INSURANCE REGULATION AND SUPERVISION IN OECD COUNTRIES, ASIAN ECONOMIES AND CEEC AND NIS COUNTRIES

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OECD STUDY

(SPONSORED BY THE JAPANESE GOVERNMENT)

Introduction

This report, sponsored by the Japanese government, provides a unique comparative analysis and overview of insurance regulatory and supervisory systems in OECD countries, 12 Asian economies and 14 Central and Eastern European countries (CEEC) and New independent states (NIS), which are covered by the programme of the OECD Centre for co-operation with non Members. The information collected on OECD countries is based on a comprehensive questionnaire that was sent at the occasion of the updating of the OECD 1988 report on insurance regulation and supervision. The data related to Asian economies were collected at the occasion of the first OECD Conference on insurance regulation and supervision in Asia, organised in Singapore on 1-2 February 1999 (and subsequently updated), and the data on CEEC and NIS countries were collected for the Second East-West conference on insurance in economies in transition, organised in Warsaw in 1997 and updated during summer 1999; presently the Secretariat is still in the process of receiving revisions and data for CEEC and NIS members. The overview and the analysis reflect the situation up to the end of 1998.

This report comprises seven main sections, which are the following:

- ORGANISATION OF INSURANCE REGULATION AND SUPERVISION
- REGULATION AND SUPERVISION OF DIRECT INSURANCE
- ONGOING SUPERVISION
- REGULATION AND SUPERVISION OF REINSURANCE COMPANIES
- INSURANCE COMPANIES IN FINANCIAL DIFFICULTIES
- OTHER INSURANCE REGULATORY ITEMS (Compulsory Insurance; Insurance Distribution; Actuaries; Auditors)
- TAXATION

The tables are then sub-divided into three separate sections: OECD Member countries, CEEC and NIS, and Asian countries. The countries that have participated are the following:

OECD Member countries

Australia, Austria, Belgium, Czech Republic, Canada, Denmark, Finland, France, Germany, Hungary, Greece, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.

CEEC and NIS

Albania, Armenia, Belarus, Bulgaria, Croatia, Estonia, Latvia, Lithuania, Moldova, Romania, Russia, Slovakia, Slovenia and Ukraine.

Asian countries

Brunei, Hong Kong, Indonesia, Laos, Macau, Malaysia, Philippines, Singapore, Sri Lanka, Chinese Taipei, Thailand and Vietnam.

This report has been prepared by the Insurance and Private Pensions Unit and especially Mr Jörg Vollbrecht (who prepared, as a consultant, the analytical section), Mr Robert Sterling and Ms Fredericque Evraert. The views expressed here do not necessarily reflect those of the Insurance Committee, the Secretariat or the Member countries. This report will be published under the responsibility of the Secretary-General of the OECD.

REGULATION AND SUPERVISION IN THE OECD AREA, ASIAN COUNTRIES AND ECONOMIES IN TRANSITION

1. ORGANISATION OF INSURANCE REGULATION AND SUPERVISION

1. All countries of the three regions studied, OECD Member countries, Asian countries and the economies in transition, report the existence of insurance regulatory and supervisory authorities.

1.1. Regulatory Authority

2. In OECD Member countries, the regulatory authority usually is part of or directly accountable to a ministry, in many cases of Finance or Economy. In several OECD countries, however, the insurance authority is a department of another ministry as, for example, Industry and Trade (Ireland, Italy, the United Kingdom, and the United States), Social Affairs (Finland), and Development (Greece).

3. Similar, in the majority of Asian countries (Brunei, Indonesia, Laos, the Philippines, Sri Lanka, Chinese Taipei, Thailand and Vietnam), a department within the Ministry of Finance is responsible for regulation. In three Asian countries, a central bank is responsible for regulation of all financial businesses including insurance business: in Macao the Monetary and Foreign Exchange Authority, in Malaysia the Bank Negara of Malaysia, and in Singapore the Monetary Authority of Singapore (to be seen as a de facto central bank). Even in the economies in transition, the Ministry of Finance is the competent authority for insurance regulation.

1.2. Supervisory Authority

4. In some countries the supervisory authority is part of the ministry of Finance, while in others it is another administrative body (in many cases subordinate to that ministry). Most of the OECD countries have an independent supervisory authority, exceptions being the Czech Republic, Japan, Turkey and the United Kingdom. In Asia, only Hong Kong's insurance supervisory authority , the Office of Commissioner of Insurance, is independent of the government and therefore comparable to supervisory authorities in Continental Europe. In the other Asian countries, the department within the ministry responsible for regulation respectively in Macao, Malaysia and Singapore the central bank is responsible.

5. A few of the economies in transition (e.g. Albania, Bulgaria, Croatia, and Ukraine) have an independent authority, although the term "independent" is a little ambiguous here. For example, in Albania the supervisory authority is independent but its members are drawn from the finance ministry.

1.3. Financing

6. In principle, in the OECD countries, the supervisory authority is financed by insurers' contributions. In four countries (Germany, Korea, Mexico, Poland and the United Kingdom), supervision is co-financed by the state and the insurance industry. Only in Spain, the body is financed solely by the state.

7. In Asia - with the exception of Hong Kong, and of Macao, Singapore and Malaysia, where the supervisory authority is the central bank and self-funding- insurance supervision is still financed entirely

by the national budget. The same is true for the economies in transition with the exception of Croatia and Slovenia where the supervision is co-financed by the State and the insurance industry, and Albania and Estonia, Lithuania and Latvia, where the supervisors are financed by the industry.

1.4. Workforce

8. The number of persons employed in insurance supervision depends on the size of the country and the number of insurance companies operating there. In the OECD area, the supervision workforce varies widely across countries, ranging from around ten employees in the Czech Republic to over 400 in Mexico.

9. In Asia, the range is from 10 to 50 persons, except in Thailand, where the workforce is over 500.

10. In the economies in transition, the number of employees working for the supervisory authority is still relatively low - about 20 on average - except in Russia, where there are more than 200.

2. REGULATION AND SUPERVISION OF DIRECT INSURANCE

11. In all the countries studied, insurance companies are subject to regulation and supervision. Direct insurance companies in all countries first have to apply for a licence in order to operate. The licence is usually issued by the competent supervisory authority. In some OECD Member countries, the competent authority is the ministry (at least for licensing foreign companies), while in several countries there are independent administrative bodies. In all Asian countries (except Brunei until the introduction of insurance regulation; for the time being the Ministry of Finance has to approve the establishment), the establishment of insurance companies is subject to a licence granted by the insurance supervisory authority.

2.1. Licensing Principles

2.1.1. Separation of Life and Non-life Business

12. As a general rule, insurance companies may not transact both life and non-life business to avoid the one activity to be used to support the other. The regulations in force therefore distinguish, where necessary, between the two activities and in most cases include specific provisions for each. Some countries allow companies transacting the two kinds of business concurrently. In the OECD countries, with the exception of the Czech Republic and Mexico, life insurance and non-life insurance have to be separated. In the EU and Switzerland, however, the authorisation to take up life insurance business includes permission to write supplementary insurance such as accident and health insurance, though separate management is required for the additional classes. A composite insurer with its head office outside the EU carrying on non-life insurance in EU countries must establish a subsidiary if it wishes to carry on life insurance, and vice versa.

13. In Asia, the supervisory authority may license insurance companies to transact life and non-life business concurrently, this being the case in Brunei, Hong Kong (in the past), Malaysia (in the past), Singapore, Sri Lanka, Thailand (until 2000) and Vietnam. The regulatory authorities are trying to impose the principle of separation, or at any rate they recommend that where these activities are performed by composite insurers there should be separate management of funds. In Singapore, for example, although concurrent writing of life and non-life insurance is allowed, separate funds have to be maintained for the two classes of business in the interests of security. In Hong Kong, since November 1992, no composite licence has been granted. In Malaysia, only composite insurers licensed prior to the introduction of the new Insurance Act in 1997 are allowed to transact the two classes concurrently. In Thailand, all compositer insurers will have to split life and non-life business into two separate companies by April 2000.

2.1.2. Cross-sectoral Activities

14. In all OECD member countries, the underwriting of insurance risks is restricted to insurance companies, which may only transact insurance business. The reason being not to place at risk the funds set aside and preserved under strict supervision for paying insurance claims. There are different opinions on the question whether an insurance company may hold shares in another non-insurance company. The Czech Republic, Hungary, Japan, Korea, Switzerland and the United States report limits on shareholding in non-insurance companies. Within the EU, shareholding is accepted and, in principle, holding of shares is not be seen as carrying on the business of the respective company. While the creation of a banking subsidiary by an insurance company is prohibited in Germany, Hungary, Japan, Korea, Mexico and Poland (it is allowed with limitations in Australia, Norway, Sweden, Switzerland and Turkey), many countries allow the shareholding in a bank. Less countries and under more strict limitations allow the shareholding of

a bank in an insurance company (With limitations: Denmark, Japan, Norway, Poland, Sweden and Switzerland). The creation of an insurance subsidiary by a bank is prohibited in Germany, Hungary, Japan, Korea, Mexico and Switzerland. In Norway, Sweden and the United States, the creation is restricted. In the Asian countries, the creation of a banking subsidiary by an insurance company or of an insurance subsidiary by a bank is prohibited (with the exemption of Chinese Taipei). However, the Asian market seems to be trying to open up to operations of this type. In Malaysia, i.e., increasing use is being made of bancassurance in order to develop the life insurance sector.

2.2. Licensing Requirements

15. The main licensing requirements differ according to region, although a number are common to all countries.

2.2.1 Legal Form

16. All countries require insurance undertakings to have a recognised legal form. Generally, the insurer must be a legal person. All OECD Member countries, Asian countries and economies in transition permit insurance companies in the form of companies limited by shares. In all OECD countries (except Australia), insurance companies may take the form of mutual societies, although the structure of insurance mutuals is not the same everywhere. In the United States, there are many "town mutuals" or "county mutuals", covering agricultural property risks. Mutual or co-operative insurance companies are also common within the EU for livestock, small vessels and burial benefits. Among the Asian countries, only in Singapore so-called "societies", in Chinese Taipei co-operatives, and in Vietnam mutual associations are permitted. Publicly owned companies are allowed in half of the OECD Member countries (Australia, Czech Republic, Finland, France, Germany, Hungary, Iceland, Mexico, Poland, Portugal, Spain, Turkey, the United Kingdom and the United States) but only in two Asian countries (Malaysia and Thailand).

17. Among the economies in transition, mutual insurance companies are authorised in Albania, Croatia, Estonia, Latvia and Slovenia. Publicly owned companies are permitted in Belarus, Croatia, Romania and Slovakia.

2.2.2 Business Plan

18. Most countries of the three regions are asking for submission of a so-called business plan. This scheme of operations specifies, in particular, the risks which the insurance company intends to cover, the proposed reinsurance, information on expenses of the first years and the financial resources available. In OECD Member countries, especially in EU Member countries, such a business plan is required.

19. Many countries require domestic as well as foreign direct insurance companies to submit the business plan for approval. In Asia, a business plan for the first three years is required in Hong Kong, Laos, Macao, Malaysia, the Philippines and Sri Lanka, whereas a business plan for the first five years is required in Chinese Taipei, Thailand and Vietnam.

2.2.3 General Policy Conditions and Premium Rates

20. Only a few OECD Member countries (Czech Republic, Hungary, Japan, Korea, Mexico, Poland, Switzerland, and the United States) require of domestic as well as foreign direct insurance companies the submission of general policy conditions. In many OECD Member countries, the supervisory authority

requires insurance companies to submit specifications of their methods of calculating premium rates. But only in some countries, these specifications have to be approved, this being the case e.g. in Australia, Switzerland and Turkey. In the EU Member countries, neither the approval nor the systematic submission of general policy conditions may be requested. Except are only general policy conditions for compulsory insurance and for supplementary health insurance (as in the case of Germany), which Member countries may demand for submission prior to their application but not for approval. Similar, within the EU, where in former times there were countries (United Kingdom and the Netherlands) with no or insignificant control in the field of tarification, and countries with a strong control (France, Germany, Italy), along with the harmonisation under the third generation of Insurance Directives came the almost complete abolition of the prior approval of premiums and tariffs (with the only exemptions for compulsory insurance and supplementary health insurance as for example in Germany). However, technical bases of calculation regarding premiums and technical provisions must be produced. In certain OECD countries, premium rates and policy conditions are checked at least for the very high-risk classes, as in the Czech Republic, Luxembourg (not systematically), Mexico, Netherlands, Korea (life insurance), Turkey and the United States. In Asia - with the exception of Brunei, Hong Kong and Indonesia - premium rates and policy conditions for new products are checked, but only in certain classes of insurance. In Macao, Malaysia and Vietnam, only compulsory insurance is concerned. In Singapore, the supervisory authority's approval is required only for life insurance products. Among the Asian countries, only Macao reported a requirement with regard to the technical bases of tarification. In all the economies in transition, premium rates and policy conditions are supervised. In many cases this supervision is not exhaustive. There is a great need to improve the arrangements for supervising premium rates and policy conditions in these economies. The adequacy of premium rates is a fundamental issue. But tariff calculation depends of the availability of reliable data on loss frequency and loss severity. In states with former monopolistic structures new databases had to be established (first using probable assumptions) after introduction of market-oriented systems. Hence, OECD Member countries like Czech Republic and Hungary have been well advised to ask for submission of premiums and products for approval. The latter is also the case in Romania (for life insurance only) and in the Republic of Moldova. In Slovakia, the premium rates have to be submitted for fire, motor third party liability, life, and industrial injury insurance.

2.2.4 Managerial Requirements

21. Almost all OECD countries require insurance companies to submit information attesting to the professional reputability and competence of the management - the so-called "fit and proper" requirement. This also applies to the economies in transition. For Asia, only by seven countries (Hong Kong, Macao, Malaysia, Singapore, Chinese Taipei and Vietnam) is reported that company managers have to meet certain legal requirements as to reputability and competence.

2.2.5 Shareholder Information

22. National regulations often provide for specific supervision of share ownership so as to avoid any reduction in the capital base of insurance companies. In the EU, with only a few exemptions regarding foreign companies (e.g. Belgium, Italy, the Netherlands and Sweden), insurance companies have to notify the competent authority of the identity of the direct and indirect shareholders and members holding qualified participation's (10 % of the insurance company's capital or voting rights or possibility of exerting a decisive influence on the management) as well as the amount of these participation's. The shareholder identification is also asked for in other OECD Member countries but not - as it appears - in Australia, Hungary, Switzerland and Turkey. The list of shareholders has to be approved in Belgium, the Czech Republic, Finland, Germany, Iceland, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, Poland,

Portugal, Sweden, the United Kingdom and the United States. In Asia, it appears that there is no specific recommendation concerning shareholders, although in Macao shareholders have to be "of good repute".

23. Some economies in transition require a list of the principal shareholders and particulars of their stake in the company; this applies to the Bulgaria, Croatia, Latvia, Slovenia and Ukraine.

2.2.6 Reinsurance Arrangements

24. In most OECD countries, companies have to submit a reinsurance plan and /or reinsurance contracts to the supervisory authority. Reinsurance arrangements have to be approved in some countries such as Australia, Germany, Italy, Japan, Luxembourg, Mexico, Poland, Sweden, the United Kingdom, and the United States. They are submitted only for information in Belgium, the Czech Republic, Finland, France, Hungary, Iceland, Norway, Portugal, Spain, Switzerland and Turkey. Of Asian countries, only Macao and Hong Kong, require the reinsurance programme to be submitted to the supervisory authority to be checked for adequacy. Among the economies in transition, this applies in Belarus, Bulgaria, Slovakia and Ukraine.

2.2.7 Financial Requirements

25. In all OECD Member countries but Japan, there are rules concerning paid-up share capital of companies limited by shares. In most countries it is sufficient to pay an amount between 20 and 50 per cent. Almost all countries - the exceptions being Korea and Mexico - require that insurance companies possess a certain minimum capital as a condition for authorisation. The amount required varies from country to country according to the insurance class written. In the EU, in life insurance, under the First Life Insurance Directive of 1979, at least 800 000 ECU is required. In non-life insurance the amount varies with the class of business written (the largest amount of 1,4000,000 ECU is required for credit insurance). Besides, the EU Member countries ask for the first years for an organisation fund to finance the setting up of the organisation. In most cases, no specific amount is fixed because the starting costs depend on the structure of the company and the classes written. In some countries, a deposit, either of a fixed or variable amount is required in addition to the minimum capital. The amount largely depends on the type of the classes written. In the EU, the fixed amount equals 25 per cent of the minimum guarantee fund. Deposits are also asked for by Czech Republic, Japan, Korea, Mexico, Turkey and the United States. All Asian countries report the existence of a minimum capital requirement. In addition, the Office of the Commissioner of Insurance in Hong Kong, and the Bank Negara of Malaysia also have a minimum requirement for the solvency margin. As in OECD countries, the amount of capital required varies according to the class of business written but also of the type of insurer, i.e., in Macao, Sri Lanka, Laos, Hong Kong and Thailand the authorities differentiate between life and non-life insurers; in Singapore between "captive" insurers and other insurers, and in Malaysia and on the Philippines between direct insurers and reinsurers . Specific requirements for foreign branches and subsidiaries are known in Indonesia and Vietnam. Very often, capital shortage is a major problem in insurance markets in economies in transition. The main reasons are the unstable economic situation, limited savings and the underdeveloped state of capital markets. One of the important factors in expanding the capital base is to increase foreign investments. This is a measure which is not always supported by governments of the concerned countries. Another point is inflation. Several countries, Lithuania being one of them, have decided to update their legislation more frequently and make adjustments for inflation and changes of exchange-rates. The amount of the required minimum capital very often is very low, as in Belarus, Republic of Moldova and Romania. Ukraine and the Russian Federation intends to increase the minimum capital requirement in order to make their markets more financially secure. These countries specify the

capital requirement in foreign currency while others specify it in local currency but through an equivalent such as a multiple of the minimum monthly wage.

2.2.8. Accounting Requirements

26. Traditionally, insurance supervisors have required insurers to submit accounts different from those prepared under the law for the purpose in inform the shareholders or the public. In most OECD Member countries, the domestic direct insurers have to submit for approval an initial balance sheet and a statement of prospective income. All countries require insurers to keep accounts and submit financial statements that conform to accounting principles. These principles are not yet fully harmonised throughout the OECD area. Since 1991, the EU countries have been following Directive 91/674/EEC on the annual accounts and consolidated accounts of insurance undertakings. This means that insurance companies in all EU countries have to establish their balance sheets and profit and loss accounts in a harmonised way. Most of the Asian countries have adopted accounting principles specific to insurance, but these differ across countries. In Indonesia, "Generally Accepted Accounting Principles" (GAAP) are applied for taxation purposes and "Statutory Accounting Principles" (SAP) for the purpose of solvency margin analysis. In the Philippines and Singapore, "Statutory Accepted Accounting Principles" (SAAP) are applied, together with GAAP. In Chinese Taipei, "Uniform Accounting Principles for Life Insurance Enterprises" and "Uniform Rules of Accounting for Property Insurance Enterprises" have been approved by the Ministry of Finance. In Malaysia, the accounting standards for insurance business have been formulated by the accounting institutions and the central bank. Brunei, Hong Kong, Laos and Sri Lanka apply other rules to preserve the financial soundness of insurance undertakings. In Hong Kong, for example, insurance companies are bound by disclosure requirements in respect of their financial statements; as regards solvency assessment, the regulations prescribe a standard and prudent basis for determination of the value of assets and the amount of liabilities of non-life insurers. A number of the economies in transition (Estonia, Latvia, Russia, Slovakia and Slovenia) have introduced accounting rules in line with the European directive on insurance accounting; others have developed their own systems. Seven economies (Albania, Belarus, Croatia, Lithuania, Republic of Moldova and Romania) do not yet have insurance-specific systems and apply the same accounting principles as for other sectors of business. Albania, Lithuania and the Republic of Moldova are trying to introduce insurance-specific systems, however.

2.2.9. Specific Requirements for Branches and Subsidiaries

27. In order to protect their markets from over-penetration by foreign insurers, some countries may apply the market need test, whereby applications may be rejected. No OECD Member country has reported the application of the Market Need Test but five Asian countries (Chinese Taipei, Macao, Malaysia, Singapore, Vietnam) and three economies in transition (Croatia, Latvia and Slovenia) mention the possibility of applying this test. In Australia, new approvals of non-resident life insurers have been restricted to domestically incorporated entities. In the United States, 17 States have no mechanism for licensing initial entry of a non-US insurance company as a branch, unless that company is already licensed in another US-State. Within the EU, the system of the single authorisation (European passport) permits any insurance company with its head office in one of the EEA Member countries and authorised in that country to offer its products through agencies or branches or under the freedom of services provision without having to apply for an authorisation in the host country while being supervised only by its state of origin (home country control). The companies simply have to inform the supervisory authorities of the host countries of the intention to do business and the nature of the risks covered. Outside the OECD area, only a few countries allow branches and subsidiaries of foreign companies in an unlimited way. In Asia, market access is reported unrestricted only by Hong Kong and Laos. In the majority of Asian

countries, there exist branches of foreign countries, but the establishment of new branches is subject to limitations. No branches are allowed in Indonesia, Malaysia (except for professional reinsurers) and Sri Lanka .In five Asian economies (Hong Kong, Laos, Macao, Singapore and Vietnam) a wholly-owned subsidiary is admissible , subject to the application of the same requirements as for domestic insurers. In Brunei, Indonesia, Malaysia, Sri Lanka, Chinese Taipei and Thailand, such subsidiaries are not admissible. Brunei, Indonesia, Malaysia, the Philippines, Chinese Taipei and Thailand allow joint ventures with foreign participation , the maximum limit being 80 per cent in Indonesia, 30 per cent in Malaysia , between 40 and 60 per cent in the Philippines, and 25 per cent in Thailand (after amendments of the law up to 49 per cent and more), Brunei deciding case by case. In Sri Lanka, foreign equity participation will be allowed in the future. . To date, foreign penetration of the insurance market in the economies in transition has been mostly by way of equity participation. Joint ventures with foreign equity participation are allowed in all countries. To protect their markets, countries set a limit on participation. The foreign equity share is restricted to 49 per cent in Belarus, Bulgaria, Russia and Ukraine. In Poland and Hungary, being OECD Member countries, branches and agencies of foreign companies have already been authorised since 31 December 1998 and 31 December 1997 respectively. Besides, Romania allows foreign insurers to set up branches, but in this country, foreign company branches may write insurance only with foreigners. Romania and Slovenia do not allow wholly foreign-owned subsidiaries. In Principle, in the economies in transition, the existing restrictions on the establishment of foreign companies are due to be relaxed somewhat. In Bulgaria, for example, majority foreign-owned joint ventures and wholly foreign-owned subsidiaries will be authorised as from 2004.

3. ONGOING SUPERVISION

3.1. Principles and Procedures

28. In all OECD Member countries, Asian countries and the economies in transition, insurance companies are subject to current supervision. The conditions under which the license was granted must be observed the whole time the insurance company is carrying on business. In almost all countries studied, to perform their task, the supervisors usually have the right to ask for any information necessary in order to verify compliance with requirements binding licensed insurance companies, to require financial reports and to perform on-site inspections at the head office of domestic insurance companies.

3.1.1. Reporting

29. The most important part of the ongoing supervision is the financial supervision. In this respect, the supervisors have an close eye on the capital resources (solvency), the formation of technical provisions, and the existence of assets (investments) necessary to meet the insured liabilities. To be able to perform its tasks in this field, the supervisory authorities in all countries have the right to obtain detailed information about the insurers activities and financial situation. In all countries studied, insurance companies are required periodically to submit a financial report at least once a year (annual report) usually holding the annual accounts (balance sheet, profit and loss accounts, additional notes), an annual statement of the solvency margin, and statements concerning premium income due, losses, reserves, assets etc.. In some countries of the three regions studied (Czech Republic, Denmark, Finland, Hungary, Iceland, Ireland, Netherlands, Portugal, Switzerland, Philippines, Laos, Bulgaria, Georgia, Romania, Russia, Slovakia) it seems as if the insurance companies only have to submit the annual report. In other OECD Member countries as well as in the majority of Asian countries (Brunei, Hong Kong, Indonesia, Macao, Malaysia, Singapore, Sri Lanka), the annual report is supplemented by a quarterly report. In Vietnam, only

a quarterly report is required. At least, as reported by these countries, in Chinese Taipei and Thailand as well as in Poland and Latvia , monthly returns are required.

3.1.2. On-site Inspection

30. The areas usually covered by on-site inspection are:

- accounting and the extent of the company's business activities, including reinsurance;
- compliance with the standards prescribed for insurance business;
- internal organisation of the company.

31. In nearly all countries, the supervisory authority has the right to perform on-site inspections at the head office of domestic insurance companies. These inspections may be conducted periodically, on a case-by-case basis, or when circumstances demand it. Most OECD countries - with the exception of Australia, the Czech Republic, Hungary and Mexico - allow on-site inspections at branches of foreign companies.

32. Few OECD countries prescribe regular on-site inspections. Mostly the frequency varies. The exceptions are Australia (every three years), Canada (every two years at least), the Czech Republic (every year), Finland (one to three times a year), Hungary (at least once every five years), Korea (twice yearly or once every two years), Luxembourg (every five years on average), Mexico (every year), Norway (every three to four years) and the United States (once every five years). In the majority of Asian countries, excluding Brunei and Sri Lanka, on-site inspection is carried out, though with variable frequency: once a year in Chinese Taipei and the Philippines; at least once every three years in Hong Kong, Indonesia and Malaysia; every five to seven years in Singapore; and "from time to time" in Vietnam The frequency of on site-inspection also depends on the seriousness of the situation (Macao). In most of the economies in transition there is on-site inspection too. Cases in point are Belarus, Croatia, Estonia, Latvia (at least once every three years), Romania, Russia and Slovenia.

3.2. Solvency Supervision

33. In all OECD Member countries, the minimum capital required as condition for licensing must be available the whole time the company is carrying on business. Several countries, especially being Members of the EU, require that the capital has to be permanently adapted to the development of the business.

34. Solvency in the understanding of financial resources in the amount of the difference between assets and liabilities and with the aim to absorb discrepancies between the anticipated and the actual expenses and profits is of great concern in all countries studied. Not only in EU Member countries (according to the EEC Directives of 1973 and 1979) but in other OECD countries too (with the exception of the United States), the method of assessing solvency rests on the principle of a solvency margin. Within the EU, in non-life insurance, the solvency margin must equal the greater of two ratios: 16 per cent of gross premiums due, adjusted for reinsurance ceded up to a maximum of 50 per cent, or 23 per cent of the average claims burden over the past three years, adjusted by a post-reinsurance rate of up to 50 per cent (i.e. the ratio of net claims to gross claims).

35. In life insurance, the minimum margin is based on ratios involving mathematical reserves gross of reinsurance (4 per cent) and capital at risk or premiums due (0.3 per cent). To determine whether a company covers its solvency margin, the following components are aggregated:

- paid-up share capital;
- one-half of non-paid-up share capital;
- supplementary contributions required of policyholders (in mutual insurance companies);
- subordinated debt;
- free reserves and retained earnings;
- capital gains arising from undervaluation of assets (hidden reserves).

36. Reinsurance is not taken into account for solvency margin calculation in Australia, Czech Republic, Mexico, Spain and Turkey, while countries like Hungary, Korea, the Netherlands, Portugal, Sweden and Switzerland allow up to 100 per cent in non-life as well as in life insurance. In the United States, quite recently another method, the risk based capital (RBC), was introduced. This method is being used by Australia (in life) , Japan and the Netherlands (besides the solvency margin) as well and will be introduced in Indonesia. This concept seeks to evaluate a great number of different risks and takes the investments as actual risk carriers. To determine an insurers RBC, its business data are compared to industry averages for the different classes. Certain thresholds are introduced to enable the supervisory body to intervene at an early stage. All the Asian countries have adopted solvency requirements for insurance companies. In Hong Kong, , Malaysia, the Philippines, and Thailand, the solvency margin for both life and non-life business is stipulated as a fixed amount (in Macao and Singapore for non-life only). In Singapore, non-life insurers are required to maintain a solvency margin for the separate funds for each class of business related to Singapore policies and related to offshore polices as well as the company solvency margin. In Brunei, Indonesia, Macao, the Philippines, Sri Lanka and Thailand, the solvency margin for non-life business is determined as a percentage of premium income, in this case the previous year's income net of reinsurance ceded (20 per cent in Brunei, 10 per cent in Sri Lanka - soon to be raised to 30 per cent - the Philippines and Thailand). In Hong Kong, Macao and Malaysia, the non-life solvency margin is based on premium income or claims outstanding. As regards life insurance, in Hong Kong, the solvency margin is based on mathematical reserves and capital at risk and in Macao on mathematical reserves or capital at risk. In Malaysia it is based on "actuarial valuation liability, sums at risk, etc.", in the Philippines on "total insurance amount of all policies except term insurance", in Singapore on "liabilities and sums insured at risk", and in Thailand on the reserve fund.

37. Chinese Taipei uses the same method of calculation for both life and non-life business. In that country the balance of admitted assets minus liabilities has to equal three times the amount of the guarantee deposit. Most of the economies in transition have introduced solvency requirements based more or less on the European directives. Only Belarus and Romania have their own measures concerning the solvency margin : In Belarus, insurance companies have to maintain a specified ratio of assets to technical provisions. In Romania the regulations require that the amount of gross premium income due does not exceed five times the paid-up capital plus reserves. Albania as yet has no requirement for a solvency margin.

3.3. Technical Provisions

38. Technical provisions ensure that the company is in the position to meet at all times the commitments towards the insured. All OECD countries have regulations for the calculation and setting-up of technical provisions and exercise appropriate supervision, which may be a priori or a posteriori or both. Eleven OECD countries - Belgium, Denmark, Finland, France, Iceland, Mexico, Netherlands, Norway, Sweden, Switzerland and Turkey - have reported a posteriori supervision only. Within the EU, according to the Directives, only the home country is responsible for setting the rules and supervising the compliance with the rules concerning technical provisions.

39. In practice the regulations apply to mathematical reserves in the case of life insurance, and, inter alia, provisions for unearned premiums, claims outstanding and claims incurred but not reported (IBNR) in the case of non-life insurance. An equalisation reserve as a valuation adjustment in non-life insurance is common among several OECD Member countries (but not in Australia, Czech Republic, Mexico, Turkey and the United States).

40. Provisions are calculated on statistical bases or case by case. In Asia, most countries have adopted regulations concerning the setting-up or calculation of technical provisions. The exceptions are Brunei , Hong Kong (for non-life insurance), and the Philippines (for life insurance). In the case of life business, the regulations refer most often to "mathematical reserves". For non-life business, they refer largely to "unearned premium reserves"(e.g. Indonesia, the Philippines, Sri Lanka) and "claims reserves" (e.g. Macao, Malaysia, Singapore). Vietnam reports an equalisation provision. Economies in transition often made the experience of inadequate technical provisions because of the lack of historical data for calculation, an unstable rate of inflation and the underdevelopment of actuarial systems.

41. Nowadays, it seems that only Albania is due to introduce supervision of technical provisions. Estonia, Lithuania and Slovenia expressly refer to EU standards. However, in the majority of cases, even if countries do have legislation on technical provisions, the rules are not sufficiently precise and supervision is often inadequate.

42. This is particularly serious in that inadequate supervision may compromise a company's solvency and the security of its policyholders.

3.4. Investments

43. Most national legislation's contain specific provisions concerning insurance companies' investments and rules have been laid down for portfolio composition and spread; in life insurance there are detailed rules for the choice of assets representing the technical provisions. In some countries there are rules regarding assets covering other liabilities as well (e.g. Iceland, Japan, Norway, Turkey and the United States).

3.4.1. Principles

44. All countries, Brunei being the sole exception, have regulations concerning investments by insurance companies. In many OECD Member countries, prudential investment rules with respect to diversification by type, limits or restrictions on the amount being held in certain assets, matching of assets and liability, and liquidity are known.

3.4.1.1. Ceilings and Floors

45. Two different approaches are known : quantitative restrictions on investment choice and the "prudent person" management. The last approach where on the managerial skills and expertise is relied on, is in favour , for example, in the United Kingdom and the United States . Within the EU, one can find prudent person rules providing general guidelines reinforced by quantitative restrictions, i.e. fixed ceilings on individual types of assets.

46. In Asia, too, ceilings on certain assets are known. But there also are floors, i.e. minimum percentages as for example in Sri Lanka concerning government securities (minimum of 50 per cent in life). Likewise, in the Philippines, insurers are required to invest at least 25 per cent of the minimum paid-

up capital in bonds. In the economies in transition, assets representing the technical provisions are likewise strictly regulated, In Croatia, for example, at least 30 per cent of the mathematical reserves has to be invested in state bonds, and in Russia no more than 20 per cent of provisions may be invested abroad.

3.4.1.2. Currency Matching

47. Almost all OECD countries have a currency matching requirement. The required percentage of currency matching applicable to technical provisions is 80 per cent in most OECD countries and 100 per cent in Canada, Finland, Turkey and the United States. Only six OECD countries have no currency matching requirement: Australia, Czech Republic, Hungary, Japan, Korea and Mexico. Currency matching is not generally required in Asian countries and by the economies in transition. In Asia, only Hong Kong requires non-life insurers to ensure maturity and currency matching of assets and liabilities.

3.4.1.3. Localisation

48. A few countries, notably in the OECD area, have regulations concerning the localisation of assets. Ownership titles, stock certificates and the like generally have to be located in the country where business is transacted; this requirement applies in Austria, Belgium, France, Portugal, Spain, Sweden and the United Kingdom. In the case of EU countries, assets may be located in any EU country. Documents of title must be located in the respective country (Austria, Spain, France, United Kingdom). In Asia, only Hong Kong refers to the existence of localisation requirement.

3.4.2. Foreign Investments

49. In some OECD countries, funds representing the technical provisions must not be invested abroad - this is the case with the Czech Republic, Finland, Hungary, Iceland (in life) and Turkey - or else only within very strict limits. Some countries set upper limits on foreign investment: Japan 30 per cent on investment in assets denominated in foreign currency, Korea 10 per cent of total assets, Germany between 5 per cent and 20 per cent depending on the foreign assets concerned. In Sweden only 20 per cent of the technical provisions may be invested in foreign securities, and in Poland no more than 5 per cent. Other countries - Mexico and Switzerland - regulate foreign investments by investment category.

50. In other OECD countries (Australia, Canada, Denmark, Ireland, Luxembourg, Netherlands, New Zealand, Norway, United Kingdom, and the United States) insurance companies are authorised to invest abroad without any limit. In EU countries insurance companies may invest without restriction in other EU countries. Some of the Asian countries (Hong Kong, Macao, Malaysia, Singapore and Chinese Taipei) allow in principle investments abroad while others do not allow their insurance companies to hold portfolio assets abroad. In Indonesia, Laos, Sri Lanka, Thailand and Vietnam, portfolio investments abroad are prohibited or very nearly so. Even in the countries that do allow investment abroad there are restrictions. In Malaysia, insurers are allowed to invest no more than 5 per cent of "the solvency margin and liabilities".

