consisted from 693 licensed agents who intermediate in the insurance, and 138 licensed agents for intermediation in life insurance.
- In the registry of insurance brokerage companies also held in ISA, there are registered 14 licensed brokerage companies and 9 of them are licensed for intermediation in life insurance.
- In the registry of insurance agencies, there are 5 licensed agencies for intermediation in insurance. Two of the companies have the license for intermediation in life insurance, one company doesn't have license for life insurance, and one is in the procedure for obtaining license for the class of life insurance intermediation
- In the registry of Banks licensed for intermediation in insurance is registered only one bank-Ohridska Bank AD Skopje with license for intermediation in life insurance.
- In the registry of insurance brokers, there are licensed 239 brokers and most of them are intermediating in the life insurance.

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