51. In Chinese Taipei the upper limit is 5 per cent of the total equity and reserves. The economies in transition, except Slovenia, authorise investment abroad but with restrictions. In Belarus and Russia only up to 20 per cent of total assets may be invested abroad while in Lithuania, the same ceilings are valid for foreign investments as for national investments. In Estonia, insurers may invest in foreign stocks but not loans or bonds.

3.4.3. Investment valuation

52. Methods of valuing the investments held as counterparts of the technical provisions differ according to country. In some countries, insurance companies value investments solely at their current market price: Australia, Denmark (non-life business), Luxembourg, Mexico, Portugal, Spain, Turkey (life business), United Kingdom (life), Indonesia, Philippines, Thailand, Belarus, Croatia, Lithuania, Slovenia.

53. In other countries, the supervisory authority requires insurance companies to apply the principle of the lower of historical cost or market value: Belgium, Denmark (life), Finland, Germany (life), Iceland, Italy (life), Netherlands, Poland (life), Sweden, Malaysia, Singapore, Croatia, Latvia, Slovenia. Finally, some countries require investments to be valued at historical cost: Czech Republic, France, Germany (non-life), Hungary, Italy (non-life), Japan, Korea, Poland (non-life), Macao, Estonia and Slovakia. In Asia, four countries - Brunei, Hong Kong, Sri Lanka and Vietnam - have no legislation on investment valuation.

4. REGULATION AND SUPERVISION OF REINSURANCE COMPANIES

54. The reinsurance market has been extensively liberalised in the OECD countries and in Asia, although certain restrictions still apply. In Australia, for example, foreign reinsurers have to be registered with the supervisory authority under the 1945 legislation on life insurance. Foreign reinsurers are therefore required to set up a statutory fund. In Japan, 60 per cent of compulsory third party motor insurance has to be ceded to the state. In Turkey, there is compulsory ceding to a private company (MILLI REASURANS T.A.S.): non-life insurers are required to cede 15 per cent of insurance other than third party motor liability insurance and 10 per cent of every motor insurance policy. These compulsory cedings will be abolished in 2001. In Canada, there is no compulsory ceding. However, a Canadian insurer, other than a life insurer or reinsurer, may reinsure with a non-resident reinsurer for no more than 25 per cent of the risk underwritten. In Iceland, fishing fleets of over 100 tons have group insurance managed by a reinsurance company. All the Asian countries authorise and regulate cross-border reinsurance transactions. In Malaysia such transactions are admissible after local reinsurance capacity has been used. In the Philippines, cross-border reinsurance has to be transacted through a resident agent registered with the supervisory authority. In Malaysia, the Philippines, Sri Lanka, Thailand and Vietnam, there are domestic retention requirements as well. In Malaysia, various measures have been put in place to optimise the country's national retention such as voluntary cessions between insurers and the national reinsurer, licensing of foreign reinsurance companies, and a general encouragement to utilise local reinsurance. In the Philippines, non-life insurers shall cede to the national reinsurers at least 10 per cent of their outward reinsurance. In Sri Lanka, 15 per cent of the gross written premium for fire and marine insurance has to be ceded to the state-owned National Insurance Corporation Ltd. In Thailand, all insurers cede 5 per cent of every policy for fire, marine, cargo, motor and miscellaneous insurance to the national Thai Reinsurance Public Co. Ltd. In the economies in transition, regulation regarding reinsurance business as exists differs from country to country, but there are still many limitations on market exposure. Some of the economies in transition do not regulate reinsurance business (e.g. Slovakia), while others regulate it in the same way as direct insurance (Croatia and Slovenia). One of the reasons for this apparent neglect is that in these economies reinsurance business is in its first stages of development and the supervisory authority, and the insurance companies themselves, are inexperienced in this area. Even so, the reinsurance market seems relatively open in the economies in transition, since in practically all of them foreign reinsurers are authorised to do business subject to certain conditions. However, a number of countries have domestic retention requirements. The restriction most frequently mentioned is that reinsurance can be placed abroad only when local reinsurance capacity has been used. In Slovenia and the Republic of Moldova, reinsurance must first be offered to domestic reinsurers. In Croatia, an insurance company may cede business abroad only if the terms offered by the foreign reinsurer are more favourable than those

offered locally. Even in this case the foreign reinsurer must offer part of the surplus risk to a domestic reinsurer to the extent of the latter's capacity.

5. INSURANCE COMPANIES IN FINANCIAL DIFFICULTIES

5.1. Measures prior to Liquidation

55. In most countries, it is generally accepted that supervisory authorities should try everything to prevent an insurance company to go bankrupt. Various countries reported the existence of so-called early warning systems (all OECD Member countries except Japan, Luxembourg and Poland, and Malaysia, Singapore and Thailand).But these systems lack of specific guidelines which systematically indicate what kind of measures could or should be taken in what circumstances. Usually, the supervisors use the reports and returns they get under the ongoing supervision, and the information assembled by the examination of accounts and the solvency margin to find out about the financial situation of the respective company. Recovery plans, established either by the insurers or by the supervisors are known in the majority of OECD Member countries (besides being standard in EU countries) and the Asian countries. In most of the economies in transition, too, there are measures to protect policyholders in the event of liquidation or bankruptcy of an insurance company. Generally, however, the interests of policyholders are not safeguarded sufficiently, since the financial difficulties of companies are taken into account too late. Almost all OECD countries (exceptions being Mexico, Turkey and the United Kingdom) grant insurance companies in financial difficulty the right to transfer their portfolio of policies, but only with prior authorisation by the insurance supervision body. The latter has to make sure that the company accepting the portfolio possesses the necessary solvency margin after taking the transfer into account. Policyholders have to be informed of portfolio transfer and (in some countries) have the right to oppose it or even to terminate their contracts.

56. In six Asian countries - Hong Kong, Indonesia, Laos, Macao, Singapore and Thailand - the supervisory body authorises portfolio transfer (with additional approval by the court (Hong Kong, Singapore) or the Ministry (Laos).

5.2. Policyholder Protection Funds

57. In several countries in the regions studied, safety nets are designed to protect policyholders against losses from insolvent insurers, notably for the high-risk insurance classes. Common are general compensation funds guaranteeing the payment of claims up to a certain limit. In the United States, for example, all states have insolvency guarantee funds for property and casualty insurance. In life insurance, policyholder protection funds have been reported by Korea, Spain, United Kingdom and the United States. For the majority of Asian countries (except Sri Lanka, Thailand and Vietnam). The existence of policyholder protection funds has been reported. While in some countries only motor third party liability insurance is covered, in Singapore also life insurance, and in Malaysia, the Philippines and Chinese Taipei even all classes of insurance are covered. Widespread among the countries are funds being part of compulsory motor third party liability insurance for the benefit of motor accident victims, either in case the responsible driver cannot be identified, or in the case, the responsible driver is not insured, or in the case of the insurer of the driver being insolvent. Under these funds, claims usually are paid in full without any reduction. Sixteen OECD countries (Belgium, Finland, France, Germany, Italy, Korea, Luxembourg, Netherlands, Norway, Poland, Portugal, Spain, Switzerland, Turkey, United Kingdom, the United States), seven Asian countries (Brunei, Chinese Taipei, Hong Kong, Macao, Malaysia, Philippines, Singapore) and seven economies in transition (Bulgaria, Croatia, Estonia, Latvia, Romania, Slovenia, Ukraine) have introduced guarantee funds for motor vehicle insurance.

5.3. Liquidation

58. The rules concerning liquidation of insurance companies differ widely among the countries studied. In general, liquidation is the winding up of the entire business of a company. The company remains under supervision until the liquidation is terminated. The rules differ already in respect of who is entitled to file for liquidation : the insurance company (as for example in the majority of OECD Member countries), other creditors, and/or the supervisory authority (in Austria, Germany and Switzerland, only the supervisory authority may file a petition in bankruptcy). In most OECD countries, the decision to wind up the company is with the competent court and a liquidator is appointed.

59. There are more differences in the order of priority of creditors, in particular in respect to assets representing technical provisions. Although there is the impression of privileges for policyholders in all OECD countries (except, e.g., in Hungary and Sweden), their creditor ranking in the liquidation procedure varies widely from country to country. In general, policyholders have more privileges in respect of assets representing the technical provisions than for the total assets of a company. Insured holding claims under a life insurance are always given priority in the distribution of the assets representing the mathematical provision. In Asia only four countries - Hong Kong, Indonesia, Macao and Singapore - report the existence of preferential status for policyholders in the liquidation procedure.

60. In the economies in transition, only in Belarus, Mongolia and Russia, there seems to exist not any regulatory provision protecting the interests of policyholders in the liquidation procedure.

6. OTHER ITEMS

6.1. Compulsory Insurance

61. In general, compulsory insurance seems advisable in classes which are more closely related to social questions, where the risk exposure is high, and where premium payments should be divided on an equitable basis among the public. With the exception of motor third party liability, the need for compulsory insurance differs from country to country. All OECD Member countries, Asian countries and economies in transition (except Lithuania), have introduced compulsory motor third party liability insurance. Direct action by a third party in respect of compulsory motor insurance is permitted in all OECD countries except the United Kingdom and the United States. Tariffs for compulsory classes of insurance are supervised in only one-third of the OECD countries: Australia, Belgium, Czech Republic, Hungary, Japan, Korea, Poland, Sweden, Switzerland and Turkey. In France, the only tariffs subject to supervision are those for insurance against acts of God. In Asia, in some countries, specific conditions have to be fulfilled by insurers writing compulsory insurance. In Hong Kong, higher amounts of minimum capital and solvency margin are required for non-life insurers. In Malaysia, the industry has established the Malaysian Motor Insurance Pool to guarantee the availability of motor insurance cover. All insurers in the Malaysian market have to share the administrative expenses of that pool. In Indonesia, Macao and Sri Lanka, premiums and policy conditions for motor third party liability insurance are set by the supervisory authority. In the economies in transition, premiums and policy conditions for motor third party liability insurance are generally set by the government (e.g. in Croatia, Estonia, Latvia, Romania, Slovakia, Slovenia).

62. Life insurance is compulsory in a few countries and only for certain categories of persons: in Mexico for members of the government, in Hungary for fire-fighters, and in Italy for private-sector workers in dangerous occupations and for experts and social service volunteers who co-operate with developing countries. Accident insurance (mostly workers compensation or public transport) is compulsory in sixteen OECD countries - Australia, Belgium, Canada, Denmark, Finland, France, Germany, Hungary,

Iceland, Italy, Korea, Mexico, Norway, Poland, Switzerland and Turkey - five Asian countries - Hong Kong, Macao, Indonesia, Malaysia (foreign workers only) and Singapore - and five economies in transition - Bulgaria, Croatia, Russia, Slovakia and Slovenia. Health insurance, on the other hand, is compulsory in only a few countries: Czech Republic, Italy, Mexico (members of Government), Switzerland (seamen), and Russia. Many countries require persons in certain occupational categories (lawyers, accountants, notaries, architects, hunters, etc.) to take out liability insurance.

6.2. Insurance Distribution

63. Regulation regarding the access to the market (especially for brokers) and the supervision of insurance intermediaries can be found in all three regions studied. Nearly all OECD countries and Asian economies have legislation regarding insurance intermediaries, the exceptions being Denmark, Germany, and Brunei. Of the economies in transition, only Albania, Croatia and Estonia, have not yet regulated the activity of insurance intermediaries, but laws are being drawn up. In those countries, often there has been no clear distinction between the agent and broker functions. Such a distinction is made in most OECD and Asian countries. In most countries there are three kinds of intermediaries: company employees, agents and brokers. In OECD Member countries, often brokers have to be licensed, whereas agents simply have to be registered (e.g. with an insurance association).This due to the fact, that in most cases agents are directly employed by supervised insurers which are held legally responsible for the activities of their agents. In France, Italy, Japan and the Netherlands, even insurance brokers simply have to be registered. In Korea, life insurance brokers have to obtain authorisation to practise from the Finance Ministry.

64. In Asia, brokerage is extensively regulated and supervised. In the Philippines, agents and brokers alike have to obtain a licence renewable every six months. In Malaysia, agents have to be registered and brokers have to obtain a licence renewable every year. Thailand requires agents and brokers to be licensed. In Indonesia, brokers are subject to licence. In Hong Kong, agents have to be registered with the Insurance Agents Registration Board or be members of an insurance brokers' body approved by the insurance authority. Agents and brokers in Singapore have to be registered with an insurance association. Brokers in Sri Lanka have to be registered with the supervisory authority. In Singapore and Hong Kong, insurance industry associations for intermediaries play a key role in supervision (self-regulatory bodies).Foreign brokers may carry on business in Hong Kong, Macao, Singapore, Sri Lanka (reinsurance only) and Chinese Taipei (mostly life insurance). In Thailand, foreign brokers are not allowed. Requirements as to professional qualifications exist for brokers in nearly all countries but for agents in only a few: Belgium, France, Italy, Japan, Korea, Luxembourg, Mexico, Turkey, Chinese Taipei, Hong Kong, Malaysia, Singapore and Thailand. Often, brokers also have to establish financial guarantees in order to practise. These guarantees take the form of professional liability insurance in Australia, Belgium, France, Korea, Mexico and Portugal, and contributions to a guarantee fund in Italy, Korea, Mexico and the United Kingdom. Financial guarantees are also required in Chinese Taipei, Hong Kong, Macao, Malaysia, the Philippines and Sri Lanka. None of the economies in transition mentions the requirement of financial guarantees for brokers.

6.3. Actuaries

65. In almost all OECD countries and Asian economies (with the exception of the Czech Republic, Finland, France, Switzerland, Brunei and Vietnam) life insurance companies are required by law to appoint actuaries. In some countries (Australia, Denmark, Italy, Luxembourg, Netherlands, Sweden, Turkey, the United Kingdom, Hong Kong, Macao, Malaysia, the Philippines and Singapore) only life insurance companies have to appoint an actuary. Little information is available concerning the actuarial profession in the economies in transition. Latvia, Romania and Slovakia refer to actuaries monitoring the technical

provisions of life insurance companies. In Bulgaria, Croatia and Estonia, the presence of a qualified actuary is also required in life insurance companies for the calculation of premium rates and technical provisions. The rule in all countries (except Australia, Czech Republic, Japan, Brunei, Laos and Macao) is that actuaries have to possess a minimum professional qualification in order to practise. In OECD countries, very often this is represented by a diploma and in the Asian countries by membership of a foreign institute of actuaries and certified experience. Actuaries may have to fulfil further requirements. In some countries they have to be independent of the insurance company; this is the case in Australia, Iceland, Italy, Mexico, Norway, Poland, Turkey and the United States; evidence of competence and reputability ("fit and proper") is required in Belgium, Denmark, Germany, Hungary, Italy, Japan, Korea, Luxembourg, Norway, Poland, Turkey and the United States; an age requirement has to be met in Hungary (at least 27 years of age), Norway (under 70) and the United Kingdom (at least 30).

66. In practically all countries - the exceptions being the Czech Republic, France, Switzerland, Brunei and Laos - actuaries have statutory duties. In most countries the principal tasks of an actuary are to calculate the technical provisions and/or value policy liabilities .Other duties are , for example : Actuaries have to advise the management (Belgium), to monitor solvency (Denmark, Finland, Germany, Hungary, Italy, Korea, Luxembourg, Mexico, Netherlands, Norway, Sweden, Turkey, United Kingdom, United States, Hong Kong, Macao, Singapore, Thailand), to certify the correctness of premium rates and technical provisions (Hungary, Iceland, Korea, Poland, Macao), and to submit the relevant information, certified as valid, to the supervisory authority (Belgium, Denmark, Germany, Hungary, Iceland, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, Norway, Poland, Portugal, Turkey, United Kingdom, United States, Singapore). Actuaries may also have to perform other more specific tasks such as valuing the reserves for policyholders and monitoring the distribution of surplus to policyholders (Japan, Malaysia, Singapore). In most OECD countries , actuaries are required to co-operate with the supervisory authorities. In Asia only with exceptions (Hong Kong and Indonesia).

6.4 Auditors

67. An auditor is required to check whether both bookkeeping and annual accounts are in line with the rules of the country concerned and to give an opinion of the company's present financial situation. In most countries, the financial statements - at least the annual accounts - have to be examined by an auditor. After the audit, the correctness of the documents has to be certified. The profession is legally recognised and regulated in all OECD countries and in the Asian economies. The appointment of an auditor is mandatory, except in Japan, Switzerland and Vietnam, and auditors must possess recognised credentials in order to practise: e.g. a diploma from an organisation of accountants for the OECD countries (not regulated in Korea and Switzerland), the qualification of certified public accountant for Indonesia and the Philippines, "membership of the Institute of Chartered Accountants of Sri Lanka" in the case of Sri Lanka, and "registration at the Board of Supervision of Auditing Practices" in Thailand. Little information is available on the economies in transition in this respect.

68. Auditors may have to fulfil a certain number of other conditions in order to practise. In the great majority of countries - exceptions being Finland, France and Switzerland - auditors usually have to be independent of insurance companies. Like actuaries, auditors have to produce evidence of competence and reputability. In a number of OECD countries an auditor is required to take out third party liability insurance. This rule applies in Australia, the Czech Republic, Germany, Hungary, Iceland, Luxembourg, Portugal and Spain. In the Asian countries no mention is made of requirements as to independence, competence and reputability or third party liability insurance. In most OECD countries, auditors maintain formal relations with the insurance supervisory authorities (except in the Czech Republic, France and Italy). In Denmark, Iceland, Mexico, Poland, Sweden and Switzerland, only state-appointed auditors have to co-operate with the supervisory authority.

69. The only Asian countries in which auditors work in co-operation with the supervisory authority are Chinese Taipei, Macao, Malaysia, and Singapore. In these countries, Macao excepted, auditors have to be approved by the supervisory authority.

7. Taxation

70. In many countries of all three regions studied, tax incentives for the purchase of life insurance products such as the deductibility of premiums contracted by private individuals from taxable income within a certain limit are granted (OECD : Austria, Belgium, Czech Republic, Denmark, France, Germany, Greece, Hungary, Italy, Japan, Luxembourg, Mexico, Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and Turkey ; Asia : Chinese Taipei, Malaysia, Singapore and Thailand ; economies in transition : Belarus, Croatia, Kazakhstan, Latvia, Lithuania and the Republic of Moldova). Eight OECD countries do not report any tax relief (Australia, Canada, Finland, Iceland, Ireland, New Zealand, United Kingdom, United States). When tax incentives are granted, they usually concern policies which specify that, in the event of the holder's survival, benefits are payable in the form of an annuity or a lump sum.

71. Some countries mention tax exemption for benefits paid. This applies to Australia, Belgium, the Czech Republic, Denmark, France, Germany, Hungary, Iceland, Japan, Poland, Spain, Turkey, the United Kingdom, the United States, Croatia, Kazakhstan, Latvia, Lithuania and the Republic of Moldova. No Asian country mentions tax relief on benefits.

Sources (OECD Publications)*:*

Insurance Regulation and Supervision in OECD Countries

Insurance Regulation and Supervision in Economies In Transition

Insurance Regulation and Supervision In Economies In Transition

Insurance Solvency Supervision

Financial Market Trends (71)

Policy Issues in Insurance: Investment, Taxation, Insolvency

Table 1 PREMIUM VOLUME (1997)									
Country	Currency	Premium volume in millionsNC[1]			Premium volume in millions US$[1]			Insurance density	Insurance penetration
	ISO Code	Non-life	Life	Total	Non-life	Life	Total	Direct Gross Premium / Population in US$	Direct Gross premium / % GDP
Australia	($A)	21 098	29 186	50 284	15 651	21 651	37 302	1 937	8.86
Austria	(Sch)	105 226	51 433	156 659	8 627	4 217	12 844	1 373	5.37
Belgium	(BF)	272 856	254 340	527 196	7 631	7 113	14 744	1 376	5.77
Czech Republic	(Ck)	35 517	12 467	47 984	1 120	393	1 513	865	4.19
Canada	(C$)	26 373	15 058	41 431	19 042	10 872	29 914	145	2.12
Denmark	(DKr)	33 546	43 719	77 265	5 080	6 620	11 700	2 057	6.42
Finland	(Mk)	12 770	11 392	24 162	2 462	2 196	4 658	866	3.66
France	(FF)	285 950	527 376	813 326	48 987	90 346	139 333	2 236	9.41
Germany	(DM)	193 330	114 690	308 020	111 485	66 137	177 622	1 691	6.64
Hungary	(HUF)	198 906	133 455	65 451	1 066	715	351	104	2.32
Greece	(Dr)	298 350	286 524	584 874	1 093	1 050	2 143	104	2.32
Iceland	(Ikr)	14 764	651	15 415	208	9	217	717	2.62
Ireland	(Ir£)	2 175	3 286	5 461	3 293	4 976	8 269	2 099	10.52
Italy	(L)	48 485 900	40 059 800	88 545 700	28 475	23 526	52 001	819	4.14
Japan	(Y)	11 271 076	30 360 812	41 631 888	93 152	250 922	344 074	2 680	8.06
Korea	(W)	16 690 600	41 960 724	58 651 324	17 560	44 146	61 706	1 313	12.66
Luxembourg	(LF)	16 557	155 478	172 035	463	4 348	4 811	11 331	30.45
Mexico	(MN$)	26 478	14 689	41 167	3 342	1 854	5 196	53	1.23
Netherlands	(Gld)	30 072	37 533	67 605	15 415	19 239	34 654	2 224	9.35
New Zealand	(NZ$)	2 522	1 365	3 887	1 668	902	2 570	677	3.95
Norway	(NKr)	26 098	25 214	51 312	3 690	3 565	7 255	1 643	4.70

Table 1 PREMIUM VOLUME (1997)									
Country	Currency	Premium volume in millionsNC[1]			Premium volume in millions US$[1]			Insurance density	Insurance penetration
	ISO Code	Non-life	Life	Total	Non-life	Life	Total	Direct Gross Premium / Population in US$	Direct Gross premium / % GDP
Poland	(ZI)	8 903	3 407	12 310	2 717	1 040	3 757	96	2.73
Portugal	(Esc)	487 482	405 871	893 353	2 783	2 317	5 100	504	4.95
Spain	(Pta)	2 255 670	1 921 024	4 176 694	15 406	13 121	28 527	700	5.17
Sweden	(SKr)	46 847	64 909	111 756	6 136	8 502	14 638	1 496	5.81
Switzerland	(SF)	18 910	31 424	50 334	13 041	21 671	34 712	4 305	11.94
Turkey	(TL)	240 436 293	44 950 373	285 386 666	1 586	297	1 883	29	0.98
United Kingdom	(£)	39 493	61 831	101 324	64 689	101 279	165 968	2 661	11.97
United States	(US$)	553 351	338 343	891 694	553 351	338 343	891 694	3 111	10.23
EU-15		..	..		322 024	354 986	677 010	1 663	7.51

Notes:
(..) data not available.
NC: National currency
1. Total Gross premiums

Table 2 NUMBER OF INSURANCE COMPANIES

(life/non-life/composite/reinsurance)					
Country	Life	Non-Life	Composite	Reinsurance	Total
Australia	40	144	0	32	216
Austria	7	18	34	5	64
Belgium	27	93	42	..	162
Canada	110	188	0	39	337
Czech Republic	4	18	18	..	40
Denmark	86	141	..	9	236
Finland	14	149	..	6	169
France	116	312	22	26	476
Germany	319	331	..	36	686
Greece	24	100	17	0	141
Hungary	5	29	14	..	48
Iceland	3	10	..	1	14
Ireland	44	106	..	..	150
Italy	87	143	21	10	261
Japan	54	59	..	5	118
Korea	33	16	..	1	50
Luxembourg	55	32	4	255	346
Mexico	3	14	44	3	64
Netherlands	111	311	..	0	422
New Zealand	38	156	..	..	194
Norway	17	123	..	2	142
Poland	21	29	..	1	51
Portugal	31	59	8	1	99
Spain	57	236	67	4	364
Sweden[1]	30	100	..	8	138
Switzerland	32	100	..	27	159
Turkey	14	19	16	4	53
United Kingdom	177	599	65	..	841
United States	1 448	3 363	..	303	5 114

Note:

1. Sweden: Only domestic companies (for branches and agencies of foreign companies data are not available)

Table 3 NUMBER OF INSURANCE COMPANIES				
(domestic/ foreign-controlled/ foreign branches)				
Country	Domestic companies[1]	Foreign-controlled companies[2]	Branches and agencies of foreign companies	Total
Australia	189	77	27	216
Austria	62	24	2	64
Belgium	154	0	8	162
Canada	151	..	186	337
Czech Republic	33	13	7	40
Denmark	233	24	3	236
Finland	167	0	2	169
France	457	0	19	476
Germany	674	53	12	686
Greece	96	..	45	141
Hungary[3]	31	16	0	48
Iceland	14	0	..	14
Ireland	113	0	37	150
Italy	215	84	45	261
Japan	74	10	44	118
Korea	45	3	5	50
Luxembourg	327	267	19	346
Mexico	64	22	..	64
Netherlands	397	62	25	422
New Zealand	194	60	0	194
Norway	128	9	14	142
Poland	51	21	0	51
Portugal	50	16	49	99
Spain	351	57	13	364
Sweden	138	4	..	138
Switzerland	131	..	28	159
Turkey	53	10	0	53
United Kingdom	672	..	169	841
United States	5 081	364	33	5 114

Notes:
1. Domestic companies: State-owned companies and Domestic Private Companies
2. Data concerning Branches and Agencies of foreign companies are not available
3. Hungary: Including mutuals; one State-owed company

Table 4 NUMBER OF EMPLOYEES OF INSURANCE COMPANIES		
Country	Number of employees	Premium*/employee in US$
Australia	..	..
Austria	32 128	399 771
Belgium	25 262	583 615
Canada	97 184	307 809
Czech Republic	16 215	93 338
Denmark	15 207	769 356
Finland	9 497	490 472
France	133100	1 046 826
Germany	215 273	825 097
Greece	..	
Greece	..	..
Greece		
Hungary	29 365	36 294
Iceland	463	469 129
Ireland	10 031	824 335
Italy	44 110	1 178 900
Japan	544 756	631 611
Korea	84 451	730 664
Luxembourg	1 720	2 797 115
Mexico	20 539	252 956
Netherlands	49 500	700 076
New Zealand	9 801	262 196
Norway	9 132	794 495
Poland	25 902	145 030
Portugal	14 578	349 857
Spain	40 852	698 301
Sweden	16 520	886 081
Switzerland	43 512	797 771
Turkey	8 076	233 105
United Kingdom	228 500	726 340
United States	..	..
EU-15	..	..

Note:
(*) Direct total gross premiums/ Number of employees of the insurance companies

Table 5 AMOUNT OF INVESTMENT IN US$ BY DIRECT INSURANCE COMPANIES 1997 (life/non-life)					
COUNTRY	LIFE	% OF TOTAL	NON-LIFE	% OF TOTAL	TOTAL
Australia	111 588	69.22	49 622	30.78	161 210
Austria	42 174	68.28	19 593	31.72	61 767
Belgium	49 770	72.31	19 061	27.69	68 832
Canada	119 401	84.79	21 425	15.21	140 827
Czech Republic	1 908	65.23	1 017	34.77	2 926
Denmark	94 329	87.44	13 545	12.56	107 874
Finland	21 196	59.30	14 546	40.70	35 743
France	549 610	86.00	89 466	14.00	639 075
Germany	547 083	78.11	153 327	21.89	700 409
Greece	1 645	44.67	2 037	55.33	3 682
Hungary	1 332	58.23	956	41.77	2 288
Iceland	21	4.33	454	95.67	474
Ireland	25 273	79.15	6 659	20.85	31 932
Italy	109 311	69.61	47 721	30.39	157 032
Japan	1 571 204	86.14	252 717	13.86	1 823 921
Korea	97 198	83.46	19 260	16.54	116 457
Luxembourg	13 756	86.42	2 162	13.58	15 918
Mexico	..		..		..
Netherlands	196 872	88.16	26 436	11.84	223 308
New Zealand	..		..		..
Norway	40 040	78.41	11 023	21.59	51 063
Poland	1 833	56.76	1 397	43.24	3 230
Portugal	6 050	40.21	8 996	59.79	15 047
Spain	..		..		..
Sweden	126 946	78.01	35 789	21.99	162 734
Switzerland	143 935	77.91	40 802	22.09	184 736
Turkey	879	53.29	771	46.71	1 650
United Kingdom	1 034 321	91.83	92 018	8.17	1 126 339
United States	1 869 389	68.99	840 401	31.01	2 709 790

Notes:

1. Data on domestic investment and foreign investment are not available.
2. Outstanding investment by direct domestic insurance companies.

Table 6 INVESTMENT BY DIRECT INSURANCE COMPANIES: PERCENTAGES BY CLASSES OF INVESTMENT (1996)

Australia

	Life %	Non-life %
Real Estate	9.14	5.15
Shares	38.19	17.43
Bonds	40.09	34.39
Loans	6.25	4.03
Other Investments	6.34	36.10
Total	100.00	100.00

Austria

	Life %	Non-life %
Real Estate	4.38	15.52
Shares	13.89	16.57
Bonds	35.67	21.21
Loans	38.91	23.92
Other Investments	7.15	22.78
Total	100.00	100.00

Belgium

	Life %	Non-life %
Real Estate	3.37	7.68
Shares	21.62	22.87
Bonds	55.77	46.15
Loans	11.40	2.94
Other Investments	7.84	20.36
Total	100.00	100.00

Table 6 INVESTMENT BY DIRECT INSURANCE COMPANIES: PERCENTAGES BY CLASSES OF INVESTMENT (1996)

Canada

	Life %	Non-life %
Real Estate	4.72	0.72
Shares	6.71	21.21
Bonds	53.75	76.15
Loans	30.79	1.27
Other Investments	4.02	0.64
Total	100.00	100.00

Czech Republic

	Life %	Non-life %
Real Estate	9.79	2.71
Shares	19.91	8.96
Bonds	38.03	17.29
Loans	8.94	15.21
Other Investments	23.33	55.83
Total	100.00	100.00

Denmark

	Life %	Non-life %
Real Estate	2.46	3.49
Shares	35.52	36.61
Bonds	60.79	55.08
Loans	0.85	0.88
Other Investments	0.37	3.93
Total	100.00	100.00

Table 6 INVESTMENT BY DIRECT INSURANCE COMPANIES: PERCENTAGES BY CLASSES OF INVESTMENT (1996)

Finland

	Life %	Non-life %
Real Estate	13.71	21.54
Shares	19.90	35.09
Bonds	0.00	0.00
Loans	60.65	39.18
Other Investments	5.74	4.20
Total	100.00	100.00

France

	Life %	Non-life %
Real Estate	4.01	12.32
Shares	15.19	28.15
Bonds	76.97	51.24
Loans	2.13	2.50
Other Investments	1.70	5.79
Total	100.00	100.00

Germany

	Life %	Non-life %
Real Estate	3.98	4.83
Shares	5.79	12.85
Bonds	12.03	15.63
Loans	61.63	47.75
Other Investments	16.56	18.95
Total	100.00	100.00

Table 6 INVESTMENT BY DIRECT INSURANCE COMPANIES: PERCENTAGES BY CLASSES OF INVESTMENT (1996)

Hungary

	Life %	Non-life %
Real Estate	0.30	5.54
Shares	4.58	6.83
Bonds	91.73	78.81
Loans	1.44	0.00
Other Investments	1.95	8.82
Total	100.00	100.00

Ireland

	Life %	Non-life %
Real Estate	4.85	1.46
Shares	40.34	17.37
Bonds	32.25	0.00
Loans	0.40	0.00
Other Investments	22.17	81.17
Total	100.00	100.00

Italy

	Life %	Non-life %
Real Estate	5.47	16.08
Shares	13.03	22.77
Bonds	78.81	55.57
Loans	1.17	2.15
Other Investments	1.53	3.42
Total	100.00	100.00

Table 6 INVESTMENT BY DIRECT INSURANCE COMPANIES: PERCENTAGES BY CLASSES OF INVESTMENT (1996)

Japan

	Life %	Non-life %
Real Estate	5.19	5.94
Shares	17.80	19.01
Bonds	30.28	29.31
Loans	33.41	21.77
Other Investments	13.32	23.98
Total	100.00	100.00

Korea

	Life %	Non-life %
Real Estate	7.56	8.25
Shares	11.13	12.96
Bonds	13.80	16.08
Loans	46.85	24.78
Other Investments	20.44	37.93
Total	100.00	100.00

Luxembourg

	Life %	Non-life %
Real Estate	0.48	3.63
Shares	2.70	18.02
Bonds	89.48	62.88
Loans	0.25	0.00
Other Investments	7.09	15.10
Total	100.00	100.00

Table 6 INVESTMENT BY DIRECT INSURANCE COMPANIES: PERCENTAGES BY CLASSES OF INVESTMENT (1996)

Netherlands

	Life %	Non-life %
Real Estate	5.09	1.96
Shares	23.52	23.71
Bonds	30.80	46.29
Loans	32.57	15.36
Other Investments	8.01	12.68
Total	100.00	100.00

Norway

	Life %	Non-life %
Real Estate	6.83	4.77
Shares	19.99	24.42
Bonds	49.46	43.06
Loans	16.19	5.46
Other Investments	7.53	22.29
Total	100.00	100.00

Poland

	Life %	Non-life %
Real Estate	2.45	4.83
Shares	38.47	18.33
Bonds	49.52	55.98
Loans	0.03	1.16
Other Investments	9.54	19.71
Total	100.00	100.00

Table 6 INVESTMENT BY DIRECT INSURANCE COMPANIES: PERCENTAGES BY CLASSES OF INVESTMENT (1996)

Portugal

	Life %	Non-life %
Real Estate	2.68	14.26
Shares	15.58	11.59
Bonds	63.94	45.99
Loans	0.20	0.39
Other Investments	17.60	27.77
Total	100.00	100.00

Spain

	Life %	Non-life %
Real Estate	5.32	3.12
Shares	40.65	41.54
Bonds	45.94	50.08
Loans	2.66	3.07
Other Investments	5.43	2.20
Total	100.00	100.00

Sweden

	Life %	Non-life %
Real Estate	5.32	3.12
Shares	40.65	41.54
Bonds	45.94	50.08
Loans	2.66	3.07
Other Investments	5.43	2.20
Total	100.00	100.00

Table 6 INVESTMENT BY DIRECT INSURANCE COMPANIES: PERCENTAGES BY CLASSES OF INVESTMENT (1996)

Turkey

	Life %	Non-life %
Real Estate	3.76	17.75
Shares	0.60	11.07
Bonds	93.23	61.36
Loans	0.36	5.73
Other Investments	2.05	4.09
Total	100.00	100.00

United States

	Life %	Non-life %
Real Estate	1.83	1.28
Shares	6.44	23.74
Bonds	69.88	66.48
Loans	16.99	0.30
Other Investments	4.86	8.19
Total	100.00	100.00

Table 7 INSURANCE SUPERVISORY BODIES			
Country	Name of supervisory body (and role, if more than the body)	Financed by:	Number of employees
Australia	Insurance and Superannuation Commission	Insurers’ fees	400
Austria	Federal Ministry of Finance, V/D Division	..	..
Belgium	R: Ministry of Economic Affairs or Insurance Supervisory Office; S :Insurance Supervisory Office	S: Insurers’ fees	S: 112
Canada	Office of The Superintendent of Financial Institutions	..	..
Czech Republic	R: Ministry of Finance; S: Insurance Supervisory Authority	Ministry of Finance	16
Denmark	Financial Supervisory Authority	Insurers’ fees	24
Finland	Ministry of Social Affairs and Health	S: Insurers’ fees	48 (S: 3)
France	R: Ministry of Finance; S: Insurance Control Commission	S: Insurers’ fees	R: 30; S: 120
Germany	R: Federal Ministry of Finance; S: Federal Insurance Supervisory Office	S: 90% Insurers’ fees 10% State budget	S: 369
Greece	Ministry of Development	..	..
Hungary	S: State Insurance Supervisory Authority and Supervisory Authority of Insurance	S: Insurers’ fees, 0,002 of the premium income	S: 50
Iceland	R: Ministry of Commerce; S: Insurance Supervision Authority	S: Insurers’ fees and others	R: 3 S:11
Ireland	R: Ministry of Enterprise and Employment (Insurance Division).	..	..
Italy	R: Ministry of Industry (Insurance Division) S: ISVAP (Institute for the Supervision of private insurance)	S: Insurers’ fees	S: 271
Japan	Ministry of Finance (Insurance Department).	Ministry of Finance	R: 175
Korea	R: Ministry of Finance and Economy; S: Insurance Supervisory Board	R: Ministry of Finance S: 94.6% insurers' fees, 5.4% others	R: 12; S:351

Table 7 INSURANCE SUPERVISORY BODIES

Country	Name of supervisory body (and role, if more than the body)	Financed by:	Number of employees
Luxembourg	Insurance Commissioner's Office	Insurers' fees	S: 13
Mexico	R: Ministry of Finance; S: National Commission of Insurance and Bonding	S: Insurers' fees and state budget	S: 430
Netherlands	R: Ministry of Finance; S: Insurance Supervisory body ("Verzekeringskamer")	S: Insurers' fees	S: 120
Norway	R: Ministry of Finance, Ministry of Health and Social Affairs, Insurance and Securities Commission. S: Banking, Insurance and Securities Commission	S: Insurers' fees	S: 30
Poland[1]	R: Ministry of Finance; S: State Insurance Supervisory Authority 1. State Office for Insurance Supervision-responsible for supervision; 2. Department of Insurance - responsible for licensing and legislation matters.	1. Insurers' fees 2. Ministry of finance	1. 64 2. 22
Portugal	Insurance Institute	S: Insurers' fees	S:120
Spain	Ministry of Finance (Insurance Division).	State budget	..
Sweden	R: Ministry of Finance; S: Financial Supervisory Authority (Finansinspektionen)	S: Insurers' fees	S:20
Switzerland	R: Federal Ministers; S: Federal Office of Supervision of Private Insurance	S: Insurers' fees	S: 30
Turkey	Under-secretary of the Treasury's Office (General Directorate of Insurance) (inspection by the Insurance Supervisory Board).	Ministry of Finance	..
UK	R: Department of Trade and Industry	80% Insurers' fees 20% State budget	110
United States	R: Department of Commerce National Association of Insurance Commissioners (NAIC); S: State Commissioners	..	..

Notes:

R: Regulatory authority
S: Supervisory authority

Table 7 INSURANCE SUPERVISORY BODIES			
Country	Name of supervisory body (and role, if more than the body)	Financed by:	Number of employees

1. Poland: 0.3% of gross premiums written to be paid by insurers

Table 8 LICENSING REQUIREMENTS					
Country	Legal Form[1]	Business Plan	Fit and Proper of Management	Others	Time Lag[2]
Australia	Company limited by shares and publicly owned insurance company		Yes (P)	Articles of association (P) Initial Balance sheet (P) Statement Prospective income (P) Shareholder identification (P) Reinsurance arrangements (A) For foreign companies, technical bases of calculation regarding premiums and provisions must be produced.	No
Belgium	Company limited by shares, mutual society and co-operative society		Yes (A)	Articles of association (P and A) Initial Balance sheet (P and A) Statement Prospective income (P) Shareholder identification (A) Reinsurance arrangements (P) Technical bases of calculation regarding premiums and provisions must be produced and approved.	4 months

Table 8 LICENSING REQUIREMENTS					
Country	Legal Form[1]	Business Plan	Fit and Proper of Management	Others	Time Lag[2]
Czech Republic	Company limited by shares, co-operative society and publicly owned insurance company	Business plan and proof of guaranty fund	No	Articles of association (P and A) Initial Balance sheet (P and A) Statement Prospective income (P and A) General Policy conditions (P and A) Shareholder identification (P and A) Reinsurance arrangements (P) Amount and origin of share capital Statutes Technical bases of calculation regarding premiums and provisions must be produced and approved.	3 months
Denmark	Company limited by shares and mutual society		Yes (P and A)	Articles of association (P) Initial balance sheet (P) Statement prospective income (P) Shareholders identification (P) Technical bases of calculation regarding premiums and provisions must be produced.	6 months

Table 8 LICENSING REQUIREMENTS					
Country	Legal Form[1]	Business Plan	Fit and Proper of Management	Others	Time Lag[2]
Finland	Company limited by shares, mutual society and publicly owned insurance company		Yes (P)	Articles of association (P and A) Initial balance sheet (P) Statement prospective income (P) Shareholders identification (A) Reinsurance Arrangements (P) Technical bases of calculation regarding premiums and provisions must be produced.	6 months
France	Company limited by shares, and publicly owned insurance company		Yes (P)	Articles of association (P) Initial balance sheet (P) Statement prospective income (P) Shareholders identification (A) Reinsurance Arrangements (P) EU-15rules plus: list of countries of business activity; minute of constitutional general meeting; Statutes; List of members of board of directors, managers, "mandataires sociaux". For national companies, technical bases of calculation regarding premiums and provisions must be produced	6 months, max

Table 8 LICENSING REQUIREMENTS

Country	Legal Form[1]	Business Plan	Fit and Proper of Management	Others	Time Lag[2]
Germany	Company limited by shares and publicly owned insurance company		Yes (P and A)	Articles of association (P and A) Statement prospective income (P and A) General policy conditions (P and A) Shareholders identification (P and A) Reinsurance Arrangements (P and A) EU-15 rules plus: Outsourcing agreements; policy conditions concerning health insurance and compulsory insurance; affiliation contracts Technical bases of calculation regarding premiums and provisions must be produced and approved	6 months
Hungary	Stock company or mutual company	Business plan	Yes (P and A)	Articles of association (P and A) Statement prospective income (P and A) General policy conditions (P and A) Policy form (P and A) Shareholders identification (P) Certification of the availability of the capital; Certification of existence of personal and material conditions Technical bases of calculation regarding premiums and provisions must be produced and approved	3 months

Table 8 LICENSING REQUIREMENTS					
Country	Legal Form[1]	Business Plan	Fit and Proper of Management	Others	Time Lag[2]
Iceland	Company limited by shares, co-operative society, mutual society and publicly owned insurance company		Yes (P and A)	Articles of association (P and A) Initial balance sheet (P) Statement prospective income (P) General policy conditions (P) Policy form (P and A) Shareholders identification (P and A) Reinsurance arrangements (P) Technical bases of calculation regarding premiums and provisions must be produced and approved	2 to 6 months
Italy	Company limited by shares, mutual society and co-operative society		Yes (P and A)	Articles of association (P and A) Initial balance sheet (P and A) Statement prospective income (P and A) General policy conditions (P) Policy form (P) Shareholders identification (P and A) Reinsurance arrangements (P and A) Technical bases of calculation regarding premiums and provisions must be produced and approved	6 months

Table 8 LICENSING REQUIREMENTS					
Country	Legal Form[1]	Business Plan	Fit and Proper of Management	Others	Time Lag[2]
Japan	Company limited by shares and mutual society		Yes (P and A)	Articles of association (P and A) Initial balance sheet (P and A) Statement prospective income (P and A) General policy conditions (P and A) Policy form (P and A) Shareholders identification (P and A) Reinsurance arrangements (P and A) Statement showing the method of operations Certified copy of company registration Minutes of the inaugural general meeting Technical bases of calculation regarding premiums and provisions must be produced and approved	4 months

Table 8 LICENSING REQUIREMENTS					
Country	Legal Form[1]	Business Plan	Fit and Proper of Management	Others	Time Lag[2]
Korea	Company limited by shares and mutual society		Yes (P and A)	Articles of association (P and A) Initial balance sheet (P and A) Statement prospective income (P and A) General policy conditions (P and A) Policy form (P and A) Shareholders identification (P and A) Licence application with signatures Articles of incorporation; 5-year incorporation plan method of calculating technical provisions; 5-year plan for solvency; stock acquisition plan Technical bases of calculation regarding premiums and provisions must be produced and approved	6 months
Luxembourg	Co-operative society and mutual society		Yes (P and A)	Articles of association (P and A) General policy conditions (P and A) Shareholders identification (P and A) Reinsurance arrangements (P and A) Technical bases of calculation regarding premiums and provisions must be produced and approved	3 to 6 months

Table 8 LICENSING REQUIREMENTS					
Country	Legal Form[1]	Business Plan	Fit and Proper of Management	Others	Time Lag[2]
Mexico	Company limited by shares, mutual society and publicly owned insurance company	Business plan list of classes intended to operate	Yes (P and A)	Articles of association (P and A) Initial balance sheet (P and A) Statement prospective income (P and A) General policy conditions (P and A) Policy form (P and A) Shareholders identification (P and A) Reinsurance arrangements (P and A) Origin of funds Training program for employees For national companies, technical bases of calculation regarding premiums and provisions must be produced and approved	4 months
Netherlands	Company limited by shares and mutual society		Yes (P)	Articles of association (P) Initial balance sheet (P) Statement prospective income (P) Shareholders identification (P and A) Technical bases of calculation regarding premiums and provisions must be produced.	8 months

Table 8 LICENSING REQUIREMENTS					
Country	Legal Form[1]	Business Plan	Fit and Proper of Management	Others	Time Lag[2]
Norway	Company limited by shares and mutual society		Yes (P)	Articles of association (P and A) Initial balance sheet (P and A) Statement prospective income (P) General policy conditions (P) Policy form (P) Shareholders identification (P) Reinsurance arrangements (P) For national companies, technical bases of calculation regarding premiums and provisions must be produced.	No
Poland		Business plan	Yes (P and A)	Articles of association (P and A) Statement prospective income (P and A) General policy conditions (P and A) Shareholders identification (P and A) Reinsurance arrangements (P and A) Proof of own uncommitted resources Technical bases of calculation regarding premiums and provisions must be produced and approved.	2 months

Table 8 LICENSING REQUIREMENTS					
Country	Legal Form[1]	Business Plan	Fit and Proper of Management	Others	Time Lag[2]
Portugal	Company limited by shares, mutual society and publicly owned insurance company		Yes (P and A)	Articles of association (P and A) Initial balance sheet (P and A) General policy conditions (P) Shareholders identification (P) Reinsurance arrangements (P) For foreign companies, technical bases of calculation regarding premiums and provisions must be produced .	3 months
Spain	Company limited by shares, co-operative society, mutual society and publicly owned insurance company		Yes (P and A)	Articles of association (P) Statement prospective income (P) Shareholders identification (P) Reinsurance arrangements (P) For foreign companies, technical bases of calculation regarding premiums and provisions must be produced .	6 months
Sweden			Yes (P and A)	Articles of association (P and A) Initial balance sheet(P and A) Shareholders identification (P and A) Reinsurance arrangements (P and A)	6 months

Table 8 LICENSING REQUIREMENTS					
Country	Legal Form[1]	Business Plan	Fit and Proper of Management	Others	Time Lag[2]
Switzerland	Company limited by shares, mutual society and co-operative society		Yes (P)	Articles of association (A) Initial balance sheet (P) Statement prospective income (P) General policy conditions (A) Reinsurance arrangements (P) Technical bases of calculation regarding premiums and provisions must be produced for national companies and approved for foreign companies .	..
Turkey	Company limited by shares, mutual society and publicly owned insurance company		Yes (P)	Articles of association (P and A) Initial balance sheet (P) Statement prospective income (P) General policy conditions (P) Policy form (P) Shareholder identification (P) Reinsurance arrangements (P) Tables indicating the minimum and maximum rates of retention Specific provisions and sample policies Proof of registration (trade register)	

Table 8 LICENSING REQUIREMENTS

Country	Legal Form[1]	Business Plan	Fit and Proper of Management	Others	Time Lag[2]
				Certified documents showing that the total amount of the minimum paid-up capital is paid; document showing that 20% of minimum paid -up capital is deposited; Information on directors and auditors. Technical bases of calculation regarding premiums and provisions must be produced.	
UK	Company limited by shares, co-operative society, mutual society and publicly owned insurance company		Yes (P and A)	Articles of association (P and A) Initial balance sheet (P and A) Statement prospective income (P and A) Shareholder identification (P and A) Reinsurance arrangements (P and A) Technical bases of calculation regarding premiums and provisions must be produced and approved.	6 months
United States	Company limited by shares, co-operative society, mutual society and publicly owned insurance company		Yes (P and A)	Articles of association (P and A) Initial balance sheet (P and A) Statement prospective income (P and A) General policy conditions (P and A) Policy form (P and A) Shareholder identification (P and A) Reinsurance arrangements (P and A) Technical bases of calculation regarding premiums and provisions must be produced and approved.	4 months

Table 8 LICENSING REQUIREMENTS					
Country	Legal Form[1]	Business Plan	Fit and Proper of Management	Others	Time Lag[2]
EU-15	Company limited by shares, co-operative society, mutual society and publicly owned insurance company	Business plan[3]	Yes (P and A)	Articles of association (P and A); Initial balance sheet (P and A) Statement prospective income (P and A) Shareholder identification (P and A) Reinsurance arrangements (P and A) List of names and addresses of directors and persons deciding on the group policy Data in relation to the identity of persons with a qualified participation (i.e. at least 10%) and the size of it In case of company being part of group formal and actual control structure of this group Data regarding the expertise of the directors, and the suitability of the holders of a qualified participation Evidence of membership to the national Bureau For Motor Insurance and of registration with the national Motor Guaranty fund (if covering Motor liability) Technical bases of calculation regarding premiums and provisions must be produced and approved.	6 months

Notes:
A: to be approved
P: To be produced
1. Excluding branches of foreign insurers
2. Time lag means how long on average it takes a licence to be granted(or refused) from the date a complete application has been received.
3. The business plan consist of : - statement of the nature of the risks to be covered (for non-life business) or the contracts to be entered into (for life business); guiding principles as to reinsurance; evidence proving that the insurance has at his disposal the required minimum fund (or the solvency margin if this is higher);

Table 8 LICENSING REQUIREMENTS					
Country	Legal Form[1]	Business Plan	Fit and Proper of Management	Others	Time Lag[2]

Estimates of costs for setting up the administration and the production network (organisation fund); for the first 3 years estimates of management expenses, commissions, premiums and cover underwriting liabilities and the solvency margin.

Table 9 MINIMUM CAPITAL REQUIREMENTS		
Country	Non-life	Life
	Local currency	Local currency
Australia	$A 2 mil.1The share capital must be entirely paid up	$A 10 mil. The share capital must be entirely paid up.
Austria	The registered capital required from domestic joint stock companies' amounts to the minimum guarantee fund.	
Belgium	(EU-15 Rules) 10 mil. BEF for classes 9 and 17; 15 mil. BEF for classes 1 to 8, 16 and 18; 20 mil. BEF for classes 10 to 13, 14* and 15.	(EU-15 rules) BEF 34.5 mil. ; Share capital is entirely paid up and subscribed.
Czech Republic	In million; CZK: 22-34 for property, accident, sickness and natural forces; 46 for liability, 156 for credit insurance; The share capital must be paid up at 30% and subscribed (1 mil.)	60 mil. CZK ; The share capital must be paid up at 30% and subscribed (1 mil.)
Denmark	(EU-15 Rules) Public limited companies: 200 000- 400 000 ECU; Mutual companies: 150 000-300 ECU; Higher amounts apply if the company's authorisation includes credit and suretyship insurance.	(EU-15 Rules) Public limited companies: 800 000 ECU; Mutual companies: 600 000 ECU; Share capital is entirely paid up.
Finland	FIM 14 mil.: classes 10-16; FIM 7 mil.: other classes; share capital is entirely paid up and subscribed	FIM 14 mil.; FIM 30 mil. statutory employment pension business; share capital is entirely paid up and subscribed.
France	(EU-15 Rules)	(EU-15 Rules)
	S.A.5 mil. FF: classes 10-16; 3 mill FF : other classes	S.A.5 mil. FF
	For mutual insurance undertakings, the amount is halved	For mutual insurance undertakings, the amount is halved.
	No registered capital is required of mutual guarantee companies	No registered capital is required of mutual guarantee companies.
	The share capital must be subscribed and paid up at 50%.	The share capital must be subscribed and paid up at 50%.
Germany	EU-15 rules	EU-15rules
	The share capital must be paid up at 25% and subscribed (100 000).	The share capital must be paid up at 25% and subscribed (100 000).
Greece[2]	360 000 000 drachmas: classes 10 to 15	480 000 000 drachmas

Table 9 MINIMUM CAPITAL REQUIREMENTS		
Country	Non-life	Life
	Local currency	Local currency
	180 000 000 drachmas: classes 1 to 8 and 16 to 18	
	120 000 000 drachmas: classes 9 and or 17.	
Hungary[3]	Value of the minimum organisational capital part:(4)	Value of the minimum organisational capital part:4
	- Companies limited by shares and branch office: 100mil forints	- Companies limited by shares and branch office: 100mil forints
	- Co-operatives insurance: 50 mil forints	-Co-operatives insurance: 50 mil forints
	- Specialised insurance association: 100 000 forints.	- Specialised insurance association: 100 000 forints.
	Minimum security capital (of the company limited by share):	Minimum security capital (of the company limited by share): 250 mil forints.
	150-350 mil forints (depending on the insurance classes).	Minimum paid up share capital requirement is HUF 100 mil.
	Minimum paid up share capital requirement is HUF100 mil.	
Iceland	It varies according to EU-15 rules.	The minimum solvency requirement is 800 000 ECU.
	The minimum solvency requirement is 400 000 ECU for companies engaging in the business of third party liability insurance o credit and suretyship insurance other than credit insurance , yielding total annual premiums of a minimum of 2.5 mil. ECU, or 4% of the total premiums of the company.	Share capital is entirely paid up and subscribed.
	The requirement is 300 000 ECU for companies engaging in business of non life insurance other than general liability insurance.	
	Share capital is entirely paid up and subscribed.	
Ireland	Minimum paid up share capital requirement is £500,000	Minimum paid up share capital requirement is £500,000
Italy	s.p.a: 10 billion. liras, classes 10 to 15.	s.p.a.: 10 billion. liras
	s.p.a: 5 billion. liras, classes 1 to 8, 16 and 18.	s.c.a.r.l: 5 billion. liras

Table 9 MINIMUM CAPITAL REQUIREMENTS		
Country	Non-life	Life
	Local currency	Local currency
	s.p.a: 3 billion. liras, classes 9 and 17.	
	These amounts are halved for co-operative society.	
Japan	Minimum yen 30 mil.	Minimum yen 30 mil.
	No requirement about the share capital	No requirement about the share capital.
Korea	Minimum Won 30 billion.	Minimum Won 30 billion.
	Minimum paid up share capital requirement is Won 30 billion.	Minimum paid up share capital requirement is Won 30 billion.
Luxembourg	500 000.	500 000.
	The share capital must be paid up at 25% and subscribed (500 000).	The share capital must be paid up at 25% and subscribed (500 000).
Mexico	No minimum capital requirements.	No minimum capital requirements.
	For company limited by shares and public insurance company, the share capital is UDIS 5 112 730	For company limited by shares and public insurance company, the share capital is UDIS 6 816 974
	For company limited by share, the share capital must be entirely paid up.	For company limited by share, the share capital must be entirely paid up.
Netherlands	Every limited liability company, irrespective of the kind of business it carries out, shall have a registered capital of at least Dfl 100 000.	As for non-life business
	No registered capital is required of mutual guarantee companies.	
	Minimum paid up and subscribed share capital requirement is Dfl 100 000.	

Table 9 MINIMUM CAPITAL REQUIREMENTS		
Country	Non-life	Life
	Local currency	Local currency
Norway	Newly established insurance undertakings: NOK 30.2 mil.	As for “non-life” business
	Insurance undertakings which have been in business for three years or more: 19.4 mil. NOK	
	For small mutual insurance undertakings operating within a limited geographical area and writing business in a few classes of insurance only, the capital requirement is approximately one third of the above mentioned amounts.4; the share capital must be entirely paid up.	
Poland	Companies limited by shares and public insurance company: 200 000 to 1 400 000 ECU	Companies limited by shares and public insurance company: 800 000 ECU
	Mutual society: 150 000 to 1 050 000 ECU.	Mutual society: 600 000 ECU.
	The share capital must be subscribed at 100% and paid up at 25%.	The share capital must be subscribed at 100% and paid up at 25%.

Table 9 MINIMUM CAPITAL REQUIREMENTS

Country	Non-life	Life
	Local currency	Local currency
Portugal	Company limited by shares and public insurance companies:	Company limited by shares and public insurance companies: 800 000 ECU
	class 14: 1 400 000 ECU	Mutual society: 600 000 ECU
	classes 10-15: 400 000 ECU	Minimum paid up and subscribed share capital is 1500 M PTE.
	classes 1 to 8, 16 and 18: 300 000 ECU	
	classes 9 and 17: 200 000 ECU	
	Mutual society:	
	class 14: 1 050 000 ECU	
	classes 10-15: 300 000 ECU	
	classes 1 to 8, 16 and 18: 225 000 ECU	
	classes 9 and 17: 150 000 ECU	
	Minimum paid up and subscribed share capital is 1500 M PTE for non life and 500 M PTE for classes 17 and 18.	
Spain	1 500 mil. pesetas for credit insurance, caution and third party liability classes, and for companies which operate only reinsurance.	Company limited by shares:
	350 mil. pesetas for accident, sickness, assistance and death.	1 500 mil. pesetas.
	500 mil. de pesetas for other classes.	
	The minimum share capital must be subscribed and paid up at 50%.	
Sweden	No requirement on minimum capital5	No requirement on minimum capital5
	The share capital must be entirely paid up.	The share capital must be entirely paid up.

Table 9 MINIMUM CAPITAL REQUIREMENTS		
Country	Non-life	Life
	Local currency	Local currency
Switzerland	Company limited by shares:	Company limited by shares:
	8-15 mil. CHF: classes 1 to 8 and 10 to 15.	5-10 mil. CHF (depend of the planned size of business).
	3-7 mil. CHF : classes 9 and 16	The share capital must be entirely paid up.
	0.6-2 mil. CHF: classes 17 and assistance.	
	The share capital must be entirely paid up.	
Turkey	TL 1600 bil.6; Minimum paid up share capital is TL 1600 billion.	TL 1600 bil.6; Minimum paid up share capital is TL 1600 billion.
UK[7]		
United States	Varies by state , and by line (life and non life).	Varies by state , and by line (life and non life).
EU-15[8]		

Notes:

1. Australia: Non Life business: When the body corporate has a share capital, the value of its paid-up capital must be greater than $A2 mil. If the body corporate was incorporated in Australia, it must have at least $A 2 mil. net assets. Furthermore, all bodies corporate must have net assets in Australia of at least $A 2 mil.; life business: Under the life insurance act 1994, expected to come into operation in mid 1995, life insurance companies will be required to comply with new solvency and capital adequacy standards in respect of each of their statutory funds, having regard to the particular size and structure of each fund’s liabilities. Life offices will continue to be required to meet minimum capital requirements of $10 mil. outside statutory funds.
2. Greece: Two thirds of the above capital must be paid in cash.
3. Hungary: The company limited by shares shall have issued capital , the co-operative must have a proprietary share capital, while the association shall have an initial capital, which is sufficient at least for: (i) providing for the personal and material conditions required for commencing the operation (organisational capital part), as well as, (ii) fulfilling the obligations resulting from the risks assumed upon commencing and pursuing the activities (minimum security capital part).
4. Norway: These amounts are adjusted yearly according to inflation as measured by the official consumer price index (CPI). The next adjustment will take place at 31 December 1998.
5. Sweden: The amount of registered capital required is determined on a case by case basis, taking the nature and the planned size of business into account. The amount cannot, however, be less than the EC standards.
6. Turkey: According to article 2 of law, minimum paid up capital for domestic companies and branches of foreign companies must be 1 600 billion. TL and this amount may be raised by the Ministry of State.
7. UK: There is no requirement for registered capital as such. Both life and non life insurers are required to have sufficient excess of assets over liabilities

Table 9 MINIMUM CAPITAL REQUIREMENTS		
Country	Non-life	Life
	Local currency	Local currency

(at the time of authorisation) to support the business that the company is proposing to carry on during the three years covered by the scheme of operations contained in the application for authorisation and also provide the required margin of solvency for the period covered by the scheme of operations.

8. The Directives of 24th July, 1973 (73/239/EEC) and 5th march, 1979 (79/267/EEC) have harmonised the requirements for the capital and reserves of life insurance and general insurance concerns. The capital and reserves required to meet liabilities arising out of contracts are determined by articles 16 and 17 of the Directive of non life insurance (73/239/EEC) and articles 18, 19 and 20 of the directive of life insurance (79/267/EEC).

Article 16 of the first non life directive (73/239/EEC) and article 18 of the first life directive (79/267/EEC) have partly been amended by Article 24 of the third non-life directive (92/49/EEC) and article 25 of the third life directive (92/96/EEC) to take into account new financial tools as elements of the solvency

Table 10 LICENSING: MARKET ACCESS

Country	Application of Economic Needs Test	Establishment by Foreign Insurers (allowed or not)		
		Subsidiaries1	Joint Ventures2	Branches
Australia	No	Yes		Yes
Austria	No	Yes		Yes
Belgium	No	Yes		Yes
Canada	No	Yes		Yes
Czech Republic	No	Yes	Yes	Yes
Denmark	No	Yes		Yes
Finland	No	Yes		Yes
France	No	Yes		Yes
Germany	No	Yes		Yes
Greece	No	Yes		Yes
Hungary	No	Yes	Yes	Yes
Iceland	No	Yes		Yes
Ireland	No	Yes		Yes
Italy	No	Yes		Yes
Japan	No	Yes		Yes
Korea	No	Yes		Yes
Luxembourg	No	Yes		Yes
Mexico	..	Yes		No
Netherlands	No	Yes		Yes
New Zealand	No	Yes		Yes
Norway	No	Yes		Yes
Poland	No	Yes	Yes	Yes
Portugal	No	Yes		Yes
Spain	No	Yes		Yes
Sweden	No	Yes		Yes
Switzerland	No	Yes		Yes
Turkey	..	Yes		Yes
UK	No	Yes		Yes

Table 10 LICENSING: MARKET ACCESS				
United States	No	Yes		Yes
EU-15	No	Yes		Yes

Notes:

1. Foreign insurer's wholly-owned subsidiaries.
2. Joint venture between foreign shareholders and national shareholders.

Table 11 SPECIALISATION AND INTER-SECTORAL INVESTMENT					
Country	Life/ non life activity separated	Creation of an insurance subsidiary (allowed or not)			Creation of a banking subsidiary by an insurance company (allowed or not)
		By a bank	By another financial institution	By another company	
Australia	Yes	Yes	Yes	Yes	Yes, but limited
Belgium	Yes	Yes	Yes	Yes	Yes
Canada	..	..	..	..	..
Czech Republic	No	Yes	Yes	Yes	Yes
Denmark	Yes	Yes	Yes	Yes	Yes
Finland	Yes	Yes	Yes	Yes	Yes
France	Yes	Yes	Yes	Yes	Yes
Germany	Yes	Yes	Yes	Yes	No
Hungary	Yes	Yes	Yes	Yes	No
Iceland	Yes	Yes	Yes	Yes	Yes
Ireland	..	..	..	..	..
Italy	Yes	Yes	Yes	Yes	Yes
Japan	Yes	No	No	Yes	No
Korea	Yes	Yes	Yes	Yes	No
Luxembourg	Yes	Yes	Yes	Yes	Yes
Mexico	No	No	No	No	No
Netherlands	Yes	Yes	Yes	Yes	Yes
Norway	Yes	Yes, but limited	Yes, but limited	Yes, but limited	Yes, but limited
Poland	Yes	Yes	Yes	Yes	No
Portugal	Yes	Yes	Yes	Yes	Yes
Spain	Yes	Yes	Yes	Yes	Yes
Sweden	Yes	Yes, but limited	Yes, but limited	Yes	Yes, but limited
Switzerland	Yes	No	No	No	Yes, but limited

Table 11 SPECIALISATION AND INTER-SECTORAL INVESTMENT					
		Creation of an insurance subsidiary (allowed or not)			
Turkey	Yes	Yes	y	Yes	Yes, but limited
UK	Yes	Yes	Yes	Yes	Yes
United States	Yes	Yes, but limited	Yes, but limited	Yes	Yes
EU-15	Yes	Yes	Yes	Yes	Yes

Note:

*: “Cross-sectoral investments” means the creation of banking subsidiaries of insurance companies, insurance subsidiaries of banking institutions.

Table 12 CONTROL OF TECHNICAL PROVISIONS		
Country	Provisions (Yes/No)	Control measures for technical provisions (including roles of actuaries and auditors)
Australia	Yes	Supervision A priori/A posteriori with regard to technical provisions.
		- Co-operation between the supervisory body and actuaries: the actuary's duty is to report on mathematical reserve to the Supervisory body.
Austria	Yes	In case of life insurance, sickness insurance and other non-life insurance (as far as the two latter are operated on a technical basis similar to that of life insurance) an actuary has to certify that the technical provisions are calculated on an actuarial basis and are in conformity with the relevant legal provisions.
Belgium	Yes	Technical provisions are calculated case by case and on statistical basis. These technical provisions must be constituted on a gross basis (including reinsurance).
		Supervision A posteriori with regard to technical provisions.
		Co-operation between the supervisory body and actuaries: actuary calculate technical Provisions and report to the supervisory body.
Czech Republic	Yes	Technical provisions are calculated case by case (for life insurance: calculation according to standard actuarial procedure; for non-life insurance: depending of the provision) and on statistical basis.
		Supervision A priori/A posteriori with regard to technical provisions.
		Co-operation between the supervisory body and actuaries.
Denmark	Yes	- Technical provisions are calculated case by case (prudent bases; basic principles) and on statistical basis (which are not regulated).
		Posterior Supervision only with regard to technical provisions.
		Co-operation between the supervisory body and actuaries only For life business.

Table 12 CONTROL OF TECHNICAL PROVISIONS		
Country	Provisions (Yes/No)	Control measures for technical provisions (including roles of actuaries and auditors)
Finland	Yes	Technical provisions are calculated case by case (prudent bases; basic principles) and on statistical basis (which are not regulated).
		Supervision A posteriori with regard to technical provisions.
France	Yes	Technical Provisions are calculated case by case and on statistical basis
		Supervision A posteriori with regard to technical provisions.
Germany	Yes	Technical provisions are calculated case by case (in case of provisions for unearned premiums, claims, outstanding, rebates, unexpired risks) and on statistical basis (in case of provisions for claims outstanding including IBNR).
		Supervision A priori/A posteriori with regard to technical provisions.
		Co-operation between the supervisory body and actuaries: the actuary is responsible For the certification of correctness of formation and extent of the reserves, the calculation of solvency capital and the premium calculation.
Hungary	Yes	Technical Provisions are calculated on statistical basis.
		Supervision A priori with regard to technical provisions.
		Co-operation between the supervisory body and actuaries: the actuary is responsible For calculating technical Provisions and For assessing the financial situation.
Iceland	Yes	Technical Provisions are calculated case by case and on statistical basis. However, A life Insurance company must furnish an actuarial basis For the technical Provisions and it is not permitted to alter this basis except with the permission of the Minister of Insurance affairs after having obtained recommendations of the Insurance supervisory body.
		Supervision A posteriori with regard to technical provisions.

Table 12 CONTROL OF TECHNICAL PROVISIONS

Country	Provisions (Yes/No)	Control measures for technical provisions (including roles of actuaries and auditors)
		Co-operation between the supervisory body and actuaries, only For life Insurance: the actuary is responsible For calculation of technical provision and For assessing the financial situation of A life company.
Ireland	Yes	The Supervisory authority examine the adequacy of the reserve required by a company.
Italy	Yes	Technical provisions are calculated case by case and on statistical basis (for life business, mathematics provisions are calculated by prospective and retrospective methods; for non-life business, provisions for unearned premiums are calculated by flat
		Supervision A priori/A posteriori with regard to technical provisions.
		The actuary's duty is to carry on permanent control on technical provision.
Japan	Yes	Technical provisions are calculated case by case and on statistical basis (for life business, provisions for unearned premiums and risks are calculated by the standard liability reserve system based on data provided by Institute of actuaries and Ministry of Finance).
		Supervision a priori with regard to technical provisions. Co-operation between the supervisory body and actuaries.
Korea	Yes	Technical Provisions are calculated case by case (Motor Insurance) and on statistical basis.
		Supervision A priori/A posteriori with regard to technical provisions.
		Co-operation between the supervisory body and actuaries. actuary submit confirmation whether the calculation of provision are correct.

Table 12 CONTROL OF TECHNICAL PROVISIONS		
Country	Provisions (Yes/No)	Control measures for technical provisions (including roles of actuaries and auditors)
Luxembourg	Yes	- All insurance companies must built up adequate technical reserves. Technical reserves are calculated on a per contract basis or, if that is not possible, using flat rate methods. Technical reserves must all times be covered by equivalent and matching as
		Supervision A priori/A posteriori with regard to technical provisions.
		Co-operation between the supervisory body and actuaries, only For life business.
Mexico	Yes	Technical Provisions are calculated on statistical basis.
		- Supervision a posteriori with regard to technical provisions.
		Co-operation between the supervisory body and actuaries: actuary provide actuarial report on technical provision.
Netherlands	Yes	- According to the EC Directives, the insurance business supervision act regulates that the insurance companies must have adequate technical provisions, which have to be fully covered by assets. The technical provisions for life insurance have to be calculated
		Supervision A posteriori with regard to technical provisions.
		Co-operation between the supervisory body and actuaries: actuary is responsible For the certification of actuarial report through explanatory note.
New Zealand	..	..
Norway	Yes	Supervision A posteriori with regard to technical provisions.
		Co-operation between the supervisory body and actuaries.
Poland	Yes	Technical Provisions are calculated on statistical basis.
		Supervision A priori/A posteriori with regard to technical provisions.

Table 12 CONTROL OF TECHNICAL PROVISIONS		
Country	Provisions (Yes/No)	Control measures for technical provisions (including roles of actuaries and auditors)
		- Auditing; annual reports; quarterly reports; inspection.
Portugal	Yes	All Insurance companies must built up adequate technical reserves.
		Technical reserves must all times be covered by equivalent and matching assets.
		The technical reserves are calculated gross, i.e. before deduction of outwards reinsurance. Technical provisions are calculated case by case and on statistical basis.
		Supervision A priori/A posteriori with regard to technical provisions.
		Co-operation between the supervisory body and actuaries.
Spain	Yes	Technical Provisions are calculated case by case and on statistical basis.
		Supervision A priori/A posteriori with regard to technical provisions.
		Co-operation between the supervisory body and actuaries.
Sweden	Yes	- Technical provisions are calculated case by case (in case of larger reported claims) and on statistical basis (for life business, actuarial assumptions on yield and mortality; for health and accident insurance, actuarial assumptions on yield, mortality
		Supervision A posteriori with regard to technical provisions.
		Actuary is responsible For technical investigations and calculation of technical provision in life.

Table 12 CONTROL OF TECHNICAL PROVISIONS		
Country	Provisions (Yes/No)	Control measures for technical provisions (including roles of actuaries and auditors)
Switzerland	Yes	Technical reserves must be established on the basis of A compulsory business operation plan approved by the supervisory authority. in life Insurance, the principle until now was that mathematical reserves should be computed on the same basis of prudent calculation as premiums.
		Supervision A posteriori with regard to technical provisions.
		Co-operation between the supervisory body and actuaries.
Turkey	Yes	Technical Provisions are calculated case by case and on statistical basis.
		Supervision A posteriori with regard to technical provisions.
		Co-operation between the supervisory body and actuaries, only For life Insurance: actuary is responsible For calculation of mathematics reserves, tariffs, profit shares and For preparation of documents related to life insurance.
UK	Yes	Technical Provisions are calculated case by case and on statistical basis
		Supervision A priori/A posteriori with regard to technical provisions.
		Co-operation between the supervisory body and actuaries, only for life insurance. In this case, , the legislation requires the appointment of an actuary who is responsible for determining each year the company's long term liability based on prescribed on prescribed valuation rules.

Table 12 CONTROL OF TECHNICAL PROVISIONS		
Country	Provisions (Yes/No)	Control measures for technical provisions (including roles of actuaries and auditors)
United States	Yes	Supervision A priori/A posteriori with regard to technical provisions.
		Co-operation between the supervisory body and actuaries.
EU-15	Yes	For life business, technical provisions have to be calculated by sufficiently prudent prospective actuarial valuation taking account of all future liabilities as determined by the policy conditions including all guarantied benefits, surrender values, bonuses, options available to the policyholder under the terms of contract, expenses and commissions; the use of a retrospective method is allowed.
		For non-life business: the amount shall be determined in accordance with directive 91/674/EEC; the equalisation reserve shall be calculated in accordance with one of the 4 methods under D of annex of the Third Directive Non Life).
		Supervision a priori/a posteriori with regard to technical provisions.

Table 13 SOLVENCY MARGIN REQUIREMENTS		
Country	Solvency margin requirements (exist or not)	Main requirements
Australia	Yes	For life business, the risk based capital and the solvency margin methods can be used by the companies.
Austria	Yes	Based on EU-15 Directives. For general companies, the solvency margin is determined by reference to the annual level of premiums or contributions, or the average annual amount of claims. For life companies, the prescribed solvency margin is determined pursuant to mathematical reserves of annual premium levels. The minimum amount is stipulated.
Belgium	Yes	Based on EU-15 Directives. The amount of the solvency margin to be constituted for non-life insurance is determined in relation to either annual premiums or the average of claims over the last three financial years. For life insurance, a different basis is used which is based on the amount of mathematical provisions and the level of risk-reserve capital.
Czech Republic	Yes	Based on EU-15Directives
Denmark	Yes	Based on EU-15 Directives
Finland	Yes	For life business, solvency margin is determined based on mathematical reserves or capital at risk. For non-life business, solvency margin is determined based on annual amount of premiums, or incurred claims.

Table 13 SOLVENCY MARGIN REQUIREMENTS		
	Solvency margin requirements	
France	Yes	Based on EU-15 Directives. The solvency margin for general companies is determined by reference to the annual level of premiums or contributions, or the average annual amount of claims. The final prescribed amount is set at the higher of the amounts which result from applying these two methods. For life companies, the prescribed solvency margin is determined pursuant to mathematical reserves of annual premium levels.
Germany	Yes	Based on EU-15 Directives. The amount of the solvency margin is calculated using the higher of a premium index and a claims index. For purposes of such calculations, the law distinguishes between companies issuing life insurance and companies issuing other types of insurance. For life insurance, a different basis is used which is based on the amount of mathematical provisions and the level of risk-reserve capital.
Greece	Yes	Each insurance undertaking is obliged to set up a solvency margin in respect of its entire business corresponding to its assets free of its entire business corresponding to its assets free of foreseeable, less any intangible items. Also each insurance undertaking must set up a guarantee fund. The guarantee fund must represent one third of the solvency margin.
Hungary	Yes	Based on EU-15 Directives
Iceland	Yes	Based on EU-15 Directives
Ireland	Yes	Based on EU-15 Directives. The solvency margin for general companies is determined by reference to the annual level of premiums or contributions, or the average annual amount of

Table 13 SOLVENCY MARGIN REQUIREMENTS		
	Solvency margin requirements	
		claims-over a three year period. The final prescribed amount is set at the higher of the amounts which result from applying these two methods. For life insurance, a different basis is used which is based on the amount of mathematical provisions and the level of risk-reserve capital.
Italy	Yes	Based on EU-15 Directives
Japan	Yes	The risk based capital and the solvency margin methods can be used by the companies.
Korea	Yes for life insurance, there are other methods for non-life insurance	For life business, the solvency margin is equivalent to, or more than, 1% of technical reserves as of the end of each fiscal year. For non-life business the total retained premium per fiscal year may not exceed 500% of the policyholder's surplus.
Luxembourg	Yes	Based on EU-15 Directives
Mexico	Yes	The gross solvency requirement (GSR) is calculated on a premiums or claims basis including a weighted grading of the reinsurance quality. The minimum guaranty capital (CMG) is formed by GSR plus additional capital for earthquake coverage plus deductions (= indisposed balances of the technical provisions). The solvency margin is calculated as difference between the assets subject to CMG and the amount of CMG.
Netherlands	Yes	Based on EU-15 Directives
Norway	Yes	
Poland	Yes	Based on EU-15 Directives

Table 13 SOLVENCY MARGIN REQUIREMENTS		
	Solvency margin requirements	
Portugal	Yes	Based on EU-15 Directives
Spain	Yes	Based on EU-15 Directives
Sweden	Yes	Solvency is judged by reference to the sufficiency of the reserves, suitable diversification assets, retention limits, etc. For Non life business the tolerance level is about those of the EU-15Non life Insurance Directives.
Switzerland	Yes	The solvency margin laid down by the EC Directives only began to be used with the entry into force of the Insurance Agreement between Switzerland and the EC on 1 January 1993 for non-life insurance and in 1994 for life insurance, when the Swisslex project adapted the country's legislation to Community law.
Turkey	Yes	For life business, the solvency margin is calculated on technical basis. For non-life business, the net worth of the company can not be less than the solvency margin
UK	Yes	The act establishes that insurance companies have to maintain a prescribed solvency margin of assets (on a common EC definition) in excess of their liabilities prudently assessed.
United States	Yes (Risk based capital method)	For non-life business, the margin shall be determined on the basis either of the annual amount of premiums or contributions, or of the average burden of claims for the past three financial years. The margin shall correspond to the assets of the undertaking free of any foreseeable liability less any intangible items.1
		For life business, that is as for "non- life" business 'but determined/calculated in a different way.

Table 13 SOLVENCY MARGIN REQUIREMENTS		
	Solvency margin requirements	
EU-15	Yes	The margin shall be determined on the basis either of the annual amount of premiums or contributions, or of the average burden of claims for the past three financial years. The margin shall correspond to the assets of the undertaking free of any foreseeable liability less any intangible items.

Notes:

1. The following shall be included:

- paid-up share capital or effective initial fund,
- 1/2 of unpaid share capital/initial fund, once the paid-up part amounts to 25% of the share capital fund,

forward, reserves not corresponding to underwriting liabilities, any profits brought

- in case of mutual or mutual type associations any claim which it has against its member by way of a call for supplementary contribution, up to 1/2 of the difference between the maximum contribution and the contributions called in, and subject to limit to a limit of 50% of the margin,
- at the request of the undertaking, any hidden reserves arising out of under evaluation of assets,
- cumulative preferential share capital and subordinated loan capital only up to 50% of the margin and meeting certain criteria. One third of the solvency margin shall constitute the guaranty fund.

Table 14 FINANCIAL REPORTS: reporting, on-site inspection, main accounting principles			
Country	Financial Reports* Nature	Frequency - demand of returns/reports	Main accounting principles / On site inspection
Australia	Balance sheet; profit and loss account; Annually and quarterly report.	Annually; Quarterly	For headquarters of insurance companies, on-site inspection, every three years.
Austria	1. Financial annual accounts (approved and audited), annual report.	1. Annually	
	2. Quarterly, the undertakings have to forward a list of assets, covering mathematical reserves.	2. Quarterly	
Belgium	Balance sheet; profit and loss account; the annual statement of solvency margin constituting.	Annually	For headquarters of domestic insurance companies and for their branches, on-site inspection (periodicity is variable).
Czech Republic	Enclosure to balance sheet; profit and loss account; list of technical provisions	Annually	For headquarters of domestic insurance companies and for their foreign branches, on-site inspection every year; prepared according to EU-15Directive on accounting.
Denmark	Balance sheet; profit and loss account; notes to annual report; 5-years review.	Annually	For headquarters of domestic insurance companies and for their branches, on-site inspection.
Finland	Balance sheet; profit and loss account; items included in the solvency margin; calculation of the solvency margin; catalogue of assets covering technical provisions; detailed analysis of technical provisions; account of the valuation of the real estates; based on EU-15 Directive on accounting.	Annually	For headquarters of domestic insurance companies and for their branches, on-site inspection 1-3 per year.
France	1. Balance sheet; profit and loss account; annual report within 5 months; annual accounts within 30 days after approval by General meeting; provisional estimates concerning premiums and annual results for claim payments	1. Annually	Based on EU-15 Directive on accounting.
	2. Quarterly accounts concerning business in France and with respect to investments	2. Quarterly	For headquarters of domestic insurance companies and for their branches, on-site inspection (periodicity is variable).

Table 14 FINANCIAL REPORTS: reporting, on-site inspection, main accounting principles			
Country	Financial Reports* Nature	Frequency - demand of returns/reports	Main accounting principles / On site inspection
Germany	Balance sheet; profit and loss account; notes on the accounts	Annually; Quarterly	Based on EU-15 Directive on accounting; for headquarters of domestic insurance companies and for their branches, on-site inspection (periodicity is variable).
Hungary	Annual report with auditor's clause, report on reinsurers contracts, solvency report, reports to be submitted only to the supervisor	Annually, Quarterly	Act XCVI of 1995 on Insurance Institutions and Insurance Activity, Act on Accounting, Finance Ministry Directives
Iceland	Balance sheet; profit and loss account; internal accountings (under some circumstances).	Annually	Based on EU-15 Directive on accounting; for headquarters of domestic insurance companies and for their branches, on-site inspection (periodicity is variable).
Ireland	Audited financial reports on annual basis.2 The types of accounts which are required include the revenue account which provide information on the levels of premium written; cost of claims, commissions levels, and in the case of non life the underwriting result for each class of business. Balance sheet, profit and loss account, asset valuation form and statement of solvency margin are also required.	Annually	
Italy	Balance sheet; profit and loss account; notes on the accounts; anticipation of the accounts; information on management as the first half year; premium distribution on a regional and provincial basis; information on crime; premium received abroad.	Annually; Quarterly	For headquarters of domestic insurance companies and for their branches, on-site inspection (periodicity is variable).
Japan	Balance sheet; profit and loss account; audits records by certified accountants and the Board of Corporate auditors, business reports, financial statements; business condition reports monthly or half -yearly; opinions by actuaries.	Annually; Quarterly; Monthly	For headquarters of insurance companies and for their branches, on-site inspection (periodicity is variable).

Table 14 FINANCIAL REPORTS: reporting, on-site inspection, main accounting principles			
Country	Financial Reports* Nature	Frequency - demand of returns/reports	Main accounting principles / On site inspection
Korea	Balance sheet; profit and loss account; business report; list of property; income statement; statements explaining the writing-off of foundation fund, disposition of earned surplus and disposition of deficits; monthly statement of assets, summary of business operation.	Annually; Quarterly; Monthly	For headquarters of domestic insurance companies and for their branches, on-site inspection is conducted biennial .
Luxembourg	1. Balance sheet; profit and loss account; Report, solvency margin; 2. Assets representing technical provisions.	1. Annual; 2. Quarterly	Based on EU-15 Directive on accounting. For headquarters of domestic insurance companies and for domestic branches, on-site inspections conducted every five years on average.
Mexico	1. Balance sheet; profit and loss account; follow up through memoranda account registration.	Annually; Quarterly	For headquarters of domestic insurance companies, on-site inspection is conducted annually.
Netherlands	1. Balance sheet; profit and loss account; annual returns with information on investments, technical results, technical provisions, solvency, actuarial report.	Annually	For headquarters of domestic insurance companies and for their branches, on-site inspection (periodicity is variable).
Norway	Balance sheet; profit and loss account, others1	Annually; Quarterly	For headquarters of domestic insurance companies and for their branches, on-site inspection is conducted every 3-4 years.
Poland	1. Balance sheet; profit and loss account, technical insurance account for all activities (separately for insurance group); cash flow report; technical provisions; solvency declaration calculation of own funds; notes to accounts; report on the activities of the financial year; ceded reinsurance in respect of countries; ceded reinsurance in respect of reinsurers and enterprises; 2. Technical insurance account for all activities; cash flow report; calculation of solvency margin; statement of technical provisions; total amount of investment; highest value of sum insured under a single risk cover; insurance contracts concluded per class; indemnification of damages per class; 3. Written premiums per class; claims paid per class.	1. Annually; 2. Quarterly; 3. Monthly	Based on EU-15 Directive on accounting; for headquarters of domestic insurance companies and for national branches, on-site inspection (periodicity is not mentioned).

Table 14 FINANCIAL REPORTS: reporting, on-site inspection, main accounting principles			
Country	Financial Reports* Nature	Frequency - demand of returns/reports	Main accounting principles / On site inspection
Portugal	Balance sheet; profit and loss account, additional notes	Annually	Based on EU-15 Directive on accounting; For headquarters of insurance companies and for their branches, on-site inspection (periodicity is variable).
Spain	Balance sheet; profit and loss account, additional notes	Annually; Quarterly	For headquarters of insurance companies and for their branches, on-site inspection (periodicity is variable).
Sweden	1. Balance sheet; profit and loss account; statutory report with annual accounts and auxiliary information. 2. Solvency is monitored by means of annual and quarterly returns	Annually; Quarterly	For headquarters of domestic insurance companies and for domestic branches, on-site inspection is conducted, once every three years.
Switzerland	Balance sheet; profit and loss account, additional	Annually	For headquarters of insurance companies and for their branches, on-site inspection is conducting once every 4 years.
Turkey	Balance sheet; profit and loss account.	Annually; Quarterly	For headquarters of insurance companies and for their branches, on-site inspection (periodicity is variable).
UK	1. Balance sheet; profit and loss account, additional notes; 2. quarterly financial reporting, actuarial reports, notification of any investments in, or transactions with connected parties.	1. Annually; 2. Quarterly	For headquarters of insurance companies and for their branches, on-site inspection (periodicity is variable).
United States	1. Balance sheet; profit and loss account, additional notes; 2. Most insurers are also required to file quarterly statements that contain key information on assets, liabilities, income, changes in investment holdings, premium written, losses and reserves.	1. Annually; 2. Quarterly	For headquarters of insurance companies and for their branches, on-site inspections conducted once every 1-5 years.
EU-15	Balance sheet; profit and loss account; requirement to produce annual accounts and to render periodically returns together with statistical documents necessary for purposes of supervision.	Annually; Periodically	For headquarters of insurance companies and for their branches, on-site inspection (periodicity is variable).

Table 14 FINANCIAL REPORTS: reporting, on-site inspection, main accounting principles			
Country	Financial Reports* Nature	Frequency - demand of returns/reports	Main accounting principles / On site inspection

Notes:

(*) Only for national direct insurance

1. Balance sheet; profit and loss accounts; non-technical statements; technical provisions; investments; cash flow statements; statements of overheads; solvency report.
2. Ireland: For newly authorised company inaudited accounts are required at more frequent intervals (quarterly or biannually) for at least the first three years of operation.

Table 15 SUPERVISION OF POLICY CONDITIONS AND PREMIUMS RATES

Country	Supervised or not				Comments
	Licensing[1]		Operating[2]		
	Policy conditions	Premium rates	Policy conditions	Premium rates	
Australia	No	No	No	No	
Belgium	No	Yes	Yes	Yes	Supervision a posteriori with regard to tariffs and products.
Czech Republic	Yes	Yes	Yes	Yes (only in life)	Supervision a priori / a posteriori with regard to tariffs. Supervision a posteriori with regard to products.
Denmark	No	No[5]	No	No	
Finland	No	No[5]	No	No	Supervision a posteriori with regard to tariffs and products.
France	No	No[5]	No	No	For life insurance, the technical components of pricing are still subject to various restrictions (life tables, interest rates, underlying assets for unit trust linked contracts, etc.).Contracts and prices are no longer subject to prior approval, but the Minister of the Economy and Finance can require insurers to submit contracts before they are distributed. The minister then has one month in which to prescribe changes. If it is subsequently seen that a contract runs counter to regulations, the Minister may still require that it be withdrawn or amended.
Germany	Yes	Yes	Yes	Yes	For life business: Changes of premium and profit participation in insurance contracts concluded after the 28th of July 1994 must be approved by an independent trustee. For insurance contracts concluded before that date, the business plan remains applicable and changes have to be approved by the supervisory body. In health and motor liability insurance: obligation to inform the supervisory body on the intended use of new or changed general insurance policy conditions. Other classes: posterior control only. Supervision a priori / a posteriori with regard to tariffs and products.
Hungary	No	Yes	No	No	Only for motor third party liability
Iceland	Yes[3]	Yes	No[8]	No[8]	The premium level is in all branches of life and non-life insurance, subject to control of the Insurance Supervision according to the Insurance act and it is in fact control on beforehand. The premium tables shall be sent to the Supervision before the use. Supervision a posteriori with regard to products.

Table 15 SUPERVISION OF POLICY CONDITIONS AND PREMIUMS RATES

	Supervised or not				
	Licensing[1]		Operating[2]		
Italy	Yes[3]	Yes[5]	No[9a]	No[9b]	Supervision a posteriori with regard to tariffs and products. To obtain a licence, or to have its licence extended to order classes of insurance, a company must attach to its business plan (except for special classes) its general and special policy terms, and the rates it plans to charge for each type of business.
Japan	Yes	Yes			Supervision a priori with regard to tariffs and products. Rating organisation tariff in compulsory auto liability insurance and tariff according to reinsurance market in nuclear liability.
Korea	Yes	Yes	No[10]	No (life) Yes[11] (non life)	Supervision a priori / a posteriori with regard to tariffs and products.
Luxembourg	Yes	No[5]	Yes	Yes (non systematic)	Supervision a posteriori with regard to tariffs and products.
Mexico	Yes	No[5]	Yes	Yes[12]	Technical notes on tariffs, technical justification of premium sufficiency, other technical basis are required. Supervision a priori with regard to products.
Netherlands	No	No[5]	No	Yes[13](life) No (non-life)	Supervision a posteriori with regard to tariffs.
Norway	Yes[3]	No[5]		No[14]	Supervision a posteriori with regard to tariffs and products.
Poland	Yes	Yes	No	No	Ministry of finance regulation specifies the basic system of tariffs, conditioning the applied tariffs on the length of the damage free period and ensuring comparability.
Portugal	Yes[3]	No[6]			There is a systematic ex ante supervision of policies in the following classes: life insurance, accident insurance, credit insurance, assistance insurance, legal aid insurance, and all compulsory insurance. Other insurance policies are supervised on an ex post and ad hoc basis. Tariffs in non life insurance are not controlled, but none the less constitute the bulk of those subject to the prior deposit requirement. In life insurance, tariffs must be submitted for prior approval.
Spain	No	No[6]			

Table 15 SUPERVISION OF POLICY CONDITIONS AND PREMIUMS RATES					
	Supervised or not				
	Licensing[1]		Operating[2]		
Sweden	No	No	No[15]	No[15]	Supervision a posteriori with regard to tariffs and products.
Switzerland	Yes[4]	Yes[7]			Supervision a priori / a posteriori with regard to tariffs and products.
Turkey	Yes[3]	Yes[5]	Yes	Yes[16]	Supervision a priori for new products by General Directorate of insurance and a posteriori by insurance supervisory body. Supervision a priori / a posteriori with regard to tariffs
UK	No	No		No	
United States	Yes	Yes		Yes	Supervision a priori / a posteriori with regard to tariffs and products.
EU-15	No	Yes	No	No	

Notes:
1. During the licensing procedure
2. When new products are introduced.
3. General policy conditions must only be produced, not approved by the supervisory body.
4. General policy conditions must only be approved by the supervisory body.
5. Technical basis of calculation regarding premiums must only be produced by companies, not approved.
6. Technical basis of calculation regarding premiums must be produced only for foreign companies
7. Technical basis of calculation regarding premiums must be approved for national companies and produced for foreign companies
8. Submission of technical basis (not for approval) and submission of terms of compulsory insurance a priori (not for approval).
9a. Notification on request (non systematic) of policy conditions, forms, other documents
9b. For life business: notification (not approval) of technical bases of premium.
For non life business: on request, a notification of premium rates is used. In case of compulsory insurance , there is a supervision a priori on tariffs.
10. In general no prior approval (only notice a posteriori to Governor of Insurance Supervisory Body),
except in case of products covering risk linked with interest rate, taxation system, other risk than insurance risks or risks not based in recognised statistics.
11. Supervision a prior in case of automobile insurance. In other classes the rates may be calculated within the designated range of limits of the standard rate.
12. As long as justified by technical notes.
13. Supervision a posteriori: At the latest 2 weeks, after introduction of a new product submission of the methods and
foundations used to calculate the tariffs and technical provisions.
14. Supervision a posteriori and non systematic.
15. But right to check a posteriori and non systematic
16. In life, health and compulsory insurance approval by General Directorate of i insurance and a posteriori by the supervisory body is required.

Table 16 SUPERVISION OF INVESTMENT ACTIVITIES			
Country	Evaluation method of investment representing technical provisions	Regulation of portfolio investment abroad	(how regulated)
Australia	Actual value	None	With respect to non-life insurance, assets the value of which exceeds Australian liabilities by A$ 2 billion (or to the level of the statutory solvency margin if this is higher) must be held within Australian jurisdiction. New standards are being developed with respect to life insurance.
Austria	..	Yes	Assets covering technical reserves for contracts denominated in Austrian Currency must normally be located in Austria.
Belgium	Actual value and historical value.	Yes	Assets constituting the technical provisions must be located in Belgium or in EC countries.
Canada	..	None	
Czech Republic	Historical value	Yes	Assets constituting technical reserves must be invested in the country.
Denmark	For life business: Actual value and historical value.	None	
	For non-life business: actual value		
Finland	Actual value and historical value.	Yes	Technical reserves must be composed of real estate situated in Finland, securities issued by residents or assets guaranteed by residents
France	Historical value	None with respect to OECD countries	Documents of title to capital assets must normally be located in France.
Germany	For life business: Actual value and historical value. For non-life business: historical value	Yes	Up to 5% of the premium reserve stock and 20% of the remaining restricted assets may be invested abroad. In addition, specific ceilings range from 5% to 20% depending on the foreign assets concerned.
Greece	..	Yes	EC legislation applies
Hungary	Historical value	No	Except for the acquisition of the ownership share, amounting at least 10 per cent, of an insurer based aboard or economic association based abroad carrying out insurance broker's activities, if the equity of the insurer and the ownership shares of the owners

Table 16 SUPERVISION OF INVESTMENT ACTIVITIES			
Country	Evaluation method of investment representing technical provisions	Regulation of portfolio investment abroad	(how regulated)
			of the insurer reach jointly at least the same level.
Iceland	Actual value and historical value. For life business: full prohibition for assets issued by non residents	Yes	Assets covering technical provisions for risks in the EEA shall be invested in the EEA (exemption possible).
Ireland	..	None	
Italy	For life business: Actual value and historical value. For non-life business: historical value	Yes	EC legislation applies1
Japan	Historical value	Yes	30% limit on investments in assets denominated in foreign currency.
Korea	Historical value	Yes	Maximum 10% of total assets
Luxembourg	Actual value	None	
Mexico	Actual value	Yes	Only investment in securities registered in the Registro Nacional de Valores e Intermediaros is permitted.
Netherlands	Actual value and historical value.	None	
New Zealand	..	None	
Norway	Actual value and historical value.	None	
Poland	For life business: Actual value and historical value. For non-life business: historical value.	Yes	The share of foreign investment may not exceed 5%.
Portugal	Actual value	None with respect to OECD countries	Assets must be located in EC countries.
Spain	Actual value	None with respect to OECD countries	Documents of title to capital assets must be located in Spain.
Sweden	For life business: Actual value and historical value.	Yes	No more of 20% of technical reserves may be invested in foreign securities and foreign currency denominated securities (unless necessary to cover liabilities in the same currency). Assets constituting the technical reserves must be localised in Sweden.

Table 16 SUPERVISION OF INVESTMENT ACTIVITIES			
Country	Evaluation method of investment representing technical provisions	Regulation of portfolio investment abroad	(how regulated)
Switzerland	..	Yes	Technical reserves only
			Assets in Foreign currency: 20%
			Debt instruments issued abroad: 30%
			Shares issued abroad: 25%
			Real property abroad: 5%
			Global limit: 30%
Turkey	For life business: Actual value	Yes	Technical reserves:
			cannot be invested in foreign assets
			can be invested in domestic financial assets, which are specified by the Under-secretaries of Treasury, denominated in foreign currency.
			Other than technical reserves: no ceiling or restriction.
UK	For life business: Actual value	None	Documents of title to capital assets must be held in the United Kingdom or, if they cover liabilities in foreign currencies, in the countries of those currencies. (The localisation rules will be amended with the entry into force of the EC Third Directives).
United States	..	None	No federal legislation. state level regulations:
			Aggregate limits on investments in foreign securities are within a range from 0% to 10%, depending on the state and the quality of the asset concerned.
			Investment in Canada is treated more favourably
EU-15	VAR	No	

Notes:

1. For contracts included in the Italian portfolio, insurance companies may localise the assets corresponding to technical provisions in one or several EU-15 Member states. Upon request from companies, ISVAP may authorise the localisation of a part of the assets in a non EU-15 Member state. Criteria vary according to assets and countries: quotes and non quoted securities may be located in any of the EU-15 countries, although more strict restrictions apply for non OECD countries.

Table 16 SUPERVISION OF INVESTMENT ACTIVITIES (continued)

Country	Legislation and monitoring
Austria	Permissible classes of investment and maximum investment per class stipulated by law. Currency matching requirement: 80%
Belgium	Permissible classes of investment and maximum investment per class stipulated by law. Currency matching requirement: 80%.
Canada	Permissible classes of investment and maximum investment per class stipulated by law. Currency matching requirement: 100%
Czech Republic	Permissible classes of investment and maximum investment per class stipulated by law.
Denmark	Permissible classes of investment and maximum investment per class stipulated by law. Statutory requirement for maturity matching. Currency matching requirement: 80%
Finland	Permissible classes of investment and maximum investment per class stipulated by law. The supervisory body monitors catalogue of assets covering technical provisions. Statutory requirement for maturity matching. Currency matching requirement: 100%
France	Permissible classes of investment and maximum investment per class stipulated by law. The supervisory body monitors quarterly accounts concerning business in France and with respect to investments. Currency matching requirement: 80%
Germany	Permissible classes of investment and maximum investment per class stipulated by law. Currency matching requirement: 80%
Greece	Permissible classes of investment and maximum investment per class stipulated by law. Statutory requirement for maturity matching. Currency matching requirement: 80%
Hungary	Permissible classes of investment and maximum investment per class stipulated by law.
Iceland	Permissible classes of investment and maximum investment per class stipulated by law. Free assets (assets not covered by technical provisions) also regulated. Currency matching requirement: 80%
Ireland	Permissible classes of investment and maximum investment per class stipulated by law. Statutory requirement for maturity matching (only for life insurance). Currency matching requirement: 80%
Italy	Permissible classes of investment and maximum investment per class stipulated by law. Currency matching requirement: 80%
Japan	Permissible classes of investment and maximum investment per class stipulated by law. Free assets also regulated
Korea	Permissible classes of investment and maximum investment per class stipulated by law.

Table 16 SUPERVISION OF INVESTMENT ACTIVITIES (continued)	
Luxembourg	Permissible classes of investment and maximum investment per class stipulated by law. Currency matching requirement: 80%
Mexico	Permissible classes of investment and maximum investment per class stipulated by law. Statutory requirement for maturity matching.
Netherlands	Permissible classes of investment and maximum investment per class stipulated by law. The supervisory body monitors annual returns with information on investments and technical provisions. Statutory requirement for maturity matching (only as an implicit requirement of suitability). Currency matching requirement: 80%
New Zealand	Permissible classes of investment and maximum investment per class stipulated by law.
Norway	Permissible classes of investment and maximum investment per class stipulated by law. Free assets also regulated. Statutory requirement for maturity matching. Currency matching requirement: 80%
Poland	Permissible classes of investment and maximum investment per class stipulated by law. Statutory requirement for maturity matching. Currency matching requirement.
Portugal	Permissible classes of investment and maximum investment per class stipulated by law. Currency matching requirement: 80%
Spain	Permissible classes of investment and maximum investment per class stipulated by law. Currency matching requirement: 80%
Sweden	Permissible classes of investment and maximum investment per class stipulated by law. Statutory requirement for maturity matching (only as an implicit requirement of suitability). Currency matching requirement: 80%
Switzerland	Permissible classes of investment and maximum investment per class stipulated by law. Currency matching requirement: 80%
Turkey	Permissible classes of investment and maximum investment per class stipulated by law. Free assets also regulated. Currency matching requirement: 100%
UK	Permissible classes of investment and maximum investment per class stipulated by law. Currency matching requirement: 80%
United States	Permissible classes of investment and maximum investment per class stipulated by law. Currency matching requirement: 100%

Table 17 SUPERVISION OF REINSURANCE		
Country	Domestic retention requirements (its content if applicable)	Cross-border transaction of reinsurance (allowed or not)
Australia	No	No1 for life , Yes for non-life
Austria	No	Yes
Belgium	No	Yes
Canada	No	No, for a reinsurer or a life insurer[2]
Czech Republic	No	Yes
Denmark	No	Yes
Finland	No	Yes
France	No	Yes
Germany	No	Yes
Greece	No	Yes
Hungary	Yes	Yes
Iceland	No	Yes
Ireland	No	Yes
Italy	No	Yes
Japan	Yes[3]	Yes[3]
Korea	No	Yes
Luxembourg	No	Yes
Mexico	No	Yes
Netherlands	No	Yes
New Zealand	..	..
Norway	No	Yes
Poland	No	Yes
Portugal	No	Yes
Spain	No	Yes
Sweden	No	Yes
Switzerland	No	Yes
Turkey	Yes[4]	Yes[4]
UK	No	Yes
United States	No	Yes

Table 17 SUPERVISION OF REINSURANCE		
Country	Domestic retention requirements (its content if applicable)	Cross-border transaction of reinsurance (allowed or not)

Notes:
1. Australia: Cross border reinsurance transactions related to life business is restricted. In this country the Life Insurance Act 1945 requires any life insurance company carrying on business in that country to register under that Act.
This includes foreign reinsurance companies, which must set-up the statutory funds in this country for the purpose of conducting business
2. Canada: Insurers others than life insurers cannot cede more than 25% of gross premium written to non resident reinsurers.
3. Japan: 60% of the compulsory automobile liability insurance are to be reinsured be the State.
4. Turkey: Compulsory cessions to a domestic private company called Milli Reasüns A.S.
according to which apart from life insurance,
- 15% of all other insurance except motor vehicle insurance, after holding the necessary retention,
- 10% of each motor vehicle insurance.
- Compulsory cession will be abolished as of 31.12.2001.

Table 18 CLAIMS DATA COLLECTION			
Country	Shared data[1] (exist or not)	Collecting body	Data collection
Australia			
Belgium			
Czech Republic	Yes	Czech Insurance Association	
Denmark			
Finland			
France			
Germany			
Hungary	Yes	An independent organisation	Motor 3rd insurance
Iceland			
Italy			
Japan			
Korea			
Luxembourg			
Mexico			
Netherlands			
Norway			
Poland	No		
Portugal			
Spain			
Sweden			
Switzerland			
Turkey			
UK			
United States			
EU-15			

Notes:
1. Claims data such as loss frequency and loss severity are shared among insurance companies so that adequate premium rates can be calculated on a broader statistical basis.
2. Insurers shall report premiums and losses by class of business.

Table 19 ACTUARY					
Country	Obligatory appointment actuary	Legally recognised profession	Minimum Qualification required to be Actuary[1] (requirements to be an actuary)	Statutory Duties of Actuary	Formal Relationship between an Actuary and Supervisory Authority
Australia	Yes (for life only)	Yes	Independence, no specific qualification is required.	Calculate technical reserves	Co-operation between supervisory body and actuary.
Belgium	Yes	No	professional skills (Diploma and training), fit and proper	Calculate technical reserves, attest and report to the supervisory body.	Co-operation between supervisory body and actuary.
				Advice regarding tariffs, provisions, reinsurance.	
Czech Republic	No	No	No qualification required	No	Co-operation between supervisory body and actuary.
Denmark	Yes (for life only)	Yes	professional skills (diploma and training), fit and proper	Calculate technical reserves and premiums, monitor solvency margin, attest and report to the supervisory body.	Co-operation between supervisory body and actuary (only in case of life business)
Finland	No	Yes	professional skills (diploma and training).	Calculate technical reserves and monitor solvency margin.	
France	No	Yes	..	No	
Germany	Yes	No	professional skills (diploma and training), fit and proper	Attest, Report to the supervisory body and monitor solvency margin.	Co-operation between supervisory body and actuary.
Greece	..	..	..	..	

Table 19 ACTUARY					
Country	Obligatory appointment actuary	Legally recognised profession	Minimum Qualification required to be Actuary[1] (requirements to be an actuary)	Statutory Duties of Actuary	Formal Relationship between an Actuary and Supervisory Authority
Hungary	Yes	Yes	professional skills (diploma and training), fit and proper, age requirement	Certifies a) correctness of the formation and extent of the reserves contained in the annual report; b) correctness of the calculation; c) apportionment of the investment yield of the life insurance branch; d) professional correctness of premium calculations; e) valildity of the data relating to paragraphs “a”: to “d”, as well as of reserves	Authority checks the minimum legal requirement before the insurer may appoint the chief actuary
Iceland	Yes	Yes	Independence, diploma.	Calculate technical reserves, attest and report to the supervisory body. Notify the supervisory body in case of non compliance of insurance company with technical bases of premiums, premium reserves, bonuses, stipulations to surrender values and free paid life insurance.	Co-operation between supervisory body and actuary (only in case of life business)
Italy	Yes (for life only)	Yes	Independence, diploma, training and fit and proper.	Calculate technical reserves, monitor solvency margin, attest and report to the supervisory body. Collaborate with internal controlling bodies.	

Table 19 ACTUARY					
Country	Obligatory appointment actuary	Legally recognised profession	Minimum Qualification required to be Actuary[1] (requirements to be an actuary)	Statutory Duties of Actuary	Formal Relationship between an Actuary and Supervisory Authority
Japan	Yes	Yes	Fit and proper	Calculate technical reserves, attest and report to the supervisory body. Confirm accumulation of reserves and the distribution of surpluses. Submit results to board of directors and Ministry of Finance.	Co-operation between supervisory body and actuary.
Korea	Yes	Yes	Diploma, training, fit and proper.	Calculate technical reserves, monitor solvency margin, attest and report to the supervisory body. Confirm of the correctness of the calculation of provisions.	Co-operation between supervisory body and actuary.
Luxembourg	Yes (for life only)	No	Diploma, fit and proper.	Calculate technical reserves, monitor solvency margin, attest and report to the supervisory body.	Co-operation between supervisory body and actuary (only in case of life business)
Mexico	Yes	Yes	Independence, diploma, training	Calculate technical reserves, monitor solvency margin, attest and report to the supervisory body.	Co-operation between supervisory body and actuary.
Netherlands	Yes (for life only)	No	Diploma	Calculate technical reserves, monitor solvency margin, attest and report to the supervisory body. Certify actuarial report through explanatory note.	Co-operation between supervisory body and actuary.

Table 19 ACTUARY					
Country	Obligatory appointment actuary	Legally recognised profession	Minimum Qualification required to be Actuary[1] (requirements to be an actuary)	Statutory Duties of Actuary	Formal Relationship between an Actuary and Supervisory Authority
New Zealand	..	..	..	..	
Norway	Yes	Yes	Independence, diploma, training and fit and proper, be less than 70 aged	Calculate technical reserves, monitor solvency margin, attest and report to the supervisory body.	Co-operation between supervisory body and actuary.
Poland	Yes	Yes	Independence, diploma, training and fit and proper, age requirement.	Calculate technical reserves, technical provision(life). Confirm the correctness of provision calculated by mathematical methods (non-life).Signature of annual/quarterly report.	Co-operation between supervisory body and actuary.
Portugal	Yes	No	Diploma	Calculate technical reserves, attest and report to the supervisory body.	Co-operation between supervisory body and actuary.
Spain	Yes	Yes	Diploma	Attest	Co-operation between supervisory body and actuary.
Sweden	Yes (for life only)	No	Training	Calculate technical reserves, monitor solvency margin and report to the supervisory body.	
Switzerland	No	Yes	No requirements for actuaries.	No	Co-operation between supervisory body and actuary.
Turkey	Yes (for life only)	Yes	Independence, diploma, training and fit and proper.	Calculate technical reserves, monitor solvency margin, attest and report to the supervisory body.	Co-operation between supervisory body and actuary (for life business only).

Table 19 ACTUARY					
Country	Obligatory appointment actuary	Legally recognised profession	Minimum Qualification required to be Actuary[1] (requirements to be an actuary)	Statutory Duties of Actuary	Formal Relationship between an Actuary and Supervisory Authority
UK	Yes (for life only)	Yes	Diploma, training, to be 30 aged	Calculate technical reserves, tariffs and profit shares; monitor solvency margin; attest and report to the supervisory body, prepare documents related to life insurance.	Co-operation between supervisory body and actuary (for life business only).
United States	Yes	Yes	Independence, diploma, training and fit and proper.	Calculate technical reserves, monitor solvency margin, attest and report to the supervisory body.	Co-operation between supervisory body and actuary.
EU-15	No	..	..	..	

Notes:

1. This column indicates whether it is obligatory for an insurer to appoint an actuary.

Table 20 AUDITOR				
Country	Obligatory Appointment Auditor[1]	Minimum Qualification required to be Auditor (Requirement)	Statutory Duties of Auditor	Formal Relationship between Auditor and Supervisory Authority
Australia	Yes	Diploma, training, independence, Third party liability insurance (compulsory)	To check accounts To report supervisory body	Yes
Belgium	Yes	Diploma, training, Fit and proper, independence	To check accounts To report supervisory body	Yes
Czech Republic	Yes	Diploma, training, independence, Third party liability insurance (compulsory)	To check accounts	No
Denmark	Yes	Diploma, training, independence	To check accounts To report supervisory body	Yes (for national auditor)
Finland	Yes	Diploma, training	To check accounts To report supervisory body	Yes
France	Yes	Diploma, training, Fit and proper	To check accounts	No
Germany	Yes	Diploma, training, Fit and proper, independence, Third party liability insurance (compulsory)	To check accounts To report supervisory body	Yes
Hungary	Yes	University degree and charted accountant	Certify the annual report, if any problem seen contact the top manager of the company	No
Iceland	Yes	Diploma, independence, Third party liability insurance (compulsory)	To check accounts To report supervisory body	Yes (Only for national auditor)
Ireland	..	..	..	..

Table 20 AUDITOR				
Country	Obligatory Appointment Auditor[1]	Minimum Qualification required to be Auditor (Requirement)	Statutory Duties of Auditor	Formal Relationship between Auditor and Supervisory Authority
Italy	Yes	Diploma, training, Fit and proper independence,	To check accounts To report supervisory body	No
Japan	No	Diploma, training, Fit and proper, independence	To check accounts	Yes
Korea	Yes	Fit and proper, independence	To check accounts To report supervisory body	Yes
Luxembourg	Yes	Diploma, training, Fit and proper, independence, Third party liability insurance (compulsory)	To check accounts To report supervisory body	Yes
Mexico	Yes	Diploma, training, independence.	To check accounts To report supervisory body	Yes (Only for national auditor)
Netherlands	Yes	Diploma, training, independence	To check accounts To report supervisory body	Yes
New Zealand	..			
Norway	Yes	Diploma, training, Fit and proper, independence	To check accounts To report supervisory body	Yes
Poland	..	..	..	Yes (Only for national auditor)
Portugal	Yes	Diploma, Fit and proper, independence, Third party liability insurance (compulsory)	To check accounts To report supervisory body	Yes

Table 20 AUDITOR				
Country	Obligatory Appointment Auditor[1]	Minimum Qualification required to be Auditor (Requirement)	Statutory Duties of Auditor	Formal Relationship between Auditor and Supervisory Authority
Spain	Yes	Diploma, training, Fit and proper, independence, Third party liability insurance (compulsory)	To check accounts To report supervisory body	Yes
Sweden	Yes	Diploma, Fit and proper, independence	To check accounts	Yes (Only for national auditor)
Switzerland	No	No	No	Yes (Only for national auditor)
Turkey	Yes	Diploma, training, Fit and proper, independence	To check accounts To report supervisory body	Yes
UK	Yes	Diploma, training, independence	To check accounts To report supervisory body	Yes
United States	Yes	Diploma, training, Fit and proper, independence	To check accounts To report supervisory body	Yes
EU-15	Yes	Diploma, training, Fit and proper, independence	To check accounts	Yes

Note:
1. This column indicated whether it is obligatory for an insurer to appoint an auditor.

Table 21 SUPERVISION OF WINDING-UP			
Country	Motor Insurance Guarantee Fund* (exists or not)	Policyholder protection measures prior to bankruptcy (feasibility of portfolio transfer)	Policyholder protection measures included in liquidation procedures[1]
Australia	No	Yes	..
Austria	..	..	..
Belgium	Yes	Yes	Yes (rank: 5 for assets and rank 2 for assets representing technical liabilities)
Canada	..	..	..
Czech Republic	No	Yes	Yes (rank 1 for assets representing technical liabilities)
Denmark	No	Yes	Yes(for assets representing liabilities for life business).
Finland	Yes, but post established	Yes	Yes(equal status)
France	Yes	Yes	A French insurer's personal property is endowed with a general privilege (which is given sixth priority) designed to pay its commitments vis a vis policyholders and beneficiaries of insurance contracts.
Germany	Yes	Yes	Yes (rank 1 for assets representing technical liabilities; equal rank between creditors for assets)
Greece	..	..	..
Hungary	Yes	Yes	The Court appoints a liquidator, he is responsible for the policyholders protection
Iceland	No	Yes	..
Ireland	..	..	..
Italy	Yes	Yes	Yes (rank 1 for assets representing technical liabilities)

Table 21 SUPERVISION OF WINDING-UP			
Country	Motor Insurance Guarantee Fund* (exists or not)	Policyholder protection measures prior to bankruptcy (feasibility of portfolio transfer)	Policyholder protection measures included in liquidation procedures[1]
Japan	No	Yes[1]	Yes (rank 5 for assets and for assets representing technical liabilities)
Korea	Yes	Yes	Yes (rank 2 for assets and for assets representing technical liabilities)
Luxembourg	Yes	Yes	Yes (rank 4 for assets and rank 1 for assets representing technical liabilities)
Mexico	No	No	Yes (rank 2 for assets and rank 1 for assets representing technical liabilities)
Netherlands	Yes	Yes	Yes (for assets representing liabilities)
New Zealand	..	..	..
Norway	Yes	Yes	..
Poland	Yes	Yes	Yes
Portugal	Yes	Yes	..
Spain	Yes	Yes	..
Sweden	No	..	No[2]
Switzerland	Yes	Yes	..
Turkey	Yes	No	Yes (rank 3 for assets and for assets representing technical liabilities)
UK	Yes	No[3]	Yes[4]
United States	Yes but post established	Yes	Yes
EU-15	Yes	..	..

Table 21 SUPERVISION OF WINDING-UP			
Country	Motor Insurance Guarantee Fund* (exists or not)	Policyholder protection measures prior to bankruptcy (feasibility of portfolio transfer)	Policyholder protection measures included in liquidation procedures[1]

Notes:

(*) Motor Insurance Guarantee Fund - to protect policyholders from losses in the event a company goes bankrupt.

1. Japan: Under the Insurance Business Code, the Ministry of Finance can order the policies of a failed company to be transferred to healthy companies, preventing any loss to policy holders. These safeguard would likely be used before an insurance company were to become insolvent or bankrupt

2. Sweden: as far as domestic companies are concerned, there is a preferential lien in Sweden, only on the registered or recorded assets corresponding to the technical reserves for life insurance or in other insurance involving annuities arising out of accident and health insurance or motor vehicle third party liability insurance. In these cases, the preferential lien is absolute. With regard to other classes of insurance, in general non-life classes, there are no preferential liens at all for the benefit of policyholders. Thus, policyholders have no greater right to the assets than other creditors.

3. The Policy Protection Act, 1975, establishes a Policyholders Protection Board which functions to assist and protect private policy holders and others who have been or may be prejudiced in consequence of the inability of insurance companies carrying on business in the UK to meet their liabilities under policies issued or securities given by them.

4. Under section 8 of the Policyholders Protection Act, the Board is under a statutory duty to ensure that, as to any general policy, 90% of the ”amount of any liability of a company in liquidation towards a private policyholder under the terms of any policy to which this section applies which was UK policy at the beginning of liquidation is paid to the policyholder as soon as reasonably practicable after the beginning of the liquidation”.

Table 22 INSURANCE DISTRIBUTION		
Country	Kind of intermediaries	Legislation on intermediaries
Australia	1, 2, 3	Brokers must be licensed.
Austria	..	..
Belgium	1, 2, 3	Agents must be registered (i.e. application with documents regarding professional education, reputation, liability insurance, financial guaranty). Brokers must be licensed.
Canada	..	..
Czech Republic	1, 2, 3	Only foreign agents and foreign brokers must be licensed.
Denmark	1,2, 3	No requirement for brokers and agents in Denmark.
Finland	1,2,3	Brokers must be licensed (professional education, experience, independence and compulsory liability insurance are required).
France	1,2,3	Agents must have a notification by insurance company in case of general agents or a provision of a “carte professionnelle” in case of other agents. Employees must be registered. Brokers must be registered.
Germany	1,2,3	No requirement for brokers and agents in Germany.
Greece	..	..
Hungary	1,2,3	Brokers must be licensed by the supervisory body
Iceland	1,2,3	Only foreign agents must have a notification.
		National brokers must be licensed. Foreign brokers must be registered
Ireland	..	..
Italy	1,2,3	Agents and brokers must be registered.
Japan	1,2	Agents and brokers must be registered. Sometimes, employees must be registered.

Table 22 INSURANCE DISTRIBUTION		
Country	Kind of intermediaries	Legislation on intermediaries
Korea	1,2,3	Agents must be registered by the Ministry of Finance (i.e. a proof of training course with an exam by Korea insurance Institute and a business experience of two years are required). Brokers must be authorised by the Ministry of Finance (exam). Only national brokers for non-life business must be licensed.
Luxembourg	1,2,3	Agents and brokers must be licensed (i.e. professional knowledge is required). Employees must be registered.
Mexico	1,2,3	Agents must be registered under “personal and family risks” (life insurance) or under “company risks, life and health, property and casualty.” (non life insurance). Employees must be registered. National brokers must be licensed.
Netherlands	1,2,3	Agents and brokers must be registered (i.e. professional knowledge, full age, reputation and not having being bankrupt are required).
Norway	1,2,3	Brokers must be licensed.
Poland	1,2,3	Only national agents must be registered. Only national brokers must be licensed.
Portugal	1,2,3	Agents must be registered. Employees must be registered. Brokers must be licensed.
Spain	1,2,3	Agents must be registered. Brokers must be licensed.
Sweden	1,2(1),3	Brokers must be licensed.
Switzerland	1,2	Agents must be registered.
Turkey	1,2,3	Agents must be authorised by an insurance company. Employees must be registered. Brokers must be licensed.

Table 22 INSURANCE DISTRIBUTION		
Country	Kind of intermediaries	Legislation on intermediaries
UK	1,2,3	Agents must be registered. Brokers must be licensed.
United States	1,2,3	Brokers must be licensed.
EU-15[2]	1,2,3(1)	..

Notes:
1 Employees of insurance companies
2 Agents
3 Brokers
(-) data not available
(1) not regulated
(2) broker licensing: directive 77/92/EEC; non-binding recommendation 92/48/EEC

Table 23 COMPULSORY CLASSES OF INSURANCE			
Country	Kind of compulsory insurance	Direct action for a Third Party	Market share of motor vehicle*
Australia	Worker’s compensation;	Yes (motor and accident)	32.00
	Motor vehicle (third party liability)		
Austria	Aviation	..	36.18
	Motor vehicle (third party liability)		
	Third party liability relating to the nuclear sector must be insured.		
Belgium	Accident: compensation of members of electoral offices; workers compensation; accident insurance for member of community services; accident insurance for school laboratories.	Yes (motor and other third party liability)	37.72
	Fire: for public buildings, schools; animal production.		
	Nuclear: installation and transport		
	Motor Vehicle: motor liability; for organisations of motor competitions.		
	Other third party liability: emission of equity, travel agents, architects, slag heap operator, hunting, sport camps, staff of psycho medical centres; pollution; physicians; aircraft.		
Canada[1]	Motor third party liability	..	29.81
	Worker’s compensation		
	Nuclear insurance		
	Other third party liability		
Czech Republic	Health insurance	Yes	28.67
	Motor third party liability		
	Other third party liability: aircraft; hunting		

Table 23 COMPULSORY CLASSES OF INSURANCE			
Country	Kind of compulsory insurance	Direct action for a Third Party	Market share of motor vehicle*
Denmark[2]	Accident: Workers compensation	Yes (Motor third party)	27.58
	Motor third party liability		
	Other third party liability: dogs, aircraft, lawyers professional liability, accountants professional liability, estate agents professional liability; hunting; malpractice (hospitals and medical trials); nuclear insurance.		
Finland	Accident: Workers compensation	Yes (Motor third party, worker compensation, patients, pharmaceutics, nuclear liability).	3.40
	Motor third party liability; other third party liability: patients, pharmaceutics; nuclear insurance		
France[3]	Accident: non-salaried workers on farms	Yes	37.51
	Motor Third Party Liability		
	Natural catastrophe insurance and nuclear insurance		
	Other third party liability: certain sports, architects...		
Germany	Accident: air passengers; trainee pilots; proband liability	Yes	31.30
	Fire: immovable property and nuclear insurance		
	Motor vehicle third party liability		
	Other third party liability: owners of aircraft, lawyers, notary public, physicians, long distance haulers.		

Table 23 COMPULSORY CLASSES OF INSURANCE			
Country	Kind of compulsory insurance	Direct action for a Third Party	Market share of motor vehicle*
Greece	Motor Third Party Liability (the only compulsory insurance).		61.87
Hungary	Motor third party liability. (until 2001), liability for some professional groups	Yes (motor)	6.74
Iceland[4]	Accident: aircraft liability; professional liability for real estate agents; professional liability for stockbrokers; professional liability for used car dealers; professional liability for insurance broker; professional liability for solicitors; professional liability for house rental agencies, professional liability for dog owners.	Yes (motor)	42.60
	Fire: for buildings; hull and liability for motor boats; livestock, war risks		
	Natural catastrophe: for buildings and other constructions.		
	Nuclear insurance.		
	Accident insurance for drivers of motor vehicles; motor insurance.		
Ireland	Motor Third Party Liability (the only compulsory insurance).	..	4.70

Table 23 COMPULSORY CLASSES OF INSURANCE			
Country	Kind of compulsory insurance	Direct action for a Third Party	Market share of motor vehicle*
Italy[5]	Life: for employees and workers not being civil servants against employment risks, guaranteeing portions of salary; for experts and volunteers of the social services for the co-operation with developing countries.	Yes (motor)	56.78
	Accident: workers compensation for workers sent to non EU-15 countries; accident insurance for seamen embarked on ships authorised to divest their flags.		
	Health: for Italian workers and Italian seamen		
	Fire: for certain buildings (low-rent, council, mortgaged)		
	Motor vehicle and craft liability		
	Other third party liability: nuclear power plant operators, mail order sailing, carriers for third parties, hunting, broker, stock brokerage company providing incentives outside their premises, vehicles used for driving schools, tour operators and agents.		
Japan[6]	Third party motor vehicle insurance	Yes (motor)	43.96
	Freight: insurance for goods in storage		
	Nuclear energy liability insurance for nuclear operators.		

Table 23 COMPULSORY CLASSES OF INSURANCE			
Country	Kind of compulsory insurance	Direct action for a Third Party	Market share of motor vehicle*
Korea	Accident: workers compensation	Yes (motor)	46.34
	Fire: for certain buildings; nuclear insurance		
	Motor vehicle liability		
	Other third party liability: boats and aviation, gas, sports facilities.		
Luxembourg[7]	Motor third party liability	Yes (motor)	4625.00
	Other third party liability: aircraft, architects, hoteliers, travel agents, insurance brokers, lawyers, hunting, organisations of sports events, parachute jumper, garbage removal, radioactive instruments.		
Mexico	Life: personal insurance AHISA (Ministry of controlling) only for government entities		38.74
	Accident: tourist insurance (Ministry of Labour)		
	Health insurance: by Ministry of Foreign Relations (employees) and Ministry of Communications and Transports		
	Fire: for buildings of the National Fund for Housing, and the Fund for Housing of government Workers, time sharing houses; Natural catastrophe.		
	Motor: public transportation; automobile in Mexico City, Jalisco, Sonora, Puebla, Quintana Roo, Nuevo leon; freight cargo; highways; parking lots		
	Nuclear insurance		

Table 23 COMPULSORY CLASSES OF INSURANCE			
Country	Kind of compulsory insurance	Direct action for a Third Party	Market share of motor vehicle*
	Other third party liability: transporter for environmental damages, tourist and hotel agents, goods in transit, agriculture Transports, civil aviation, shipping		
Netherlands[8]	Motor third party liability	Yes	23.70
	Nuclear insurance		
	Other third party liability: hunting, pollution by oil tankers, operators of nuclear installation.		
Norway[9]	Occupational accidents	Yes	2.30
	Motor third party liability		
	Natural catastrophe		
	Other third party liability: air transport undertakings, architects, lawyers, dentist, insurance brokers, pharmacEU-15tical manufacturers		
Poland	Accident insurance	Yes	59.61
	Fire and natural catastrophe: for farmers;		
	Nuclear insurance		
	Motor third party liability		
	Other third party liability: tax advisors		

Table 23 COMPULSORY CLASSES OF INSURANCE			
Country	Kind of compulsory insurance	Direct action for a Third Party	Market share of motor vehicle*
Portugal[10]	Occupational accidents, health	Yes	53.67
	Motor third party liability		
	Fire insurance: individually owned building, buildings owned by housing corporations.		
	Other third party liability: industrial injury, travel agencies, official auditors, sportsmen, air charters companies, driving school vehicles, gas distribution network, insurance intermediaries, damage to the environment..		
Spain[11]	Motor third party liability	Yes	41.56
	Nuclear insurance		
	Other third party liability: sportsmen's, aircraft, hunters,, travel agencies, lawyers, insurance broker,..		
Sweden	Motor third party liability; motor race	Yes (motor, other third party liability)	43.93
	Fire: Nuclear insurance		
	Other third party liability: oil pollution, environmental damage, insurance broker, real estate broker, lawyers, 10 years construction liability		
Switzerland[12]	Accident and health insurance: seamen's sickness and injury, occupational injury, non occupational injury and occupational sickness of workers in employment in Switzerland, motor cyclists' accidents.	Yes (Accident insurance, motor third party liability, other third party liability)	2.00
	Fire insurance: movable property (in certain Cantons); Natural catastrophe insurance; Nuclear insurance.		

Table 23 COMPULSORY CLASSES OF INSURANCE			
Country	Kind of compulsory insurance	Direct action for a Third Party	Market share of motor vehicle*
	Motor third party liability insurance		
	Other third party liability: aircraft, motor transport undertakings, , boat operators, ..		
Turkey[13]	Accident: individual passenger liability	Yes	53.67
	Motor third party liability		
	Other third party liability: dangerous material and products and insurance related to LPG trade.		
UK	Motor third party liability	No	23.36
	Nuclear insurance		
	Other third party liability: oil pollution damage, insurance brokers, owners of dangerous wild animal.		
United States	Motor third party liability	No	3.10
EU-15			

Table 23 COMPULSORY CLASSES OF INSURANCE			
Country	Kind of compulsory insurance	Direct action for a Third Party	Market share of motor vehicle*

Notes:
(*) % of the overall volume of insurance premium.
1. Canada: No exhaustive list of compulsory insurance is available in Canada. It would be extremely difficult to compile one due to the large number of federal and provincial regulations
2. Denmark: Danish law makes provision for some fifteen compulsory insurance
3. France is the country with the largest number of compulsory insurance, around 90.
4. There are 20 items of compulsory insurance in Iceland.
5. There is a long list of compulsory insurance in Italy, around 50.
6. Japan has very few compulsory insurance.
7. There are some ten compulsory insurance in Luxembourg.
8. Netherlands: There are few compulsory insurance in this country.
9. Norway has some 20 compulsory insurance.
10. Portugal has some 20 compulsory insurance.
11. Spain is a country where compulsory insurance is widespread.
12. Switzerland: Compulsory insurance at federal level are few.
13. Turkey: There are 4 compulsory insurance in this country

Table 24 TAX INCENTIVES FOR LIFE INSURANCE PRODUCT		
Country	Existence (Yes or No)	Contents of tax incentives (if any)
Australia	No	Insurance contracts written in the domestic market are subject to stamp duty. These duties are levied by state governments under state legislation.
Austria	Yes	For life, sickness and accident insurance premium, are tax deductible.
		Tax on life premium (for a company): 4% . Policy exempt if sum insured is less than Sch 10 000.

Table 24 TAX INCENTIVES FOR LIFE INSURANCE PRODUCT

Country	Existence (Yes or No)	Contents of tax incentives (if any)
Belgium	Yes	At the taxpayer’s option, premium are deductible from occupational income up to an annual limit of 15% of the first BEF 50 000 of that income plus 6% of the balance, up to a maximum of BEF 64 000.Premiums must be paid to a Belgian company or Belgian branch of a foreign company or an EEA company.
Canada	No	Tax on life premium (company): 2%-3,5%. Levied at the provincial level.
Czech Republic	Yes	Insurance premiums are tax deductible. Returns on investment are taxed. A flat 15% tax is levied on the excess of benefits over paid premiums.
Denmark	Yes	Premiums paid for certain kinds of life insurance are income tax deductible only if the contracts has been concluded with a Danish insurance company or a branch of foreign insurance company provided the branch is authorised by the Danish supervisory body.
Finland	No	Premiums paid for voluntary pension insurance are to some extent deductible only when paid to a Finnish insurance company or a branch of foreign insurance company, if the branch is situated in Finland.
France	Yes	Premiums paid on contracts of at least 10 years duration and that provide for the payment of a capital sum or an annuity are eligible for a tax deduction of 25% of that portion of the premium reserved for savings purposes, up to a limit of 4000FF per household plus an additional FF1 000 per dependent child.
Germany	Yes	Premiums paid for all life products, up to DM 9 915 for single persons and DM 22830 for couples, as of 1 January 1993 are tax deductible.
Greece	Yes	Tax relief on premium for policyholders (for life contracts more than 10 years).
		Tax on life premium (Company): Premium tax (4%) for contracts less than 10 years plus stamp duty (2.4%) plus pension fund contribution (5%). Payable on first year premium only.
Hungary	Yes	20% of the annual insurance premiums are tax deductible up to a ceiling of HUF 50 000. Returns on investment are tax exempt. Benefits are tax exempt.
Iceland	No	Tax on premium (Company): stamp duties (8%). Not payable on renewal premium.
		Tax deductibility for policyholders in case of lump sum.
Ireland	No	
Italy	Yes	Premiums paid on policies of at least five years duration are deductible to a maximum of Lira 2.5 million per annum at a 27 % marginal tax rate.
		For insured 22% is tax deductible , annually.

Table 24 TAX INCENTIVES FOR LIFE INSURANCE PRODUCT		
Country	Existence (Yes or No)	Contents of tax incentives (if any)
		Tax relief might not be limited to Italian established insurers.
		Tax on life premium (Company): 2.5%
Japan	Yes	Premium paid for individually issued life policies are deductible to a maximum of 50 000 Yen.
		For insured: 50 000 Yen is tax deductible from income tax and 35000 Yen is tax deductible from residential tax.
		For policyholder: in case of lump sump it is tax deductible. Moreover, in case it is taxable, heirs can benefit from exemption up to amount of 5.000.000 Yen multiplied by the numbers of the heirs at law.
		Tax on life premium (Company):200 Yen stamp duty.
Luxembourg	Yes	Life insurance premium are tax deductible for policyholders.
Mexico	Yes	Life insurance premium are tax deductible only for legal person.
Netherlands	Yes	
Norway	Yes	
New Zealand	No	
Poland	Yes	Insurance benefits are not taxable. Employer has tax relief while purchasing life-insurance products for employees if the period of cover exceeds 5 years.
Portugal	Yes	Parafiscal taxes: 1.1%
Spain	Yes	Relief is available for premiums paid for life insurance, death insurance and disability insurance. The contracts qualify for preferential tax treatment lead to a credit equal to 10% of the premiums paid and the contract benefits must be payable to the policyholder or a spouse or direct relative where appropriate. Tax relief might not be limited to Spanish established insurers.
Sweden	Yes	Tax on life premium (Company): maximum 15% paid to company outside Sweden, reduction possible.
Switzerland	Yes	
Turkey	Yes	Tax on life premium(company): 5%
		For policyholders, tax deductibility is between 25% and 55%, depending on income tax level.
UK	No	

Table 24 TAX INCENTIVES FOR LIFE INSURANCE PRODUCT		
Country	Existence (Yes or No)	Contents of tax incentives (if any)
United States	No	The US has never accorded a general tax preference for premiums paid for individually issued life insurance. Tax on life insurance premium (company): 1% to 4%. Levied at the State level.
EU-15		

Table 25 INSURANCE INDUSTRY ASSOCIATIONS		
Country	Name	Roles Supervision (state or private)
Belgium	Union Profesionnelle des Entreprises d’Assurances (UPEA); Federatie van verzekeringsmakelaars; Feprabel (fédération des professionnels d’assurances de Belgique); BIPAR (bureau international des producteurs d’assurance et de réassurance); CASO; UAAM.	
Czech Republic	1. Czech Insurance Association, Association of Pension Funds Association of Czech Insurance brokers.	1. Represents the interests of its members, trains insurance company employees, co-operates in preparing legislation, collecting data, and establishing international contacts.
Denmark	Danish Insurance Association; Danish Non-Life Insurance Association; Danish Motor Insurers’ Council; Danish Marine Insurers’ Council; Danish Motor Insurers’ Bureau1	
Finland	Association of Pension Foundations; Finnish Marine Underwriters’ Association; Federation of Finnish Insurance Companies; Federation of the Local Mutuals; Finnish Motor Insurance Center1; Federation of Accident Insurance Institutions1; Association of Insurance Funds[1].	
France	Federation Nationale des syndicats et agents generaux d’assurance; Federation Française des courtiers d’Assurance et de Reassurance; Syndicat français des Assureurs conseils; Fédération nationale des syndicats d’agents generaux d’assurance.	
Germany	Gesamt verband der Deutschen Versicherungswirtschaft e.V.; verband der privaten Krankenversicherungen e.V..	
Hungary	Association of Hungarian Insurers Association of Hungarian Insurance Brokers; Association of Hungarian Insurance Associations.	Represents interest of the insurance companies/ insurance associations and brokers
Italy	Associazione Nazionale fra le Imprese Assicuratrici; National Trade Union of Insurance agents; Italian Association of Insurance Broker.	
Japan	Marine and Fire Insurance Association of Japan; Foreign Non-Life Insurance Association; Life Insurance Association of Japan.	

Table 25 INSURANCE INDUSTRY ASSOCIATIONS		
Luxembourg	Association des Companies d’Assurances; Association luxembourgeoise des mandataires generaux agents et agents professionnels d’assurance.	
Mexico	Asociacion Mexicana de Instituciones de Seguros; Asociacion de Companias Afianzadoras de Mexico; Asociacion Mexicana de Actuarios; Asociacion Mexicana de Ajustadores de Seguros; Asociacion Mexicana de Agentes de Seguros Y Finanzas; Asociacion Mexicana de Ejecutivos en Vanta de Seguros; Asociacion de Seguros Y Finanzas de Jalisco; Asociacion de Seleccionadores de Riesgos en el Seguro de Personas; Asociacion de Agentes de Seguros Y Finanzas del Estado de Guanajuato; Asociation Mexicana de Medicina del Seguro; Asociacion de Promotyores de Agentes; Asociacion Veracruzana de Ejecutivos de Seguro Y Finanzas; Comite Interamericano de Mercadeo e Investigacion del Seguro; Instituto Mexicano de Administradores de Riesgos; Intermediaros Mexicanos de Reaseguro; Insurances and Sureties agents Mexican Association.	
Netherlands	Verbond van Verzekeraars; Nederlandse Vereniging van Gevolmachtigde assurentie-agenten.	
Poland	Society of Polish Insurers Polish Chambers of Insurers1 Polish Transportation Insurance Office1; Polish Society of Actuaries.	The Polish Chamber of Insurance represents the interests of its members, expresses opinions on insurance-related bills; co-operates with domestic and foreign organisations and associations; provides a forum for amicable and conciliatory settlement of disputes between members; shapes and disseminates the principles of professional ethics in the insurance industry.
Sweden	Foersaekringsfoerbundet; Maeklarfoereningen; Aktuariefoereningen; Trafik foersaekrings foereningen[1]	
Turkey	Association of Insurance and Reinsurance Companies of Turkey[1]	
EU-15	Not regulated	

Table 25 INSURANCE INDUSTRY ASSOCIATIONS

Note:
1. In this case, membership is compulsory

Table 1 PREMIUM VOLUME (1997-1998)

Country	Currency	Premium volume in millions of NC[1]			Premium volume in millions US$			Insurance Density	Insurance Penetration
	ISO Code	Total	Non-life	Life	Total	Non-life	Life	Premium/Population in US$	Premium/GDP (%)
Albania	ALL	1 537	1 537		11	11		3.2	0.5
Armenia	AMD	866	..	..	1 619	..	..	0.4	0.3
Belarus[2]	BYR	2 463 208	2 373 831	89 377	11	11	0.4	1.0	0.4
Bulgaria	BLG	232 810	204 512	28 298	139	122	17	16.9	1.1
Croatia[3]	HRK	4 072	3 481	590	647	553	94	135.0	3.0
Estonia	EEK	1 257	1 051	207	89	75	15	61.2	1.7
Latvia	LVL	88	80	8	154	140	14	63.4	2.3
Lithuania	LTL	396	330	66	99	83	16.5	32.0	1.1
Moldova	LEI	100	68	32	12	8	3.8	3.3	1.1
Romania	ROL	2 414 840	2 215 393	199 447	221	202	19	9.8	0.71
Russia	RUR	42 004 600	29 607 600	12 397 000	2 015	1 421	595	28.7	1.6
Slovakia	SKK	21 423	15 128	6 296	580	410	171	108.0	3.0
Slovenia	SIT	116 824	97 521	19 304	863	720	143	432.0	4.9
Ukraine	UAK	789	776	13	231	227	3.8	4.5	..

Notes:

1. National currency

2. Belarus: Figures for premium volume in non-life insurance are mixed for example, mixed insurance (Non-life: $10 million & Life: $1 million).

3. Croatia: Provisional data from Sigma No. 8/1996, Swiss RE

Table 2 NUMBER OF INSURANCE COMPANIES				
(Life/Non-life/Composite)				
Country	Life	Non-Life	Composite	Total
Albania		2	1	3
Armenia	..	..	20	20
Belarus	4		49	53
Bulgaria	10	17		27
Croatia[1]	3	6	14	23
Estonia[2]	8	13		21
Latvia[3]	8	19		27
Lithuania[4]	4	27		31
Moldova			40	40
Romania	3	26	35	64
Russia	..	..	1 695	1 695
Slovakia	4	6	16	26
Slovenia[5]	3	2	9	14
Ukraine	9	245	..	254

Notes:

1. Croatia: One reinsurance company is not included in this figure
2. Estonia: Data are as of 1998
3. Latvia: Data are as of August 1999
4. Lithuania: Data are as of November 1997
5. Slovenia: Two reinsurance companies are not included in this table

Table 3 NUMBER OF INSURANCE COMPANIES					
(State-owned/Domestic private/Foreign-controlled/Foreign branches)					
Country	State-Owned Companies[1]	Domestic Private Companies[2]	Foreign-Controlled Companies[3]	Branches and Agencies of Foreign Companies	Total
Albania	1	2			3
Armenia	..	20	..	..	20
Belarus	5	48			53
Bulgaria	4	19	4		27
Croatia[4]	1	18	4		23
Estonia		12	9		21
Latvia[5]		18	9		27
Lithuania[6]	2	21	8		31
Moldova		36	4		40
Romania	2	42	20		64
Russia	1	1 694	..	..	1 695
Slovakia	1	10	15		26
Slovenia	8	4	4		16
Ukraine	3	251	..	..	254

Notes:

1. State-Owned Companies - denotes companies in which the state has a controlling majority
2. Domestic Private Companies - denotes companies in which the controlling majority (50% or more) is (50% or more) held by domestic entities excluding State Owned Companies
3. Foreign-Controlled Companies - denotes companies in which the controlling majority (50% or more) does not belong to domestic entities, excluding branches and agencies of foreign companies
4. Croatia: One reinsurance company is not included in this figure
5. Latvia: Data are as of November 1997
6. Lithuania: Data are as of 1998

Table 4 NUMBER OF EMPLOYEES OF INSURANCE COMPANIES

Country	Number of Employees	Premium volume in millions NC	Employees/Population (%)
Albania	636	2	0.02
Armenia	..	..	..
Belarus	8 110	2 463 208	0.08
Bulgaria	4 396	232 810	0.05
Croatia	3 975	4 072	0.08
Estonia[1]	3 073	1 085	0.02
Latvia	1 282	68 731	0.05
Lithuania	4 400		0.12
Moldova	2 400	41 667	0.07
Romania	9 577	2 414 840	0.04
Russia	108 370	36 430 000	0.07
Slovakia	7 206	21 423	0.13
Slovenia	3 785	228 005	0.19
Ukraine	..	..	..

Note:

1. Estonia: Data is from 1997

Table 5 AMOUNT OF INVESTMENTS BY DIRECT INSURANCE COMPANIES					
Life/Non-life					
Country	Life in US$ (thousand)	Percentage of total	Non-Life in US$ (thousand)	Percentage of total	Total in US$ (thousand)
Albania[1]		0.0	31 477	100.0	31 477
Armenia	..	..	..	..	1 312
Belarus	341	42.3	3 461	20.1	3 802
Bulgaria	86 923 316	50.2	86 405 825	49.9	173 329 141
Croatia	136 014	20.0	555 744	80.0	690 454
Estonia	23 845	28.2	60 685	71.8	84 531
Latvia	29 781	27.0	81 568	73.0	111 349
Lithuania	5 587	6.1	86 910	93.9	92 497
Moldova	..	..	..	..	15 165
Romania	50 262	16	265 674	84	315 936
Russia	..	..	..	..	..
Slovakia	697 974	78.0	196 652	22.0	894 626
Slovenia	173 400	28.0	449 300	72.0	622 700
Ukraine	3 762	1.63	226 986	98.37	230 749

Note:

1. Albania: There are few life policies issued in the market but this business is relatively small.

Table 6 INVESTMENTS BY DIRECT INSURANCE COMPANIES:

percentages by classes of investment – 1998

Albania

	Life %	Non-life %
Real Estate	0.00	18.20
Shares	0.00	3.62
Bonds	0.00	24.08
Loans	0.00	0.00
Other Investments	0.00	54.10
Total	0.00	100.00

Latvia[2]

	Life %	Non-life %
Real Estate	8.95	11.47
Shares	37.09	29.16
Bonds	1.88	0.34
Loans	1.84	7.48
Other Investments	50.24	51.55
Total	100	100

Bulgaria

	Life %	Non-life %
Real Estate	1.68	8.45
Shares	3.54	2.02
Bonds	56.93	12.66
Loans	0.04	0.00
Other Investments	37.81	76.87
Total	100.00	100.00

Lithuania

	Life %	Non-life %
Real Estate	10.00	19.00
Shares	0.10	3.50
Bonds	67.10	63.50
Loans	1.30	1.00
Other Investments	21.50	13.00
Total	100.0	100.0

Croatia[3]

	Life %	Non-life %
Real Estate	2.42	20.70
Shares	0.20	13.27
Bonds	23.67	0.17
Loans	25.47	51.70
Other Investments	48.24	14.68
Total	100.00	100.00

Slovakia

	Life %	Non-life %
Real Estate	13.89	1.84
Shares	14.49	15.27
Bonds	8.94	11.17
Loans	0	0
Other Investments	62.68	71.72
Total	100.00	100.00

Estonia

	Life %	Non-life %
Real Estate		15.08
Shares		12.05
Bonds		26.87
Loans		15.06
Other Investments		30.93
Total		100.00

Slovenia[1]

Life % & Non-life %	
Real Estate	4.00
Shares	2.00
Bonds	29.30
Loans	9.00
Other Investments	55.70
Total	100.00

Russia

	Life % & Non-life %
Real Estate	7.5
Shares	19.8
Bonds	27.8
Loans	0.0
Other Investments	44.9
Total	100.0

Moldova

	Life % & Non-life %
Real Estate	35.00
Shares, bonds & loans	51.00
Other Investments	14.00
Total	100.00

Table 6 INVESTMENTS BY DIRECT INSURANCE COMPANIES:

Armenia		*Romania*		
	Life & Non-life %		Life %	Non-life %
Shares	0.10	Real Estate	6.98	16.35
Bond	9.20	Shares	0.00	3.22
Deposits in bank	83.60	Bonds	17.80	7.68
Other investments	7.10	Loans	0.02	0.00
		Other Investments	75.20	72.75
Total	100.00	Total	100.00	100.00

Notes:
1. Slovenia: Data are for 1996
2. Latvia: Data are as for 1998
3. Croatia: Reinsurance included

TABLE 7 INSURANCE SUPERVISORY BODIES			
Country	Name of Supervisory Body (and role, if more than one body)	Premium Volume in millions NC	Number of Employees
Albania	Insurance Supervisory Commission	Insurers' fees	12 (7+5)[1]
Armenia	Insurance Inspectorate, an internal structure of the Ministry of Finance	State budget	12
Belarus	Insurance Supervisory Committee (Comstrakhnadzor) the Ministry of Finance	State budget	72
Bulgaria	Council and Insurance Supervision Directorate. Body: National Council on Insurance- Role: Grant and revoke a license to conduct insurance business within two months following the filing of a proposal by the Insurance Surveillance Directorate; 2.Authorize a merger (a purchase or a pooling of interests), a consolidation, a separation, and a split of insurers, as well as the cession of an insurance portfolio among insurers; 3.Initiate the institution of insolvency proceedings against an insurer; 4.Grant permissions under Article 9, paragraph (3). Body: Insurance Supervision Directorate - Role: The Insurance Supervision Directorate shall exercise control over the activity of insurers in conformity with the Insurance law. The Insurance Supervision Directorate shall: 1.Within two months following the receipt of all requisite documents shall present to the National Council on Insurance a proposal concerning: the legality of granting and revoking a license to conduct insurance business; the merger, consolidation, separation and split of insurers, as well as the cession of the insurance portfolio among insurers; the initiation of insolvency proceedings; 2.Determine the types and subtypes of insurance policies, with the exception of those in the Annexhereunder, and shall grant an additional license under Article 25, paragraph (2); 3. Oblige an underwriter offering compulsory insurance to conclude a contract of compulsory insurance with a person to whom he has refused the conclusion of such contract; 4.Recommend measures for recovering an insurer's financial state; 5.oblige an insurer to increase his capital; 6.determine the proportion of fixed assets and the cash resources in the capital for the purposes of guaranteeing payments under insurance contracts; 7.supervise the overall activity of insurers, including voluntary conclusion of insurance; 8.instruct insurers how to redress any violations of this Act, of the subordinate legislative instruments regulating its enforcement, and of the general conditions of insurance; 9.make decisions on other matters relating to the exertion of surveillance over insurers' activities.	State budget, Insurers fees - 3 533 million BGL	32
Croatia	Directorate for the Supervision of Insurance Companies	90% insurers' fees; 10% Ministry of Finance	10
Estonia[3]	The Estonian Insurance Supervisory Authority	Fee levied on premiums	17

TABLE 7 INSURANCE SUPERVISORY BODIES			
Country	Name of Supervisory Body (and role, if more than one body)	Premium Volume in millions NC	Number of Employees
Latvia	State Insurance Supervision Inspectorate	Insurers’ fees	22
Lithuania	State Insurance Supervisory Authority	Insurers’ fees	28
Moldova	Supervisory office in Ministry of Finance	State budget[6]	8
Romania	Insurance and Reinsurance Supervisory Office[5]	State budget	13
Russia	Department of Insurance Supervision	Ministry of Finance	200
Slovakia	(A) Department of Insurance - legislation matters; (B) Department of Insurance Supervision -responsible for licensing, approving policy conditions, data collecting and on-going supervision.	State budget	(A) 3; (B) 7
Slovenia	Insurance Supervisory Authority	Insurers' fee and State budget	9[7]
Ukraine	Insurance supervisory committee (Ukrstrakhnagliad)	State budget	65

Notes:

1. Albanian insurance supervisory Commission is composed of 7 members and 5 administrative personnel
2. Bulgaria: Main body - National council on Insurance (subordinate to the Council of Ministers), the Insurance supervisory office is subordinate to NCI. The own income of the supervising body consists of: license fees, annual fees for renewal of licenses, charges for amendments to licenses, fines levied under Art. 94 of the Law on Insurance.
3. Estonia: percentage approved by the minister of finance
4. Mongolia: With the introduction of a comprehensive law on commercial insurance, state supervision of insurance will be transferred to the Insurance Surveillance Body under the Ministry of Finance.
5. Percentage approved by the minister of finance
6. Slovenia: Number of employees in the insurance Supervisory Authority refers to the August 1999.

TABLE 8 LICENSING REQUIREMENTS		
Country	Legal form	Premium volume in millions NC
Albania	Stock company	List of shareholders and origin of capital, business plan of three years, classes of risk covered, premium rates, components of minimum guarantee fund, minimum capital, technical and financial resources of the company, qualification of staff, actuary, composition of company capital, statues, reinsurance program, insurance conditions.
Armenia	Joint Stock insurance company; Limited Liability insurance company	Minimum (statutory) capital; statutes; business plan including rates and provisions prediction; state duty; conditions for each type of insurance; general manager's and senior accountant's certificates of qualification.
Belarus	State insurance company; Joint stock insurance company; Limited or extra liability company	Under the Insurance Law, it is necessary to have statutory capital and to provide: a business development plan; rules or conditions of insurance or reinsurance; samples of documents which will be used ; economic justification for the business, including estimates of profits and losses, a reinsurance programme and other guarantees to ensure liabilities are met; copy of document showing license issuance fee has been paid.
Bulgaria	Joint-stock company, Mutual insurance co-operative society	232 137; 673
Croatia	Joint stock insurance company; mutual insurance company; public insurance company	Deed of foundation; minimum (statutory) capital; conditions of insurance ; premium rates; technical basis; tables of maximum coverage; operating plan for 3 years; financial status of the founders; share of individual shareholders; proposed chairman of the company's board of Management; number of employees and personnel qualification structure; actuary (for life insurance company)
Estonia	Stock company	Application, main statue, general insurance conditions, business plan, certificate of capital being paid, particulars of founders and staff, qualified actuary.
Latvia	Joint stock insurance company; mutual insurance company	Company registration certificate and company foundation documents; statutory capital (equity); general insurance conditions; a list of share-holders; license fee; business plan; staff's professional skills.
Lithuania	Public company, private company	Statutory capital; draft articles of association; general insurance conditions; tariff; business plans; samples of insurance certificates; information about management and owners; other legal documents
Moldova	Limited company or joint stock company	1. Deposition 2. Statute 3. Copy of certificate of registration 4. Information about statutory capital 5. Economic arguments of activity inclusive of profit and loss account, reinsurance programme and other guarantees insurance obligations 6. General institutions.
Romania	Joint stock insurance company; public insurance company	Application form; draft of articles of association and company by-laws; feasibility study (first three years); minimum capital; general policy conditions ; information about management; for life insurance, the mathematical calculations of premium on act

TABLE 8 LICENSING REQUIREMENTS		
Country	Legal form	Premium volume in millions NC
Russia		Minimum (statutory) capital; business plan; calculation of rates; general insurance conditions; investment of insurance reserves.
Slovakia	Joint stock insurance company	Minimum (statutory) capital; general insurance conditions; professional qualifications of management; business plan, reinsurance plan; "guarantee" (deposited in the bank of one million SKK)
Slovenia	Joint stock insurance company; mutual insurance company	Business plan; company articles; data on provision of guarantee capital; list of shareholders; direct and indirect capital; information about management; minimum capital.
Ukraine	Full liability, commandite or additional liability company, joint stock insurance company	Application; statute; registration certificate; various information from banks (amount of paid-up statutory capital, etc.), business plan; reserves placement plan; calculation of solvency; insurance conditions ; rates, reinsurance plan; information about top managers of insurance company

TABLE 9 MINIMUM CAPITAL REQUIREMENTS

Country	Non-life		Life		Life and non-life	
	Local currency	US$	Local currency	US$	Local currency	US$
Albania	ALL 60 - 180 mil.	458 015 - 1 374 046	ALL 200 mil.	1 526 717	No	No
Armenia	30 mil.	56000	..	..	30 mil.	56000
Belarus	..	..	..	..	BYR 2500 mil.	11 400
Bulgaria[1]	BGL 3 000 mil.	1 791 045	2,000 mil.	1 194 030		
Croatia	HRK 4.mil.	639 930	HRK 8 mil.	2 575 165 mil.	20 mil.	3 179 650
Estonia[2]	Life and pension reinsurance: EEK 20 mil.; Motor TPL, liability, credit, guarantee, financial risk: EEK 10 mil.; Other: EEK 5 mil.	Life and pension reinsurance: 1 421 026; Motor TPL, liability, credit, guarantee, financial risk: 710 513; Other 355 257	12 000 000	852 616		..
Latvia	LVL 0,5 mil.	0.85 mil.	LVL 1mil.	1.7 mil.	..	..
Lithuania[4]	LTL 2 mil., (credit ins. LTL 7mil.)	0.5 mil. (1.75 mil.)	LTL 4 mil.	1 mil.	..	..
Moldova[5]	300 000	36 145	300 000	36 145	300 000	36 145
Romania[6]	NA	NA	NA	NA	ROL 25m	3, 078
Russia	ECU 0.25m	0.27 mil.	ECU 0.35 mil.	0.38 mil.	ECU 0.5 mil.	0.54 mil.
Slovakia	Minimum capital to all companies since 9/2/1999 motor TPR, general liability, caution insurance credit guarantee, insurance of aircraft: SKK 50 mil.; SKK 60 mil.; SKK 150 mil.	1 35 mil.; 1 625mil.; 4 06 mil.	SKK 80 mil.	2,17 mil.	..	..
Slovenia	120 mil.	848 181	120 mil.	848 181	240 mil.	1 696 362
Ukraine	ECU 0.1m; ECU 0.5m with foreign participation	0.11m; 0.54m	ECU 0.1m; ECU 0.5 m with foreign participation	0.11m; 0.54m	..	..

TABLE 10 LICENSING: MARKET ACCESS				
Country	Application of Economic Needs Test	Premium volume in millions NC		
		Subsidiaries[1]	Joint Ventures[2]	Branches
Albania	No	—	X[3]	X
Armenia	..	—	X	—
Belarus	No	—	X[4]	—
Bulgaria	No	X	X	—
Croatia	Yes[5]	X	X	—
Estonia	No	X	X	—
Latvia	Yes[6]	X	X	—
Lithuania	No	X	X	—
Moldova	No	X	X	—
Romania	No	—	X	X[7]
Russia	NA	—	X[8]	—
Slovakia	No	X	—	—
Slovenia	Yes[9]	—	X	—
Ukraine	Yes	—	X	—

Notes:

X allowed; (—) not allowed

1. Foreign insurer's wholly-owned subsidiaries
2. Joint venture between foreign shareholders and national shareholders
3. Albania: Foreign capital limited to 70%
4. Belarus: Foreign capital not exceeding 49%. In Bulgaria, foreign majority share-holdings and foreign subsidiaries will be allowed as of March 1998.
5. Croatia: Although the investigation of economic needs is carried out in Croatia, according to the existing regulations an application cannot be refused by stating as a reason that a number of insurance companies already exist
6. Latvia: The State Insurance Supervision Inspectorate may refuse the license for realization of the specific insurance class activities, in the event that the insurance operations are not economically grounded
7. Romania: Limited scope of activities: insurance contracts with foreign natural or legal persons or for their properties, or reinsurance contracts with Romanian insurance/reinsurance companies
8. Russia: Foreign capital not exceeding 49%
9. Slovenia: Insurance Supervisory Authority might reject an application because of the many reasons, which are listed in the 5th paragraph Article No. 9 of LIC (Law on Insurance Companies) and also because of an anticipation of the unfavourable development on the insurance market as far as the policy holders protection.

TABLE 11 SPECIALISATION AND INTERSECTORAL INVESTMENT

Country	Life/ Non Life Activity Separated
Albania	No
Armenia	No
Belarus	No
Bulgaria	Yes
Croatia	No
Estonia	Yes
Latvia	Yes
Lithuania	Yes
Moldova	No
Romania	No
Russia	No
Slovakia	Yes
Slovenia	No
Ukraine	Yes

TABLE 12 CONTROL OF TECHNICAL PROVISIONS		
Country	Provisions (Yes/No)	Premium volume in millions NC (including roles of actuaries and auditors)
Albania	Yes	Technical provisions are determined as prescribed by the relevant insurance act by the actuaries of insurance companies. Their calculation and use are controlled by the Insurance Supervisory Commission annually and during on-site inspections. Annual reports are examined by the chartered auditors.
Armenia	Yes	Technical provisions are determined as prescribed by the relevant insurance legislation. Their calculation and use are controlled by the Insurance Inspectorate quarterly and during on-site inspections. Quarterly reports are examined by the Insurance Inspectorate.
Belarus	Yes	Technical provisions are determined by insurance companies in co-operation with the supervisory body. Their calculation and use are controlled by the supervisory body annually and during on-sight inspections. Technical provisions are checked by auditors as well.
Bulgaria	Yes	Technical provisions are determined in accordance with Regulation on the Technical Provisions and controlled by the Insurance Supervision Directorate. Annual reports are examined by the chartered auditors, nominated by the Insurance Supervision Directorate.
Croatia	Yes	A general principle exists. Each insurer determines its technical provisions in co-operation with the Supervisory Directorate. Their validity is controlled by the Directorate in the course of direct inspections. Regulation is currently under consideration
Estonia	Yes	Responsibility of actuary, supervisory authority conducts regular off-site and pre-scheduled on-site inspections.
Latvia	Yes	There are special regulations according to calculation of technical provisions for compulsory motor liability insurance. Requirements for technical provisions of credit and suretyship insurance conform to the requirements of EU-15 directives.
Lithuania	Yes	Technical provisions must be calculated accordingly to the regulations. Requirements for technical provisions conform to the requirements of EU-15directives. Audits are carried out annually. The supervisory authority conducts on-site inspections
Moldova	Yes	Financial reports have to be audited by external auditors annually. Technical provisions are determined by insurance companies correspondingly with rules of formation technical reserves for non-life insurance from 29.10.97.
Romania	Yes	For life insurance, technical reserves must be calculated on actuarial bases. For Non-life insurance, loss reserves and premium reserves must be calculated as stipulated by law. The financial soundness of companies is audited by external auditors annually
Russia	Yes	The supervisory authority approves procedures for generating technical provisions. Auditors examine technical provisions and annual reports. On-site inspections are conducted as required.
Slovakia	Yes	Administrative financial control, from annual reports, performed by actuaries. Adequacy of technical reserves to be controlled from 1997. The financial soundness of companies is audited by external auditors annually. Decree No. 136/96 and No. 177/99 regulate the generation, use and manner of placement of insurance companies technical reserves resources.
Slovenia	Yes	EU-15 compatibles standard. Technical provisions and life insurance reserves must be confirmed by an authorised actuary, who is required to submit confirmation to the insurance company and the supervisory authority.
Ukraine	Yes	The amount of unearned reserves is determined by aggregate premiums received. Reserves and assets are article.

TABLE 13 SOLVENCY MARGIN REQUIREMENTS		
Country	Solvency Margin Requirements (exist or not)	Main requirements
Albania	Yes	As prescribed by the relevant Insurance Act, complied in accordance with EU-15 directives.
Armenia	Yes	To ensure solvency, insurance companies must maintain a certain ratio of assets to liabilities. Requirements and calculation methods are established by the RA government regulation.
Belarus	Yes	To ensure solvency, insurance companies must maintain a certain ratio of assets to liabilities. Requirements and calculation methods are established by the state supervisory body.
Bulgaria	Yes	Solvency margin is determined in accordance with Regulation on Methods of Calculation of the Solvency Margin and Own Capital, based on EU-15 Directives.
Croatia	Yes	Based on EU-15 Directives
Estonia	Yes	Based on EU-15 Third Directives
Latvia	Yes	In accordance with EU-15 Directives
Lithuania	Yes	To ensure solvency, insurance companies must maintain a certain ratio of assets to liabilities. Requirements and calculation methods are established by the state insurance supervisory authority. Based on the EU15 directives.
Moldova	Yes	As prescribed by the Act of 15 June 1993
Romania	Yes	Under Act 47/1991, an insurer’s premium income, net of reinsurance, may not exceed five times its paid-up capital plus capital reserves
Russia	Yes	Based on EU-15 Directives (premium method), with some modifications
Slovakia	Yes	In accordance with EU-15 Directives
Slovenia	Yes	In accordance with EU-15 Directives
Ukraine	Yes	In accordance with EU-15 Directives, with some modifications

TABLE 14 FINANCIAL REPORTS			
Country	Financial Reports - Nature	Frequency	Main accounting principles
Albania	1. Balance sheet, profit and loss accept, list of investments used to cover technical reserves, list of investments, report of technical reserves kept for each activity and supporting explanation. 2. Balance sheet, profit and loss account, report on solvency margin and its components, cash flow statement. 3. Loss ratios reports.	1. Annually; 2. Quarterly; 3. Monthly	Accounting principles are the same for all sectors of the national economy, regulated by the law "On Accounting", No. 7661, January 19, 1993. Features of insurance accounting and financial issues are to be regulated by the relevant Act of the government.[1]
Armenia	Balance sheet; income statement; certain items of equity flow statement; notes to the companies' financial statement.	1. Annual 2.Quaterly	Accounting principles are the same for all sectors of the national economy. There are no accounting principles specifically for insurance.
Belarus	1. Appendix to the balance sheet, attached to the Annual financial report 2. Balance sheet; profit and loss account; report on the main indicators of financial and economic activity.	1. Annual 2. Quarterly	Accounting principles are the same for all sectors of the national economy. There are no accounting principles specifically for insurance.
Bulgaria	Balance sheet; profit and loss account.	Annual	Accounting principles partial harmonised with EU-15EU-15-15 Directive for Annual Accounts of the Insurance Undertakings.
Croatia	1. Balance sheet; profit and loss account. 2. Structure and amount of financial resources as well as premiums and losses.	1. Three times a year 2. Quarterly	As of January 1, 1998 new standards according to the EU-15 Directive were adopted
Estonia	Annual account; Interim accounts; Actuarial accounts (non-life); Investment reports; Market statistics; Actuarial reports (life); Reinsurance reports.	Annually; Quarterly; Annually; Quarterly; Monthly and Quarterly; Annually; Annually.	Accounts in compliance with 1st and 4th accounting directive and 91/674 EEC (insurance accounts)

TABLE 14 FINANCIAL REPORTS			
Country	Financial Reports - Nature	Frequency	Main accounting principles
Latvia	1. Annual balance sheet; profit and loss account; cash flow statement; appendixes; 2. Balance sheet; profit and loss account; notes; appendixes; 3. Premiums, claims, expenses.	1. Annual 2. Quarterly 3. Monthly	Prepared according to the EU-15 Directive on accounting.
Lithuania	1. Balance sheet, profit and loss account, cash flow statement, profit (loss) distribution account, explanatory note and auditor's report; 2. Report on solvency; report on placement of insurer's authorised capital and technical provisions; 3. Statistical reports on main indicators of insurance operations	1. Annual; 2 & 3. Quarterly	New accounting instructions and a new accounting plan are currently under preparation
Moldova	1. Balance sheet 2. Profit loss account 3. Cash flow statement 4. Report on the main indicators of insurance companies activity 5. Statistical report 6. Movement capital proper statement	Annual and quarterly.	International accounting standards and specific insurance instructions
Romania	Annual balance sheet and profit and loss account; Financial and Statistics Report; Reports for third party liability for motor insurance; Reports on the payments for Insureds Protection Fund	Annual; Annual; Monthly; Quarterly	There are no specific insurance principles, and accounting methods and the content of accounting documents are not harmonised.
Russia	Annual accounts; report on solvency; report on placement of insurance reserves; report on insurance reserves in insurance sectors other than life; report on reinsurance transactions.	Annual	Insurance company balance sheets and reports on financial results have been approved by the supervisory authorities. Format and terminology have been aligned as much as possible on the EU-15 Directive on the Annual accounts and consolidated accounts of insurance
Slovakia[2]	1. Financial statements and supporting statistical analysis. 2. Detailed statements on investments by life and non-life insurers.3. Statistical activity reports by class, listing levels of premiums and claims.	1. Annual 2.Semi-Annual 3. Quarterly	There are a number of accounting standards for the insurance industry, all of which are in accordance with the EU-EUEU-15 Directive.
Slovenia	Balance sheet, profit and loss accounts, non-technical statement, technical provisions, investments, cash flow statements, solvency report	1. Annual 2. Semi-annual 3. Quarterly	There are a number of accounting standards for the insurance industry, all of which are in accordance with the EU-15 Directive.
Ukraine	Balance sheet; income statement; special additional	1. Annual 2.	Articles 33 and 34 of the Insurance Act

TABLE 14 FINANCIAL REPORTS			
Country	Financial Reports - Nature	Frequency	Main accounting principles
	informational containing some details on insurance activity; profit and loss account; supervisory reports.	Quarterly	

Notes:
1. Albania: Work is currently under progress and is to published at a later date
2. Slovak Republic: Balance sheet, profit and loss account, auditors report, solvency report

TABLE 15 SUPERVISION OF POLICY CONDITIONS AND PREMIUM RATES

Country	Supervised or not				Comments
	Licensing[1]		Operating[2]		
	Policy conditions	Premium rates	Policy conditions	Premium rates	
Albania	Yes	Yes	Yes	Yes	
Armenia	Yes	Yes	Yes	Yes	Legislative establishment of insurance rates margins for compulsory classes of insurance.
Belarus	Yes	Yes	Yes	Yes	
Bulgaria	Yes	Yes	Yes	Yes	
Croatia	Yes	Yes	Yes	Yes	
Estonia	Yes	Yes	No	No	
Latvia	Yes	Yes	Yes	Yes	
Lithuania	Yes	Yes	Yes	Yes	
Moldova	Yes	Yes	Yes	Yes	
Romania	Yes	Yes[4]	Yes[4]	Yes[4]	
Russia	Yes	Yes	Yes	Yes	
Slovakia	Yes	Yes	Yes	Yes	Only compulsory classes of insurance. They must by in accordance with a Decree No. 177/99. In life insurance only approval of the Ministry of Finance.
Slovenia	Yes	Yes[3]	Yes[3]	Yes[3]	
Ukraine	Yes	Yes	Yes	Yes	

Notes:
1. During the licensing procedure
2. When new products are introduced
3. Slovenia: From April 9, 1999, the premium rates of motor third party liability are no longer subject to Government approval
4. Romania: All actuarial calculations have to be provided in respect of life insurance products

TABLE 16 SUPERVISION OF INVESTMENT ACTIVITIES			
Country	Evaluation method	Regulation of portfolio investment abroad	
		(allowed or not)	(how regulated if allowed)
Albania	Historical value	Yes	Funds may be invested abroad with the permission from the Insurance Supervisory Commission
Armenia	Present value		
Belarus	Present value	Yes	Up to 10% of the total amount of reserves is allowed to invest abroad
Bulgaria	Historical value	Yes	Funds may be invested abroad with permission from the Ministry of Finance
Croatia	Historical or market value	Yes	In accordance with regulations governing foreign exchange transactions (prior approval required)
Estonia	Lowest of net realisable value and historical costs; long term bonds amortised with effective or linear interest rate, shares of subsidiaries with extended equity method, group accounts with full consolidation	Yes	Restrictions of investing abroad abolished since June 1999 with amendments to insurance law
Latvia	Mainly purchase value or market value.	Yes	The insurer cannot invest more than 10 % of technical reserve abroad without the permission of the Insurance Supervision Directorate
Lithuania	Purchase value	Yes	Maximum limits for technical provisions the same as for local investments, but prior approval by the insurance authority is required
Moldova	No	Yes	The investment aboard (in foreign countries) is illegal
Romania	None	Yes	No limit on foreign investment.
Russia	Purchase value	Yes	No more than 20 per cent of insurance reserves may be invested abroad
Slovakia	Historical value	Yes	According Decree of the Ministry of Finance No. 177/99
Slovenia	Depreciated historical cost adjusted for inflation or market value, whichever is less	No	
Ukraine	Mainly purchased value	Yes	There is some limitation

TABLE 16 SUPERVISION OF INVESTMENT ACTIVITIES (CONTINUED)	
Country	Legislation and monitoring
Albania	Permissible classes of investments are stipulated by law. Maximum investment per class is stipulated by Act of Minister of Finance. Monitoring by on-site inspections and reporting.
Armenia	Permissible classes of investment and maximum investment per class stipulated by the relevant insurance legislation only for provisions' resources. Monitoring by reporting and on-site inspection.
Belarus	Permissible classes of investment and maximum investment per class stipulated by law. Monitoring by on-sight inspections and reporting.
Bulgaria	Permissible classes of investment and maximum investment per class stipulated by law; investments of free assets also regulated.
Croatia	Permissible classes of investment and maximum investment per class stipulated by law. Monitoring by Department of Insurance Supervision through financial reports submitted quarterly. At least 30% of mathematical reserves have to be invested in state secure
Estonia	Permissible classes of investment and maximum investment per class stipulated by law, both classes and limits changed in June 1999 (according to EU-15 3rd directives)
Latvia	Permissible classes of investment and maximum investment per class stipulated by law. Reporting on a quarterly basis.
Lithuania	Permissible classes of investment are regulated by law on insurance. Limits for investments per class are established by the Order of the Ministry of Finance.
Moldova	Permissible classes of investment and maximum investment per class stipulated by rules about disposition of insurance reserves and funds from 12/03/96
Romania	Insurers have to maintain their deposits in at least 2 commercial banks, but not more than 50% in one bank. Investment in a given investment fund may not exceed 20% of aggregate investments in such funds. Supervisory authority may request information when
Russia	Control of diversification and return on investment; Ministry of Finance set types of asserts to cover technical reserves and limits to maximum investment size of each type.
Slovakia	Ministry of Finance decrees, provisions concerning investments by insurance companies, investment guidelines, list of permissible investments and maximum limit for each category of investment. Decree No. 136/96, No. 177/99.
Slovenia	Permissible classes of investment and maximum investment per class stipulated by law. Monitoring is done on a half-yearly basis and through random on-site inspections.
Ukraine	Permissible classes of investment and maximum investment per class stipulated by low and Act of Insurance supervisory committee of Ukraine.

TABLE 17 SUPERVISION OF REINSURANCE		
Country	Domestic retention requirements (its content if applicable)	Cross-border transaction of reinsurance[1] (allowed or not)
Albania[2]	No	Yes
Armenia	..	Yes
Belarus	..	Yes[3]
Bulgaria	No	Yes
Croatia	Yes[4]	Yes
Estonia	Yes	Yes
Latvia	No	Yes[5]
Lithuania[6]	No	Yes
Moldova[7]	Yes	Yes
Romania	No[8]	Yes
Russia	Yes[9]	Yes
Slovakia	No[10]	No
Slovenia[11]	Yes	Yes
Ukraine	Yes	

Notes:

1. Reinsurance cover by reinsurance companies outside the country.

2. Albania: Domestic retention requirements are not clearly stipulated in the Insurance Act

3. Belarus: Reinsurance must be offered to domestic firms first. Reinsurance is regulated and supervised. According to the law " On the Corporate Income Tax", premiums transferred by foreign insurance and reinsurance companies are booked as the original cost of insurance service, i.e. are not subject to tax income.

4. Croatia: An insurance company may be reinsured abroad if the conditions of a foreign reinsurer are more favourable than those of domestic reinsurance companies, but in such cases the insurance company in question is required to offer a domestic reinsurer a share in the surplus risk up to the amount of its capacity to bear them for its own account, on the terms offered by the foreign reinsurer.

5. Latvia: Within ten days of concluding a reinsurance contract, the ceding insurer shall notify the supervisory authority of the content thereof.

6. Lithuania: Regulated by the Insurance Act (Article 20) and by State Insurance Supervisory Resolution; an insurance company may reinsure risks abroad if foreign reinsurer satisfy minimum rating requirements.

TABLE 17 SUPERVISION OF REINSURANCE

7. Moldova: No domestic reinsurance companies are registered in Moldova, and for this reason
the reinsurance business is underdeveloped and depends on foreign reinsurers
(from Germany and Russia) or larger insurance companies in Moldova, Ukraine, Russia
and Belarus. The reinsurance of risks with foreign reinsurers unlicensed by the
State Insurance Supervisory Office is permissible if risks cannot be covered on the domestic market.
8. Romania: Reinsurance may be obtained in the international market only if the risks cannot be ceded domestically.
9. Russia: Reinsurance by non-resident is allowed. There is a limitation to a maximum share of non-resident reinsurers
applied to cover technical reserves
10. Slovakia: No regulation on reinsurance
11. Slovenia: Reinsurance must be offered to domestic firms first. Reinsurance is regulated and supervised just like direct insurance.

TABLE 18 CLAIMS DATA COLLECTION			
Country	Shared Data[1] (exist or not)	Collecting Body	Data Collection
Albania	No		
Armenia	No	..	Insurers collect information themselves for their own purposes.
Belarus	Yes	Insurance Activity Supervision Committee and Insurance Union	Quarterly
Bulgaria	No	No	..
Croatia	Yes	Supervisory Directorate	..
Estonia[2]	Yes	Supervisory Authority	Yes
Latvia	Yes	Insurance Supervision Inspectorate	Yes
Lithuania	No		
Moldova	Yes	National Association of Insurers	..
Romania	No		
Russia	Yes	Regional insurance associations	Insurers collect information themselves for their own purposes and mutual co-operation.
Slovakia	Yes	Slovak Insurance Association, Ministry of Finance (since 1998)	Once a year: total collected premium, written premium, premium paid, claim payments, loss experience, reserves.
Slovenia	Yes	Slovene Insurance Association	
Ukraine	Yes		

Notes:

1. Claims data such as loss frequency and loss severity are shared among insurance companies so that adequate premium rates can be calculated on a broader statistical basis.

2. Estonia: Insurers shall report premiums and losses by class of business.

TABLE 19 ACTUARY				
Country	Legally Recognised Profession	Minimum Qualification required to be Actuary[1] (Requirement to be an actuary)	Statutory Duties of Actuary	Formal Relationship between an Actuary and Supervisory Authority
Albania	Yes	Insurance companies must employ someone with strong background in Math; who carries out the duties of actuary.	Calculation of technical reserves and premiums	It is the obligation of chief actuary of the company to sign the reports on technical reserves
Armenia	..	..	..	..
Belarus	Yes	The actuarial duties are exercised by mathematician-economists specialised in actuarial calculation	Calculation of insurance tariffs, technical provisions and financial risks	The activity of an actuary is supervised
Bulgaria	Yes	An actuary shall be by a person who has a graduate degree in mathematics or in information science and the requisite professional experience in insurance.	Evaluation and calculation of technical provisions	
Croatia	Yes	An insurer appoint an actuary (experts specialised in actuarial calculation with approval of the Ministry of Finance).	Duties of an actuary include evaluation of technical provisions and mathematical reserves, ovjera cjenika	Supervisory authority can hire an independent actuary
Estonia[2]	..	..	..	..
Latvia		The insurer providing life insurance employs a chief actuary. The minimum requirements for the qualifications of the chief actuary are stated by the Insurance Supervision Inspectorate		
Lithuania	..	Life insurers must have an actuary	Duties of actuary include evaluation of technical provisions on tariffs	..
Moldova				
Romania	In Romania the actuarial duties are exercised by mathematicians specialised in actuarial calculation. SOIRA has the expertise of one such mathematicians, recognised by the Actuarial Institute of London.			

TABLE 19 ACTUARY				
Country	Legally Recognised Profession	Minimum Qualification required to be Actuary[1] (Requirement to be an actuary)	Statutory Duties of Actuary	Formal Relationship between an Actuary and Supervisory Authority
Russia	Actuary profession is not legally recognised by insurance legislation			
Slovakia	No	No	Calculation of technical provisions is the task of actuaries	No
Slovenia	Yes	Minimum Qualification required to be actuary are determined by the Minister of Finance in special regulations. To become an actuary it is obliged to pass prescribed exams before the Actuary board of commissioners or at the Faculty of Economics in the frame of postgraduate study of Insurance Finance and Actuary. Statuary duties of Actuary are prescribed in Article No. 56 of LIC (Law of Insurance Companies) which states that the standards, and the accuracy of calculations in annual accepting statements for the setting aside of technical insurance provisions and reserves shall be confirmed by an authorised actuary. Regarding the formal relationship between an actuary and supervisory authority the Article No 56 of LIC determines that the authorised actuary shall submit to the insurance companies and the supervisory authority the confirmation within the time limits determined.		
Ukraine	Yes	Joint Basic Actuarial Course with Institute of Actuaries (London)	..	..

Notes:

1. This column indicates whether it is obligatory for an insurer to appoint an actuary

2. Specific requirements in new insurance law to adopted in 2000

TABLE 20 AUDITOR				
Country	Obligatory Appointment Auditor[1]	Minimum Qualification required to be Auditor (Requirement)	Statutory Duties of Auditor	Formal Relationship between Auditor and Supervisory Authority
Albania	Yes	Auditors are licensed by the Albanian Institute of Auditors	The business situation and financial soundness of insurance companies is audited by external auditors annually	The SA informs the auditors on the control of insurance companies' result; the auditors sign the reports of their insurance companies' control and send those to supervisory authority.
Armenia	..	General auditor qualification	The final statements of insurance companies is audited by external auditors annually.	..
Bulgaria	..	The minimum qualification necessary to be a auditor is designated in Art. 51 of the Law on Accountancy. The Bulgarian Insurance Supervision Directorate authorised auditors or audit companies to conducts insurance company annual report audits.	The annual report of each insurance company is audited by external auditors authorised by the Bulgarian Insurance Supervision Directorate.	..
Belarus	Yes	An auditor must be attested and licensed by supervisory body		
Croatia	Yes	Economist with the approval of Croatian association of auditors	Annual financial statements are audited	Supervisory authority can hire an independent auditor
Estonia[2]	..	..	..	..

TABLE 20 AUDITOR

Latvia	An sworn auditor or another person authorised by the Insurance Supervision Inspectorate audits the insurer's annual report. The insurer informs the Insurance Supervision Inspectorate about the potential sworn auditor in writing and the Insurance Supervision Inspectorate, on the basis of the results of the assessment of the candidate's experience and professional knowledge, grants or refuses to grant the sworn auditor or another person is entitled to acquaint themselves with the insurer's assets, book entries, relevant documents confirming such entries as well as other information. The sworn auditor's report is prepared in accordance with the law on sworn auditors. The copy of the report is sent to the insurance supervision Inspectorate. The Insurance Supervision Inspectorate has the right to require the information about the performed audit from the sworn auditor or another person who audits the annual report.			
Lithuania	Annual financial statements must be audited by independent auditor	1. Must have high education, 2. Must have minimum 3 years experience of auditor's assistant	Annual financial statements are audited by external auditors	..
Moldova			Activity of insurance companies is audited by external auditors annually	
Romania				
Russia	Annual obligatory appointment of auditor to conduct accounting to conduct accounting audits	Ministry of finance issues license to conduct audits	Annual reports to be audited by external auditors	Does not exist
Slovakia	Yes	Chamber of Auditors	The business situation and financial soundness of insurance companies is audited by external auditors annually	No

TABLE 20 AUDITOR				
Slovenia	Yes	Minimum qualifications required to be an Auditor are determined in Article No. 43 of law on auditing (passing special exams or finishing the postgraduate study of auditing at the Faculty of Economics in Ljublijana and be appointed by the institute of auditors in Ljubijana). Minister of Finance are entitled to issue certificates to persons under special, in the Law on auditing determined, circumstances and conditions, to become auditors. Article No. 53 of LIC determines that insurance companies shall submit for inspection by a commercial auditor their annual accounting statements. Article No. 53 of LIC also determines that the commercial auditors shall carry out the inspection and draw up a report of the audit, submitting it to the insurance company concerned and the supervisory authority.	Annual financial statements are audited. Interim special reports by auditors actuaries or both may be required	
Ukraine	According to Articles 34, 37 of the Low Ukraine “On Insurance”	Audit or audit company can be licensed by Ministry of Finance	The Low Ukraine “On audition activity”	..

Notes:
1. This column indicated whether it is obligatory for an insurer to appoint an auditor
2. Estonia: Specific requirements in new insurance law to be adopted in 2000

TABLE 21 SUPERVISION OF WINDING-UP			
Country	Motor Insurance Guarantee Fund*(exists or not)	Policyholder Protection Measures Prior to Bankruptcy	Policyholder Protection Measures Included in Liquidation Procedures
Albania	Yes	Yes	Yes
Armenia	No	..	..
Belarus	Yes	Yes	Yes
Bulgaria	Yes	Yes	Yes
Croatia	Yes	Yes	Yes
Estonia	Yes	Yes	Yes
Latvia	Yes	Yes	Yes
Lithuania	No[1]	Yes	Yes
Moldova	No	No	No
Romania	Yes	No	Yes
Russia	No	Yes	No
Slovakia	No	Yes	..
Slovenia	No	Yes	Yes
Ukraine	Yes	Yes	Yes

Notes:

* Motor Insurance Guarantee Fund - to protect policyholders from losses in the event a company goes bankrupt

1. Lithuania: Law on Motor TPL is under construction.

TABLE 22 INSURANCE DISTRIBUTION		
Country	Kind of Intermediaries	Legislation on Distribution
Albania	1, 2	Legislation on intermediaries is under preparation
Armenia	2,3 [2]	Brokers must be licensed by the Ministry of Finance.
Belarus	3	Brokers must be licensed by the supervisory body. The state insurance agency has drawn up the Statute of Insurance Brokers, defining the functions, objectives, areas of operations, rights, obligations and liability of brokers, along with procedures for license.
Bulgaria	2, 3	Brokers must be licensed agents must be registered.
Croatia	1, 2, 3	Insurance intermediaries must be licensed
Estonia	1, 3 (1)	Certain requirements (registration, liability, etc.) in new law to be adopted in 2000
Latvia	1, 2, 3	Insurance companies and their supervision law; regulations for the registration of insurance agencies and agents; regulations for the certification of insurance brokers; regulations for licensing of the insurance brokers' companies
Lithuania	1, 2, 3	Law on insurance, resolution of the state insurance supervisory authority board on insurance brokers.[1]
Moldova		The Insurance Law of June 15, 1993
Romania	1,2,3(1)	Authorisation required from the Insurance and Reinsurance Supervisory Office
Russia	1, 2, 3	Law of the Russian Federation, "On Organisation of Insurance Business Federation"
Slovak Republic	1, 2, 3	The supervisory body judges brokers' qualifications and requires their registration
Slovenia	1, 2, 3 (1)	Insurance intermediaries must be licensed. Requirements for brokerage activities are determined in Article No. 50 of LIC (Law on Insurance companies)
Ukraine	1,2,3	The low of Ukraine "On insurance", Act of Cabinet Ministers "On Brokers"

Notes:
1: Employees of insurance companies
2: Agents
3: Brokers
(1) No difference between agents and brokers
(2) Requirements for brokerage activities (license/qualification of the manager/minimum professional liability insurance US$25 000)
1: Lithuania: requirements for brokerage activities - license, qualification of the manager, minimum professional liability insurance US 25 000.
2: Armenia: according to the RA legislation an agent is an employee of an insurance company.

TABLE 23 COMPULSORY CLASSES OF INSURANCE		
Country	Kind of Compulsory Insurance	Market share %
Albania	Motor Third Party Liability	78
Armenia	..	..
Belarus	Compulsory motor third party liability, introduced July 1, 1999. Compulsory private householders' insurance; mandatory state insurance of certain categories of employees, which is financed from the state budget.	5
Bulgaria	Motor Third Party Liability, public transport passenger accident, professional liability insurance.	57; 6 and 4 per cent
Croatia	Motor Third Party Liability, public transport passenger accident, occupational accident insurance.	44
Estonia	Compulsory motor TPL (enacted by special law) liability insurance if notaries	30[2], 36[2.1]
Latvia[3]	Motor Third Party Liability, liability for some professional groups.	28.65
Lithuania	None	..
Moldova	Conditions and premiums are set by law	20
Romania	Motor Third Party Liability.	12
Russia	Medical Insurance, public transport passengers	34.55
Slovakia[4]	(A) Motor Third Party Liability; (B) Liability insurance in case of work-related accidents or occupational disease; (C) Professional liability insurance (of auditors, commercial lawyers, hunters, dentist, etc.); (D) Compulsory air transport and inland marine and river vessels TPL	(A) 12.8; (B) 3.8; (C+D) 0.16
Slovenia	(A) Motor Third Party Liability. (B) Personal accident for passengers on public transport (C) Aviation (D) Liability	(A) 16.2; (B) .03; (C) .1
Ukraine	Motor third party liability, insurance of railway, air, motor transport passengers, insurance airship and employees some professional group	..

TABLE 23 COMPULSORY CLASSES OF INSURANCE		
Country	Kind of Compulsory Insurance	Market share %

Notes:
1. Requirement by law
2. Estonia: Overall market share
2.1. Estonia: Of non-life premiums
3. Latvia: 24.8 % of non-life insurance market
4. Slovakia: Motor third party liability and occupational accident insurance is written by only one insurance company; premium rates and conditions are set by decree. In case of professional liability the supervisory body can designate an insurer to cover the risk.

TABLE 23 COMPULSORY CLASSES OF INSURANCE (CONTINUED)	
Country	Comments
Albania	Act No. 7641 of 1 December 1992 “On Compulsory Motor Third Party Liability Insurance” (effective as of January 1, 1993)
Armenia[1]	..
Belarus	
Bulgaria	Law on insurance, regulation on the obligatory insurance
Croatia	MTPL conditions and premiums are set by law
Estonia	Estonian Traffic Insurance Foundation holds a central database of Motor TPL policies, calculates minimum tariffs, acts as a counterpart in Green Card agreement and as a guarantee fund for Motor TPL policies.
Latvia	The law “On Compulsory Third Party Liability Insurance for Inland Motor Vehicle Owners is in force since September 1, 1997. Conditions and premiums are set by law.
Lithuania	The law on compulsory motor third party liability insurance is under preparation
Moldova	Conditions and premiums are set by law
Romania	Act 136/1995(3); the level of insurance premiums, payment terms, maximum limits on indemnities, sanctions and other elements are established by the Government, on the proposal of the Ministry of Finance.
Russia	The introduction of compulsory Motor Third Party Liability insurance is planned. Compulsory insurance of liability if certain categories of producers (works, services) is under consideration
Slovakia[2]	Motor Third party Liability and occupational accident insurance is written by only one insurance company; premium rates and conditions are set by decree in the case of professional liability the supervisory body can designate an insurer to cover the risk.
Slovenia	Motor liability rates are from April 9, 1999 no longer subject to prior approval of the government
Ukraine	Compulsory classes of insurance are defined in article 6 of the Low Ukraine “On Insurance”

Notes:

MTPL: Motor Third Party Liability Insurance. (—)

1. Armenia: The insurance regulation is currently being changed.

2. Slovak Republic: Mandatory insurance (no insurance contract is concluded; the insurer is determined by law)

TABLE 24 TAX INCENTIVES FOR THE PURCHASE OF LIFE INSURANCE PRODUCTS		
Country	Existence (Yes or No)	Contents of Tax Incentives (if any)
Albania	Yes	Insurance premiums are tax deductible
Armenia	No	..
Belarus	Yes	Insurance premiums are tax deductible. Returns on investment subject to value added tax of 20% and profit tax of 25%. Benefits subject to tax under income tax law.
Bulgaria	Yes	Legal persons: Life insurance premiums and benefits are not tax deductible, art.23, par.2, point 5 and 9 Law on corporate taxation. Natural persons: Life insurance premiums are not deductible. Benefits are tax exempt, part.12, par.1,point4 Law on income taxation of the natural persons.
Croatia	Yes	Insurance premiums are tax deductible except when paid by employers on behalf of employees. Returns on investment are taxed as any other corporate income. Benefits are tax exempt.
Estonia	Yes	A special pension insurance ("pension insurance with personal income tax deduction"), enacted by separate law
Latvia	Yes	Natural persons: Insurance premiums are tax deductible. Legal persons: Insurance premiums for employees are tax deductible only for contracts lasting more than five years. Returns on investment are tax exempt. Benefits are tax exempt.
Lithuania	Yes	Natural persons: Insurance premiums are tax deductible. Legal persons: Insurance premiums are tax deductible up to four times the minimum wage. Returns on investment are tax exempt. Benefits are tax exempt.
Moldova	Yes	Insurance premiums are tax deductible.
Romania	No	
Russia	No	
Slovakia	No	
Slovenia	No	
Ukraine	Yes	According to Article 7.2 the Low “On Taxation Enterprises”

TABLE 25 INSURANCE INDUSTRY ASSOCIATIONS

Country	Name	Roles
Albania	..	..
Armenia	Finance of RA	Ministry of Finance of RA.
Belarus	Belarusian Insurance Union; Belarusian motor insurance bureau	Protects the rights and interests of insurers. Organisation of compulsory MTPL insurance and protection of interests of policy holders.
Bulgaria	Association of Bulgarian Insurers	Represents the interests of insurers, co-operates in preparing draft of legislation in field of insurance.
Croatia	1. Croatian Insurance Bureau 2. Croatian Actuary Association	1. Runs a guarantee fund, organisation and administration of the Motor Third Party Liability Frontier Insurance as well as the co-ordination and support of its member that write the compulsory traffic insurance classes whilst defining common insurance conditions and premium rates 2. Advances actuarial science and financial disciplines for the insurance industry.
Estonia	Association of Estonian Insurers	Organised training programmes and carries on joint economic policy of insurers.
Latvia	Insurers' Association	Represents and protects the interests of insurers; facilitates the increase of specialist qualifications in the insurance industry; promotes joint projects between insurers; enhances insurers' international professional contacts.
Lithuania	Association of Lithuanian Insurers, Association of Lithuanian insurance brokers	Represents interest of insurance companies; insurance brokers
Moldova	National association of insurers	Protect the rights and interest of insurance, who occupied with compulsory insurance of owners of motor transport
Romania	1. The Association of Romanian Insurance Companies. 2. The Association of the Romanian Private Insurance Companies. 3. The Bureau of Romanian Motorcycles Insurers.	..
Russia	All-Russian Insurers Union	Represents the members interest; promotion of insurance business

TABLE 25 INSURANCE INDUSTRY ASSOCIATIONS		
Country	Name	Roles
Slovakia	1. Slovak Insurance Association. 2. Slovak Association of Insurance Brokers. 3. Slovak Society of Actuaries.	1. Represents the interests of its members, trains insurance company employees, co-operates in preparing legislation, collecting data and establishing international contacts; 2. Unites insurance brokers and represents their interests.
Slovenia	1. Slovene Insurance Association, Green Card Bureau and uninsured auto liability loss agent. 2. Society of Actuaries	1. Has a number of committees covering industry matters. 2. Advances actuarial science and financial disciplines for the insurance industry.
Ukraine	1. Association of insurance organisation of Ukraine; 2. Aviation Bureau; 3. Marine Bureau; 4. Motor Insurance Bureau; 5. Society of Actuaries; 6. Society of Intermediaries	Represent the interests of its members, cooperates in preparing legislation, collecting data and establishing international contacts.

TABLE 1 DIRECT PREMIUMS WRITTEN (1997)

Country	Direct Premiums Written million US$			Density US$ per Inhabitant (Direct Premiums /Population)			Penetration % (Direct Premiums/GDP)			Life Insurance Share %
	Life	Non-life	Total	Life	Non-life	Total	Life	Non-life	Total	
Brunei	34	61	95	113.05	198.43	311.48	0.63	1.11	1.74	36.29
Hong Kong	4,187	1,958	6,145	632.48	295.77	928.25	2.42	1.13	3.55	68.14
Indonesia	363	403	766	1.80	2.00	3.80	0.17	0.19	0.36	47.42
Laos	0 (1)	3 (2)	3 (3)	0.00	0.60	0.60	0.00	0.16	0.17	0.15
Macau	52	54	106	122.04	128.20	250.24	0.70	0.74	1.44	48.77
Malaysia	1,595	1,673	3,268	73.50	77.08	150.58	1.63	1.71	3.34	48.81
Philippines	146	670	816	1.99	9.11	11.09	0.18	0.81	0.99	17.92
Singapore	3,687	1,123	4,810	1,187.76	361.86	1549.61	3.83	1.17	4.99	76.65
Sri Lanka	66	106	172	3.55	5.73	9.28	0.44	0.70	1.14	38.27
Chinese Taipei	10,662	4,574	15,236	491.79	210.98	702.77	3.74	1.60	5.34	69.98
Thailand	1,874	1,838	3,712	30.92	30.33	61.25	1.22	1.19	2.41	50.48
Vietnam	1 (4)	102 (5)	103 (6)	0.01	1.33	1.34	0.00	0.39	0.40	0.82
OECD average (1997)				932	852	1784	4.39	4.01	8.40	50.05

Notes

(1) US$ 4,307
(2) US$2,888,000
(3) US$ 2,892,307
(4) US$846,000
(5) US$101,769,000
(6) US$102,615,000

TABLE 2 NUMBER OF INSURANCE COMPANIES (LIFE/NON-LIFE/COMPOSITE/REINSURANCE)

Country	Life	Non-Life	Composite	Reinsurance	Total
Brunei	3	19	2	1	25
Hong Kong	43	125	15	29	212
Indonesia	66	109	0	5	180
Laos	0	0	1	0	1
Macau	6	15	0	0	21
Malaysia	7	40	11	9	67
Philippines	34	105	2	4	145
Singapore(1)	8	47	6	47	108(1)
Sri Lanka	1	2	5	0	8
Chinese Taipei	33	26	0	1	60
Thailand	20	74	5	1	100
Vietnam	0	7	1	1	9

Note: (1) In Singapore, in addition to 108 insurance companies appearing in this table, there exist 51 captive insurance companies which include life, non-life and composite insurers.

TABLE 3 NUMBER OF INSURANCE COMPANIES (STATE-OWNED/NATIONAL PRIVATE/FOREIGN-CONTROLLED/BRANCHES)

Country	State-owned Companies(1)	National Private Companies(2)	Foreign-controlled Companies(3)	Branches and Agencies of Foreign Companies	Total
Brunei	2	11	5	7	25
Hong Kong	0	35	66	111	212
Indonesia	10	125	45	0	180
Laos	0	0	1	0	1
Macau	0	1	3	17	21
Malaysia	1	45	7	14	67
Philippines	0	121	15	9	145
Singapore(4)	0	20	26	62	108(4)
Sri Lanka	2	6	0	0	8
Chinese Taipei	1	31	2	26	60
Thailand	0	95	0	5	100
Vietnam(5)	4	5(5)	0	0	9

Notes

(1) State-owned companies means companies whose majority (50% or more) of the controlling powers belongs to the State.

(2) National private companies means companies whose majority (50% or more) of the controlling powers belongs to national entities excluding State-owned companies.

(3) Foreign-controlled companies means companies whose majority (50% or more) of the controlling powers does not belong to national entities excluding branches and agencies of foreign companies.

(4) In Singapore, in addition to 108 insurance companies appearing in this table, there exist 51 captive insurance companies which include life, non-life and composite insurers. Out of these 51 captive insurance companies, one company can be classified as a "national private company", and 50 other companies can be classified as "foreign-controlled companies".

(5) Two joint venture companies are included under "National Private Companies".

TABLE 4 NUMBER OF EMPLOYEES OF INSURANCE COMPANIES

Country	Number of employees	Premium/ employee in US$
Brunei	286	332,178
Hong Kong	8,300	740,361
Indonesia	31,057	24,661
Laos	44	65,734
Macau	302	349,669
Malaysia	19,361[(1)]	168,772
Philippines	n.a.	n.a.
Singapore	6,674	720,707
Sri Lanka	6,325	27,225
Chinese Taipei	248,322	61,356
Thailand	34,396	107,912
Vietnam	3500	29,319
OECD average (1997)	-	627,930

Note: as of 30 June 1998

TABLE 5 INVESTMENTS BY DIRECT INSURANCE COMPANIES: PERCENTAGES BY CLASSES OF INVESTMENT (1997)

Brunei

	Life %	Non-life %
Real Estate	-	69.02
Shares	-	-
Bonds	80.51	-
Loans	19.49	2.08
Other Investments	-	28.90
Total	100.00	100.00

Hong Kong

	Life %	Non-life %
Real Estate	n.a.	6.06
Shares	n.a.	6.06
Bonds	n.a.	8.77
Loans	n.a.	4.68
Other Investments	n.a.	74.44
Total	100.00	100.00

Indonesia

	Life %	Non-life %
Real Estate	5.23	0.64
Shares	3.40	2.96
Bonds	5.96	1.61
Loans	3.82	0.20
Other Investments(*)	81.60	94.58
Total	100.00	100.00

Notes: (*) Time deposit is included in "Other Investments". Time deposit accounts for 47.35% of total investments in case of life business and 73.06% of total investments in case of non-life business.

TABLE 5 INVESTMENTS BY DIRECT INSURANCE COMPANIES: PERCENTAGES BY CLASSES OF INVESTMENT (1997) (CONTINUED)

Laos

	Life %	Non-life %
Real Estate	0.00	0.00
Shares	0.00	0.00
Bonds	0.00	0.00
Loans	0.00	0.00
Other Investments(*)	100.00	100.00
Total	100.00	100.00

Notes: (*) deposit account and savings account only

Macau

	Life %	Non-life %
Real Estate	2.79	3.10
Shares	2.20	5.48
Bonds	49.85	5.24
Loans	10.56	29.05
Other Investments(*)	34.60	57.14
Total	100.00	100.00

Malaysia

	Life %	Non-life %
Real Estate	4.31	3.78
Shares	14.48	7.88
Bonds	13.95	10.22
Loans	24.44	6.03
Other Investments(*)	42.81	72.09
Total	100.00	100.00

Notes: (*) The definition of 'Other Investments' includes aggregate large investments by insurers in fixed deposits/money market, Malaysian Government Securities and guaranteed loans, warrants and irredeemable loan stocks besides fixed assets, foreign assets, and other investments.

TABLE 5 INVESTMENTS BY DIRECT INSURANCE COMPANIES: PERCENTAGES BY CLASSES OF INVESTMENT (1997) (CONTINUED)

Philippines

	Life %	Non-life %
Real Estate	13.01	14.41
Shares	27.21	24.99
Bonds	30.82	34.76
Loans	21.28	3.93
Other Investments	7.69	21.91
Total	100.00	100.00

Singapore

	Life %	Non-life %
Real Estate	8.41	7.40
Shares	29.11	18.43
Bonds	26.90	15.97
Loans	15.53	2.86
Other Investments	20.05	55.34
Total	100.00	100.00

Sri Lanka

	Life %	Non-life %
Real Estate	0.63	4.85
Shares	9.45	42.41
Bonds	60.52	31.60
Loans	11.52	1.60
Other Investments	17.88	19.53
Total	100.00	100.00

TABLE 5 INVESTMENTS BY DIRECT INSURANCE COMPANIES: PERCENTAGES BY CLASSES OF INVESTMENT (1997) (CONTINUED)

Chinese Taipei

	Life %	Non-life %
Real Estate	8.29	11.39
Shares	25.70	32.27
Bonds		
Loans	34.26	1.40
Other Investments	31.75	54.95
Total	100.00	100.00

Thailand

	Life %	Non-life %
Real Estate	-	-
Shares	11.49	16.31
Bonds	9.22	3.96
Loans	25.17	5.46
Other Investments	54.11	74.27
Total	100.00	100.00

Vietnam

	Life %	Non-life %
Real Estate	n.a.	n.a.
Shares	n.a.	n.a.
Bonds	n.a.	n.a.
Loans	n.a.	n.a.
Other Investments	n.a.	n.a.
Total	n.a.	n.a.

TABLE 6 INVESTMENTS BY DIRECT INSURANCE COMPANIES: PERCENTAGES BY CLASSES OF INVESTMENT

EXAMPLES OF THE FOUR BIG OECD INSURANCE MARKETS (1997)

United States

	Life %	Non-life %
Real Estate	1.83	1.28
Shares	6.44	23.74
Bonds	69.88	66.48
Loans	16.99	0.30
Other Investments	4.86	8.19
Total	100.00	100.00

Japan

	Life %	Non-life %
Real Estate	5.19	5.94
Shares	17.80	19.01
Bonds	30.28	29.31
Loans	33.41	21.77
Other Investments	13.32	23.98
Total	100.00	100.00

Germany

	Life %	Non-life %
Real Estate	3.98	4.83
Shares	5.79	12.85
Bonds	12.03	15.63
Loans	61.63	47.75
Other Investments	16.56	18.95
Total	100.00	100.00

United Kingdom

	Life %	Non-life %
Real Estate	6.71	5.32
Shares	63.68	33.77
Bonds	25.73	53.73
Loans	1.31	2.47
Other Investments	2.57	4.70
Total	100.00	100.00

TABLE 7 INSURANCE SUPERVISORY BODIES

Country	Name of Supervisory Body (and role, if more than one body)	Financed by:	Number of Employees
Brunei	Financial Institutions Division, Ministry of Finance	State budget	20
Hong Kong	Office of the Commissioner of Insurance	Insurers	68
Indonesia	Insurance Commissioner's Office, Directorate of Financial Institutions, Ministry of Finance	State budget	-
Laos	State Property Directorate, Ministry of Finance	State budget	3
Macau	Insurance Supervision Department, Monetary and Foreign Exchange Authority of Macau (AMCM)	Supervisory levy and other registration charges through the AMCM.	13
Malaysia	Bank Negara Malaysia (BNM)[1]	self-funding	121
Philippines	Insurance Commission, Department of Finance	State budget	251
Singapore	Insurance Department, Financial Supervision Group, Monetary Authority of Singapore (MAS)[2]	Insurers (self-financing through annual fees (licence fees) collected from insurers)	53
Sri Lanka	Insurance Division, Ministry of Finance and Planning	State budget	15
Chinese Taipei	Department of Insurance, Ministry of Finance	State budget	57
Thailand	Department of Insurance, Ministry of Commerce	State budget	518
Vietnam	Insurance Supervisory Division, Ministry of Finance	State budget	14

Notes:
(1) The Bank Negara Malaysia (BNM) is the Central Bank of Malaysia. The administration and supervision of the industry is carried out by two departments in the BNM; the Insurance Regulation Department (IRD) and the Insurance Supervision Department (ISD). The IRD is responsible for the overall health and development of the insurance industry. The ISD is responsible for the financial health of individual insurers/reinsurers/takeful operators.
(2) The Monetary Authority of Singapore (MAS), which is the de facto central bank, is responsible for the regulation and supervision of all financial institutions.

TABLE 8 LICENSING REQUIREMENTS

Country	Legal Form[(1)]	Minimum Capital	Minimum Solvency Margin	Business Plan	Fit and Proper of Management	Others	Time Lag[(2)]
Brunei		Y[(3)]					
Hong Kong	Locally incorporated company or association of underwriters	Y[(4)]	Y[(4)]	Y (3 years)	Y	Adequacy of reinsurance arrangement	6 months[(5)]
Indonesia	limited company, co-operative incorporation or mutual company	Y[(6)]		Y (3 years)			Within 30 days for each of two stages; (i) principal approval, and (ii) business licence [(7)]
Laos	State company or joint stock company (public limited company or private limited company)	Y[(8), (9)]		Y (3 years)		Deposit Requirements[(8), (9)]	
Macau	locally incorporated company	Y[(10)]	Y[(11)]	Y (3 years)	Y	-technical bases of tarification -details of reinsurance programs -shareholders being of good repute	
Malaysia	public company	Y[(12)]	Y	Y (3 years)	Y	membership of trade associations	
Philippines		Y[(12)]		Y (3 years)			
Singapore	company or society	Y[(13)]		Y (5 years)	Y		[(14)]

TABLE 8 LICENSING REQUIREMENTS (CONTINUED)							
Sri Lanka	locally incorporated company	Y$^{(9), (10)}$		Y (3 years)			
Chinese Taipei	company limited by shares or co-operative	Y$^{(15)}$		Y (5 years)	Y		
Thailand	limited company or public limited company	Y$^{(10)}$		Y (5 years)			
Vietnam	company or mutual	Y$^{(9), (16)}$		Y (5 years)	Y		

Notes : *Y: Yes* *N: No*

(1) Excluding branches of foreign insurers

(2)Time lag means how long on average it takes for a licence to be granted (or refused) from the date on which a complete application has been received.

(3) As an administrative measure, a minimum capital requirement is imposed on non-life insurers.

(4) Different amounts are stipulated for different types of insurers; non-life insurer with statutory business, non-life insurer without statutory business, life insurer, composite insurer with statutory business, composite insurer without statutory business, reinsurer and captive insurer.

(5) An applicant should have preliminary meetings with the supervisory authority to discuss its draft business plan prior to the submission of formal application. An application will on average be determined within six months. Approval-in-principle will be given prior to formal authorisation so that the applicant can carry out preparatory work for setting up an office.

(6) Different amounts are stipulated for local companies and joint venture companies.

(7) The application for business licence can be submitted only after the principal approval has been granted.

(8) Different amounts are stipulated for personal and life insurers, non-life insurers and composite insurers.

(9) Amounts are expressed in US$ term.

(10) Different amounts are stipulated for life insurers and non-life insurers.

(11) The relevant amount is to be based on the business projections and calculated according to the provisions of the Macau Insurance Ordinance.

(12) Different amounts are stipulated for direct insurers and reinsurance specialists.

(13) Different amounts are stipulated for captive insurers and all other insurers.

(14) Before submitting a formal application, a new applicant for insurance licence has to (i) submit its business plan for the Authority’s assessment and (ii) meet the Authority to discuss the proposed insurance operation. After this, the applicant can formally apply to the Authority by using a prescribed application form. The applicant would be able to receive a reply (either in-principle approval or rejection) from the Authority within one month or less from the date on which a complete application has been received. A letter of in-principle approval specifies the conditions that the applicant must accept before it can be registered to carry on insurance business in Singapore. The applicant then has to complete the following registration requirements with six months; (I) registration under the Companies Act, (ii) lodgement of the statutory deposit (or bank covenant) of S$500,000 for each class of business (except for captives), and (iii) payment of the annual fee. Once this process is completed, final approval can be given within a week.

(15) A single amount is stipulated for all types of insurers.

(16) Different amounts are stipulated for “branches and subsidiaries” of foreign insurers and all other insurers

TABLE 9 LICENSING: MARKET ACCESS

Country	Application of Economic Needs Test	Establishment by Foreign Insurers		
		Admissibility of Wholly- owned Subsidiaries	Admissibility of Joint Ventures (maximum limit of foreign participation)	Admissibility of Branches
Brunei	N	N	Y (the maximum limit is formulated on case by case basis)	Y (but on case by case basis)
Hong Kong	N	Y	Y (without the maximum limit)	Y
Indonesia	N	N	Y (80%)	N
Laos[(1)]	-	Y	Y	Y
Macau	Y	Y	Y (without the maximum limit)	Y
Malaysia	Y[(2)]	N	Y (30%) [(3)]	N [(4)]
Philippines[(5)]	N	-[(6)]	Y (60% or more, 40% or more, 40% or less)	Y (if an applicant uses only one mode of entry)
Singapore	Y[(7)]	Y	Y[(8)]	Y
Sri Lanka[(9)]	N	N	N	N
Chinese Taipei	Y	N	Y	Y
Thailand	[(10)]	N	Y (25%)	[(11)]
Vietnam	Y	Y	Y (no legal maximum limit)	Y

TABLE 9 LICENSING: MARKET ACCESS (continued)

Notes: Y: Yes N: No -: not available

(1) This country reports no restrictions. However, there is still only one insurer authorised in this country, although two or three applications for licences have been received since 1995 when the monopolistic status granted to only one existing insurer had expired.

(2) In fact, there is currently a freeze on the issuance of new licences to carry on direct insurance business as there are a large number of insurers operating in the Malaysian insurance industry.

(3) However, based on Malaysia's commitments under the WTO Agreement, existing original foreign shareholders are allowed to hold equity not exceeding 51% in aggregate.

(4) Under the Insurance Act 1996, which came into force on 1 January 1997, only professional reinsurers may operate via branches in Malaysia. Existing branches of foreign direct insurers are required to transfer their assets and liabilities into a public company incorporated under the Companies Act 1965.

(5) Applicants must be among the top 200 foreign insurance or reinsurance companies or intermediaries in the world or the top ten in their country of origin and have been doing business for the last ten years as of the date of application. Applicants must be widely-owned and/or publicly listed in its country of origin unless its majority is owned by the government.

(6) According to its WTO Commitments, market access is limited to (i) acquisition of up to 51% of the voting stock of an existing domestic insurance company, or (ii) investing up to 51% of the voting stock of a new locally incorporated insurance company, although these limitations are not applied to existing wholly or majority foreign owned insurance/reinsurance companies as of the entry into force of the WTO Financial Services Agreement.

(7) The current admission policy is closed for direct insurers (i.e. not including reinsurers and captive insurers) writing conventional insurances unless they write specialised classes of business that the market lacks the capacity and capability to write.

(8) The current policy allows foreign acquisition of up to 49% shareholding in aggregate in a locally-owned direct insurer provided that the acquisition does not result in any foreign party being the largest shareholder.

(9) The amendments to the insurance law are currently being considered. Once they are enacted, foreign equity participation may be allowed.

(10) Thai government has formulated its policy on Progressive Liberalisation on insurance sector in the following three stages. At present stage 1 has been implemented.

Stage 1 : To permit entry of new domestic insurance companies. Joint ventures are also allowed with up to 25% of foreign equity participation. This stage was completed with the establishment of 25 new companies, being 12 life and 13 non-life insurance companies.

Stage 2 : To allow higher foreign equity participation from 25% up to 49%. This stage is now underway concerning the amendment of life and non-life insurance Acts.

Stage 3 : To allow equity participation higher than 49%. This is the consequence following stage 2 after the new laws have been in effect for five years.

(11) Branches of foreign insurers have to fulfil the same requirements as domestic insurance companies.

TABLE 10 SPECIALISATION

Country	Admissibility of Composite Insurers (*)	Existence of Provisions Related to Cross-sectoral Investments(**)
Brunei	Y	N
Hong Kong	Y(1)	N
Indonesia	N	N
Laos	Y	N
Macau	N	N
Malaysia	N(2)	N
Philippines	N(3)	N
Singapore	Y(4)	N(5)
Sri Lanka	Y	N
Chinese Taipei	N	Y(6)
Thailand	Y(7)	N
Vietnam	Y(8)	N

Notes: Y: Yes N: No

(*) "Composite Insurers" means legal entities which concurrently place both life and non-life business.

(**) "Cross-sectoral investments" means the creation of banking subsidiaries of insurance companies, insurance subsidiaries of banking institutions, etc.

(1) Since November 1992, however, it has been the policy of the Insurance Authority not to give any composite licence to insurance companies, except for professional reinsurers.

(2) However, insurers licensed prior to the implementation of the Insurance Act 1996 on 1 January 1997 may continue to conduct both life and non-life business.

(3) No insurance company may be authorised to transact both life and non-life business concurrently, unless specifically authorised to do so.

(4) However, separate insurance funds must be maintained for life and non-life business.

(5) Local insurers have to seek the authority's approval to

(i) acquire 20% or more of the voting share capital of (or merge with) any company, and

(ii) establish any new operations, including subsidiaries, joint ventures or overseas branches. Banks are not prohibited from owning insurance subsidiaries.

(6) No business organisation other than an insurance enterprise shall engage concurrently in the insurance business or a business similar to insurance. Insurance enterprises' funds can be invested in special projects and public investment with the approval of the competent authority.

(7) However, all composite insurance companies are required by the Insurance Act to split their life and non-life business into two separate companies by April 2000.

(8) Only one composite insurance company is allowed.

TABLE 11 INSURANCE ACCOUNTING PRINCIPLES

Country	Adoption of Insurance Accounting Principles	Content of Insurance Accounting Principles
Brunei	N	
Hong Kong	N	No adoption of specific insurance accounting principles. However, the Insurance Companies Ordinance prescribes the disclosure requirements in respect of financial statements. In addition, for solvency assessment purpose, the Insurance Companies(General Business) (Valuation) Regulation provides a standard and prudent basis for the determination of the value of assets and the amount of liabilities of a non-life insurer.
Indonesia	Y	For the taxation purpose, the Generally Accepted Accounting Principles (GAAP) is applied . For the solvency margin analysis purpose, the Statutory Accounting Principle (SAP) is applied. The SAP distinguishes admitted assets and non-admitted assets.
Laos	N	The General Accounting Plan adopted on 4 December 1990 applies to all enterprises.
Macau	Y	The accounting principles to be adopted by insurers include the following principles and general concepts: a) continuity of activity convention b) consistency c) realisation concept d) historical cost concept e) conservatism
Malaysia	Y	The accounting standards for insurance business are specified in the Malaysian Accounting Standards 3 & 4 (MAS 3 & 4) that have been formulated by the accounting bodies together with the Bank Negara Malaysia (BNM). The MAS 3 deals with general insurance, while the MAS 4 deals with life insurance. The accounting standards cover investments, premiums, acquisition costs, claims and reinsurance to ensure consistency in the presentation of financial statements.
Philippines	Y	The Statutory Accepted Accounting Principles (SAAP) are applied,

TABLE 11 INSURANCE ACCOUNTING PRINCIPLES

Country	Adoption of Insurance Accounting Principles	Content of Insurance Accounting Principles
		complemented by the Generally Accepted Accounting Principles (GAAP).
Singapore	Y	Specific insurance accounting principles are laid out in the Insurance Regulations, particularly with regard to the valuation of assets. In areas where the Insurance Regulations are silent, insurers would follow Generally Accepted Accounting Principles (GAAP).
Sri Lanka	N	
Chinese Taipei	Y	The "Uniform Accounting Principles for Life Insurance Enterprises" and the "Uniform Rules of Accounting for Property Insurance Enterprises" have been approved by the Ministry of Finance.
Thailand	Y	The insurance companies adopt accounting principles based on the international standards. There is a body responsible for the supervision of the profession of accountants (Board of Supervision of Auditing Practices).
Vietnam	Y	Accrued principles are applied.

Notes: Y: Yes N: No

TABLE 12 REPORTING AND ON-SITE INSPECTION

Country	Periodicity of Reporting	Periodicity of On-site Inspection
Brunei	Annual return, complemented by quarterly return	On-site Inspection is not conducted.
Hong Kong	Annual return, complemented by quarterly return	At least once every three years.
Indonesia	Annual return, complemented by quarterly return	Once every three years, and whenever it is necessary.
Laos	Annual return	Y (but periodicity is not mentioned)
Macau	Annual return, complemented by quarterly return	On-site Inspection is carried out, depending on the seriousness of the situation.
Malaysia	Annual return, complemented by quarterly return	Once every one to three years, depending on financial condition of the insurer.
Philippines	Annual return	At least once a year, and whenever it is necessary.
Singapore	Annual return, complemented by quarterly return	At least once every 5-7 years (more frequent for insurers that pose financial or operational concerns, as alerted by "early warning system" etc.)
Sri Lanka	Annual return, complemented by quarterly return	On-site Inspection is not conducted.
Chinese Taipei	Annual return, complemented by monthly return	For headquarters of insurance companies, once a year. For their branches, periodically.
Thailand	Annual return, complemented by monthly return (Insurance Commissioner also has the power to order an insurer to submit additional documents periodically or from time to time).	Y, the frequency of on-site inspection depends in particular on the seriousness of the situation.
Vietnam	Quarterly return	From time to time.

Notes: Y: Yes

TABLE 13 SOLVENCY REQUIREMENTS AND TECHNICAL PROVISIONS

Country	Adoption of Solvency Requirements	Adoption of Principles or Guidelines Related to Technical Provisions
Brunei	Y 20% of net premium income of the preceding year	N
Hong Kong	Y For life business, solvency margin is determined based on mathematical reserves and capital at risk. The minimum amount is stipulated. For non-life business, solvency margin is determined based on premium income or claims outstanding. The minimum amount is stipulated, depending on the types of insurers.	Y (life). The Insurance Companies (Determination of Long Term Liabilities) Regulation codifies sound actuarial principles for the determination of the amount of long-term business liabilities and requires adoption of prudent provisions and assumptions particularly on the rate of interest. N (non-life). There are no specific regulations prescribing principles and/or guidelines concerning the setting up and/or calculation of technical provisions for general insurance companies. However, they are required to provide adequate reserves for unearned premiums and outstanding claims including IBNR.
Indonesia	Y Premium basis is currently applied. The Risk-Based Capital (RBC) will be applied in the near future	Y For life business, net level premium method is applied. For non-life business, unearned premium reserve is calculated based on daily basis method.
Laos	Y 20% of actual premiums	Y There are legal provisions related to the provision for unexpired risks and the provision for outstanding claims.
Macau	Y For life business, solvency margin is determined based on mathematical reserves or capital at risk. For non-life business, solvency margin is determined based on premium income. The minimum amount is stipulated. Where an insurer registers an abnormal loss ratio during the preceding three consecutive years or during any three years of the preceding five years, the solvency margin shall be doubled.	Y There are principles and guidelines related to claims reserves, mathematical reserves (life insurance), unearned premium reserves (non-life insurance) and loss ratio variation reserves (credit insurance).
Malaysia	Y For life business, solvency margin is determined based on actuarial valuation liability, sums at risk etc. The minimum amount is stipulated. For non-life business, solvency margin is determined based on premium income or incurred claims. The minimum amount is stipulated.	Y For life business, there are provisions related to the valuation of liabilities. For non-life business, there are provisions related to provision for outstanding claims including IBNR and reserve for unexpired risks. It is calculated, in principle, based on 1/24 method.
Philippines	Y For life business, solvency margin is determined based on the total insurance amount of all policies in force (2 Peso per thousand). The minimum amount is stipulated. For non-life business, solvency margin is determined based on premium (10% of net premium). The minimum amount is stipulated.	N (life) Y (non-life) unearned premium reserve is calculated based on 40% method, pro rata method etc.

TABLE 13 SOLVENCY REQUIREMENTS AND TECHNICAL PROVISIONS (CONTINUED)		
Singapore	Y Insurers are required to establish and maintain a separate fund (i) for each class of insurance business carried on by the insurer that relates to Singapore policies, i.e. the Singapore Insurance Fund (SIF), and (ii) for each class of insurance business carried on by the insurer that relates to offshore policies, i.e. the Offshore Insurance Fund (OIF). Insurers are required to maintain a Solvency Margin for each insurance fund as well as the Company Solvency Margin. For life business, SIF solvency margin is determined based on liabilities and sum insured at risk. OIF has to maintain assets not less than the liabilities of the Fund. For non-life business, SIF solvency margin and OIF solvency margin are determined based on net premiums or loss reserves. The minimum amount is stipulated. The company solvency margin is stipulated as a fixed amount, which is determined by types of insurer (life or non-life only, composite, captive).	Y For life business, the Insurance Act and Regulations set out the statutory minimum valuation basis for computing the actuarial reserves. For non-life business, the calculation of reserves for unexpired risks is generally based on a basis that is not less accurate than the 1/24 method. As for loss reserves, it should be estimated using a proper and consistent method based on properly collated claims statistic. In line with the need for conservatism, discounting of loss reserves is not allowed for statutory returns submitted under the Insurance Act.
Sri Lanka	Y Minimum solvency margin should be maintained and the net assets should be at least over 10% of the net premium income of the previous year (almost all existing companies presently maintain well above this margin and this limit may be increased to 30% shortly).	Y For non-life business, unearned premium reserve is calculated using 1/24 method.
Chinese Taipei	Y The balance of admitted assets minus liabilities shall meet the amount that is equal to three times the deposit amount, that is, an amount equal to 45% of the total amount of its paid-in capital or paid-in fund.	Y
Thailand	Y For life business, not less than 2% of reserve fund. The minimum amount is stipulated. For non-life business, not less than 10% of net premium received for the previous year. The minimum amount is stipulated.	Y For life business, report on valuation of mathematical reserve made by an actuary must be submitted to the Insurance Commissioner. For non-life business, reserve for unexpired risks is calculated, in principle, based on 1/24 method.
Vietnam	Y	Y For life business, mathematical provision is stipulated. For non-life business, unearned premium provision, outstanding claim provision and equalisation provision are stipulated.

Notes: Y: Yes N: No

TABLE 14 INVESTMENT REGULATION

Country	Existence of Legislation Concerning Evaluation Method of Investments	Existence and Content of Investment Regulation	Admissibility of Portfolio Investment Abroad
Brunei	N	N	n.a.
Hong Kong	N(1)	The Insurance Companies (General Business)(Valuation) Regulation sets out upper admissibility limits, as certain percentages of total eligible asset, on different types of investments. Any excess in value in this respect will be disregarded for solvency assessment purposes. Non-life insurers, excluding captive insurers and professional reinsurers, are required to maintain assets in Hong Kong in an amount that is not less than the aggregate of 80% of its liabilities arising from Hong Kong insurance business and the solvency margin applicable to its Hong Kong insurance business. Life insurers are required, in determining the amount of long-term business liabilities, to take into account the nature and term of the assets representing those liabilities, which include currency matching and rates of interest.	Y (no restrictions as long as insurers comply with the localisation requirements)
Indonesia	Y (market valuation)	Certain percentages are imposed on the fund which shall be invested in stocks, bonds, other commercial papers, mortgage loan, direct placement, time deposit.	N (except placement in insurance companies)
Laos	Y (in general, historical cost)	Shares, built property in the Lao PDR, paper issued and negotiable in the mortgage market, first mortgage loans for buildings located in the Lao PDR, and loans to local authorities, may not represent more than 95 percent overall of liabilities. Unless otherwise authorised by the Ministry of Finance, the same building may not represent more than 10 percent of liabilities, and securities (shares and bonds) issued by the same entity not more than 5 percent, with the exception of State or State-backed securities.	N
Macau	Y (historical cost)	No restriction on investments by insurers, except that in case of insurance fund assets the authority lays down the maximum limit for each category of admitted assets. Such assets have to be pledged to the authority.	Y (no restriction except for insurance fund assets)
Malaysia	Y (in principle, the lower of cost or market value).	The Insurance Act 1996 contains provisions prohibiting insurers for granting unsecured credit facilities, entering into transactions where a material gain can accrue to its directors etc. In addition, the Bank Negara Malaysia has specified the types of assets and their limits which are admissible for supporting the margin of solvency and liabilities of an insurer.	Y(2)
Philippines	Y (in principle, market value)	The Insurance Code stipulates non-admissible investments.	Y(3)

TABLE 14 INVESTMENT REGULATION (CONTINUED)

Singapore	Y (in general, the lower of cost or market value)	There are investment requirements for the Singapore Insurance Fund (SIF). The regulations set maximum limits on respective categories of investment. Insurers may invest beyond the prescribed limits, but assets in excess of the maximum limits will be non-admitted for the purposes of determining fund margin of solvency. There are no specific investment requirements for offshore business. Insurers are expected to exercise prudence in their investments.	Y(4)
Sri Lanka	N	In the case of life business, 50% of the reserves including share capital should be invested in government securities and the balance in approved investments which are detailed in the Control of Insurance Act. In the case of non-life business, 30% of the reserves including share capital should be invested in government securities and the balance in approved investments. (The limits for investments in government securities will be reduced to 30% and 20% respectively, with the enactment of proposed amendments).	N
Chinese Taipei	Y (in principle, "historic valuation" for bonds, and "the lower cost or market value" for shares)	The regulations set maximum percentages on respective categories of admissible investment.	Y (up to 10% [or up to 20% if approved by the Ministry of Finance] of the total equity and reserves)
Thailand	Y (in general, market value)	Maximum percentages or conditions for certain categories of admissible investment.	N(5)
Vietnam	N	25% of maximum percentage is imposed on some categories of admissible investments.	N

TABLE 14 INVESTMENT REGULATION (CONTINUED)

Notes: Y: Yes
N: No

(1) For the solvency assessment purpose, however the Insurance Companies (General Business)(Valuation) Regulation provides a standard and prudent basis for the valuation of assets of non-life insurers, other than captive insurers.

(2) Insurers are allowed to invest up to 5% of the margin of solvency and liabilities ("the Amount") in foreign assets in a jurisdiction whose sovereign rating is not lower than that of Malaysia. Investment in any one foreign jurisdiction is also restricted to up to 2% of "the Amount".

(3) Foreign currency denominated investments are widely allowed without any proportional ceiling. They are subject to certain conditions such as a credit rating of BB+ or better for foreign governments' issues, a credit rating of at least BBB for foreign corporations' issues etc.

(4) The admitted value of investment in foreign-currency denominated and overseas assets is limited to 30% of the Singapore Insurance Fund (SIF) assets. In addition, investments up to 10% of the SIF assets in synthetic Singapore dollar assets are also permitted. Foreign-currency denominated fixed income assets that are fully hedged to the Singapore dollar can be deemed as synthetic Singapore dollar assets, subject to the certain conditions.

(5) An insurer may invest abroad by purchasing the shares or debentures, up to 5% of the asset of the company, issued by a legal entity established under the Agreement of the Association of South East Asian Nations (ASEAN) or the Economic and Social Committee for Asia and Pacific (ESCAP) to undertake reinsurance business only.

TABLE 15 REINSURANCE

Country	Regulation or Supervision on Reinsurance Specialists	Regulation or Supervision on Reinsurance Arrangements	Domestic Retention Requirements	Cross-border Reinsurance Transactions
Brunei	Y(1)	-	N	Y
Hong Kong	Y(2)	-	N	Y
Indonesia	Y(3)	-	-(4)	Y
Laos	-	-	N	Y
Macao	Y(5)	Y(6)	N	Y
Malaysia	Y(7)	Y(8)	Y(9)	Y(10)
Philippines	Y(3)	Y(11)	Y(12)	Y(13)
Singapore	Y(14)	Y(15)	N(16)	Y
Sri Lanka	N(17)	-	Y(18)	Y
Chinese Taipei	Y(3)	-	Y(19)	Y
Thailand	Y(3)	-	N(20)	Y
Vietnam	Y(3)	-	Y(21)	Y

Notes: Y: Yes N: No -: not available

(1) In the absence of an Insurance Act, any application to undertake reinsurance business should be forwarded to the Ministry of Finance for approval.

(2) There are no specific differences in the modalities of regulation of professional reinsurers, except that professional reinsurers are not subject to the local asset requirement.

(3) Reinsurance specialists are in principle subject to the same regulation and supervision as direct insurers.

(4) Ceding companies have to retain not less than 30% of gross premiums earned.

(5) Basically, reinsurance companies are subject to the same regulation and supervision as direct insurers, only that the requirements in relation to capital, establishment fund and margin of solvency are higher.

(6) Details of reinsurance arrangements form part of the licensing requirements. Once established, supervision of reinsurance arrangements is carried out on the basis of annual returns submitted to the Insurance Authority and through on-site inspections.

(7) Professional reinsurers licensed to operate in Malaysia are subject to the same regulation and supervision as direct insurers except in terms of minimum capitalisation requirement and reserving for unexpired risks for Malaysian policies.

(8) The Insurance Act 1996 requires reinsurance arrangements to be in accordance with sound insurance principles, failing which BNM (The Bank Negara Malaysia) is empowered to take the necessary actions, including imposing penalties. Monitoring of the reinsurance arrangement of insurers is done via on-site inspection as well as from returns submitted to BNM in a specified format. Insurers found to have unhealthy reinsurance arrangements and practices would be requested to review the arrangements to ensure that they are consistent with national aspirations and sound insurance principles.

(9) Various measures have been put in place to optimise the country's national retention such as

(i) the voluntary cessions arrangement between insurers and the Malaysian National Reinsurance Berhad (MNRB), the national reinsurer,

(ii) licensing of new foreign professional reinsurers,

(iii) the implementation of the Scheme for Insurance of Large and Specialised Risks to optimise utilisation of local capacity for large and specialised risks, and

(iv) general encouragement to utilise local reinsurance capacity before ceding abroad.

(10) After utilising the reinsurance capacity available locally.

(11) Every insurance company shall report to the Commission on forms prescribed by it, the particulars of any new treaty or changes in existing treaties together with copy of the treaty itself.

(12) Non-life insurers shall cede to the National Reinsurance Corporation of the Philippines at least 10% of their outward reinsurance with unauthorised foreign reinsurers.

(13) But only through a resident agent duly registered with the Commissioner. The "resident agent" means one duly appointed by a foreign insurer or broker not authorised to do business in the Philippines to receive in its behalf notices, summons and legal processes in connection with actions or other legal proceedings against such a foreign insurer or broker.

(14) Reinsurers are regulated in the same way as direct insurers, except that less stringent local requirements and lower solvency margin are imposed on reinsurers.

(15) Reinsurance arrangements are required to be proper and effective.

(16) There is no domestic retention requirement. However, during the licensing procedure, insurers are encouraged to retain as much as is practicable in Singapore. The non-life insurance market on its own has entered into a reinsurance agreement to cede a certain percentage of their domestic business to the Singapore Reinsurance Corporation, a publicly-listed local reinsurer.

(17) There are currently no reinsurance specialists operating in Sri Lanka and therefore there are no regulations to supervise them.

(18) 15% of gross premiums written of fire and marine insurance should be ceded to the National Insurance Corporation Ltd., which is fully State-owned (this requirement is being removed in the proposed amendments).

(19) All insurers are requested to cede certain shares of every policy to the Central Reinsurance Corp. which is State-owned. This requirement is expected to be removed in the future when the Central Reinsurance Corp. is privatised.

(20) There is a market agreement whereby all insurers in Thailand cede 5% of every policy of fire, marine cargo, miscellaneous and motor (compulsory) to the Thai Reinsurance Public Co. Ltd., which was established under the joint ownership of all life and non-life insurers in Thailand. This agreement is a voluntary scheme without any regulation requiring insurers to join it.

(21) Insurance companies shall cede certain share of risks of direct insurance contract to the National Reinsurance Company.

TABLE 16 SUPERVISION ON POLICY CONDITIONS AND PREMIUM RATES

Country	Existence of Supervision (*)		Classes of Insurance Supervised	Comments
	Policy Conditions	Premium Rates		
Brunei	N	N	-	-
Hong Kong	N	N		The Insurance Authority is prohibited from intervening in policy wordings and premium rates. However, for motor vehicles insurance and employees' compensation insurance, the Hong Kong Federation of Insurers, a representative body of insurers in Hong Kong, provides its members the industry average of the respective burning costs (i.e. pure claims costs). It leaves its members to determine their own premium rates.
Indonesia	N	N		
Laos	Y	Y		
Macao	Y	Y	Compulsory classes of insurance (motor insurance (third party), employees' compensation insurance, professional liability insurance for travel agents, and public liability insurance for neon signs)	
Malaysia	Y	Y	Motor insurance, fire insurance and workmen's compensation insurance. Life insurance	Approval system for tariffed classes of insurance (motor, fire and workmen's compensation). Tariffs set the standard minimum rates. File and use
Philippines	Y	Y		Approval system. Fire, motor and surety bonds are tariff lines (the premium rates for other lines of business are subject to prior approval).
Singapore	Y (Life) N (Non-Life)	Y (Life) N (Non-Life)	Life insurance only	In the case of life business, insurers have to submit premium certificates and policy documents to the supervisory authority one month prior to the launch of new products or the revision of the existing products. The Authority vets the premium certificates and policy documents, and would intervene if products are not actuarially sound or if they do not comply with relevant requirements.
Sri Lanka	Y	Y		Policy conditions of life and non-life products should be filed with Controller of Insurance. Premium rates for fire, motor and employees liability are fixed by the Controller of Insurance.
Chinese Taipei	Y	Y	All classes, except for those which are international in nature and related to special circumstances.	Approval system. Motor insurance and fire insurance still have tariff rates.
Thailand	Y	Y		Approval system
Vietnam	Y	Y	Compulsory classes of insurance (motor third party liability insurance and CAR insurance for government funded projects) and insurance of person.	

Notes: Y: Yes N: No

(*) In this table, the "existence of supervision" means whether new products are subject to supervision in respect of their policy conditions and/or premium rates when they are launched.

TABLE 17 CLAIMS DATA COLLECTION ON A BROADER BASIS

Country	Existence of Collecting Body[1]	Collecting Body	Classes of Insurance
Brunei	Y	Data- Sub-Committee of the Brunei Insurance Association	
Hong Kong	-[2]		
Indonesia	Y	Association of Insurance Industry in Indonesia	motor insurance, fire insurance
Laos	N[3]		
Macao	Y[4]	Insurance Authority	all classes, and in greater detail for compulsory classes of insurance
Malaysia	Y	General Insurance Association of Malaysia	motor insurance, fire insurance, workmen's compensation insurance
Philippines	Y[5]	Insurance Commission Philippine Insurance Rating Association (PIRA)	all classes of insurance non-life insurance
Singapore	Y[6]	Insurance Authority	
Sri Lanka	N		
Chinese Taipei	Y	Insurance Institute of the Republic of China	
Thailand	N[7]		
Vietnam	N		

Notes: Y: Yes N: No

(1) The "existence of collecting body" means whether claims data, such as loss frequency and loss severity, of individual insurers can be shared through a single body so that adequate premium rates can be calculated on a broader statistical basis.

(2) Claims data in respect of individual insurers are shared among insurance companies only on an aggregate basis. For motor vehicle insurance and employees' compensation insurance, the Hong Kong Federation of Insurers ("HKFI"), a representative body of insurers in Hong Kong, provides its members the industry average of the respective burning costs (i.e. pure claims costs). The HKFI does not collect any insurance statistics itself from its members. It contracts out the claims study to consulting firms, e.g. actuarial firms, which collect the data required for analysis.

(3) There is only one insurer operating in this country.

(4) Information in relation to the amount of gross claims and loss ratios pertaining to the major classes of insurance are indicated on the annual insurance activity report which is prepared by the Statistics Area of the Insurance Supervision Department.

(5) The Insurance Commission monitors the claims data through the annual statements submitted by all insurance companies. These data are collated by the Insurance Commission for all classes of insurance so that the adequacy of premium rates can be monitored. At the same time, the Philippine Insurance Rating Association (PIRA), a licensed rating organisation, sets the policy conditions and premium rates for non-life insurance.

(6) In the case of life insurance, the supervisory authority collates mortality data from the industry on a periodic basis and makes it available to the industry for pricing and reserving purposes. In the case of non-life insurance, the authority collects loss development statistics from each insurer annually, and makes available such loss development statistics on an industry basis to all insurers.

(7) The Department of Insurance collects the overall data of total amount of claims which is one of the factors to consider and approve adequate premium rates.

TABLE 18 ACTUARY

Country	Obligatory Appointment of Actuary(1)	Minimum Qualification	Statutory Duties of Actuary	**Formal Relationship between Actuary and Supervisory Authority**
Brunei	N			
Hong Kong	Y (Life)	Any of the following qualifications: - Fellow of the Institute of Actuaries of England - Fellow of the Faculty of Actuaries in Scotland - Fellow of the Institute of Actuaries of Australia - Fellow of the Society of Actuaries of USA.	Valuation of the liabilities of life insurers Monitoring the solvency margin	N(2)
Indonesia	Y (Life)	Fellow of the Society of Actuaries	Calculating premium rates Designing products Calculating technical reserves Analysing viability of insurers	N
Laos	N			
Macao	Y (Life)		Calculating and certifying mathematical reserves Calculating and certifying solvency margin	Y (reporting and consultation)
Malaysia	Y (Life)	The appointed actuary must satisfy the following conditions: (a) must be a fellow of the Institute of Actuaries in England; the Faculty of Actuaries in Scotland; the Society of Actuaries of USA, the Canadian Institute of Actuaries or the Australian Institute of Actuaries. (b) must be a resident in Malaysia. However, the Bank Negara Malaysia may allow for the appointment of a non-resident actuary if it is satisfied that measures are being taken to build up the level of in-house actuarial expertise of the insurer to take over the function in the near future. (c) should have at least one-year relevant experience in a responsible position with Malaysian insurer. Consideration will be given to his/her past experience in valuing liabilities of Malaysian insurers, and familiarity with the Malaysian laws and general economic/financial environment in Malaysia.	Determining premium rates Designing products Valuing policyholder reserves Recommending the distribution of life surplus Monitoring all developments in the insurer which may have an impact on its financial condition and reporting them to the insurer.	Y(3)

TABLE 18 ACTUARY (CONTINUED)				
Philippines	Y (Life)	Fellow of the Actuarial Society of the Philippines (If he/she is not a Fellow of the said Society, he/she has to meet all the requirements as a Fellow of the said Society).	Certifying various documents to be submitted to the Commissioner by a life insurer.	Y(4)
Singapore	Y (Life)	Any of the following qualifications: - Fellow of the Institute of Actuaries of England - Fellow of the Faculty of Actuaries in Scotland - Fellow of the Society of Actuaries of USA.	Valuing policy liabilities Ensuring the appropriateness of premium rates Ensuring that the distribution of surplus to policyholders is fair and equitable Assisting the insurer in the formulating of suitable investment policy. Assessing the financial soundness of the insurer by conducting a solvency testing of the insurance fund's financial position under various economic conditions Submitting a written report to the Board of Directors of the insurer at least once during each financial year on the current financial position of the life business in Singapore and the future financial condition of the insurer Reporting in writing to the principal officer any matter which has come to his/her attention in the course of carrying out his/her duties, in his opinion has any material adverse effect on the financial condition of the insurer in respect to its life business.	Y(5)
Sri Lanka	Y (Life)	Any of the following qualifications: - Fellow of the Institute of Actuaries of England. - Fellow of the Faculty of Actuaries in Scotland. -Associate of the Institute of Actuaries of England with at least 10 years' post-qualification experience. -Associate of the Faculty of Actuaries in Scotland with at least 10 years' post-qualification experience.	Calculating premium rates Calculating technical provisions Certifying that premium rates are beneficial to the policyholders Valuing life business at least once in three years.	

TABLE 18 ACTUARY (CONTINUED)				
Chinese Taipei	Y (Life and Non-life)	Five to eight years' working experience in the actuary related field and/or educational background.	Examination of premium rates	
Thailand	Y (Life)	The minimum qualifications are as follow: - at least university degree - 3 years' experience in the field of actuary - at least 20 years of age.	Calculating solvency margin Calculating technical provisions Calculating premium rates	
Vietnam	N			

Notes: Y: Yes N: No

(1) This column indicates whether it is obligatory for an insurer to appoint an actuary.

(2) There is no formal relationship between actuaries and the Insurance Authority. However, consultation relationship is maintained between the Insurance Authority and the Actuarial Society of Hong Kong, an association of the actuarial profession in Hong Kong, on actuarial matters concerning life insurers and other industry issues.

(3) The appointment of an actuary is subject to the approval of the Bank Negara Malaysia. The appointed actuary should report in writing to the management of the insurer any event that in his opinion has a material adverse impact on the financial position of the company. Any such report to the management should be presented by the appointed actuary to the Board of Directors at the earliest Board of Directors meeting. If no action is taken by the management within a reasonable period of time and the adverse situation persists, the appointed actuary must report to the BNM the facts and notify the directors that he has done so.

(4) The Commissioner is directly responsible for the direction and supervision of all actuarial work.

(5) The appointment of the appointed actuary is subject to the approval of the Authority.

TABLE 19 AUDITOR				
Country	Obligatory Appointment Auditor[1]	Minimum Qualification	Statutory Duties of Auditor	Formal Relationship between Auditor and Supervisory Authority
Brunei	Y			
Hong Kong	Y	Stipulated by the Professional Accountants Ordinance.	Giving opinion on whether the insurer has kept proper books and records, whether the financial statements and statutory financial returns are prepared in accordance with specified provisions, and whether the insurer is able to meet the solvency margin requirement.	N[2]
Indonesia	Y	Qualification of CPA	Checking annual account Making statement on financial reports.	N
Laos	Y			
Macao	Y	Auditing firms registered with the Finance Department	Checking the process and content of financial accounts. Checking whether the insurer complied with provisions related to assets guaranteeing technical reserves	Y (reporting and consultation)
Malaysia	Y	-	Submitting an audit report Reporting to the Bank Negara Malaysia immediately when he/she finds contravention of provisions of the Insurance Act 1996, offence involving fraud or dishonesty committed by the insurer or its employees, or any irregularity which jeopardises the interest of policyholders and creditors of the insurer, or when he/she finds that the available assets of the insurer are just adequate or less than adequate to meet its margin of solvency.	Y[3]
Philippines	Y	Certified public accountant	Checking the general auditing principles of the insurer	N

TABLE 19 AUDITOR (CONTINUED)				
Singapore	Y	-	Audit of the annual accounts Reporting to the Authority any serious breach or non-observance of the regulatory provisions, any criminal offence involving fraud or dishonesty, any transaction or dispute that will have a material effect on the fund solvency margin, serious irregularities that jeopardise policyholders' interests, or when the insurer is unable to meet its obligations.	Y(4)
Sri Lanka	Y	A member of the Institute of Chartered Accountants of Sri Lanka.	Auditing the accounts Examining the balance sheet and profit and less account Certifying these documents	-
Chinese Taipei	Y		Audit of financial reports and statements	Y(5)
Thailand	Y	Registration at the Board of Supervision of Auditing Practices.	Certifying annual accounts Giving an opinion statement under the annual accounts Auditing financial returns Approving financial returns	N
Vietnam	N			

Notes: Y: Yes N: No (-) : not available

(1) This column indicates whether it is obligatory for an insurer to appoint an auditor.

(2) There is no formal relationship between auditors and the Insurance Authority. However, consultation relationship is maintained between the Insurance Authority and the Hong Kong Society of Accountants, a body of accountancy professions, on accounting and reporting issues in relation to insurance companies.

(3) An auditor is subject to the approval by the Bank Negara Malaysia (BNM). The BNM has the power to appoint an auditor if the insurer fails to appoint an auditor within the specified time. The BNM has also the power to appoint another auditor to act with the auditor appointed if the BNM considers it is desirable to do so.

(4) The auditor has to be approved by the Authority. The Authority may impose all or any of the following duties on an auditor:

i. a duty to submit such additional information in relation to his/her audit as the Authority considers necessary;

ii. a duty to enlarge or extend the scope of his/her audit of the business and affairs of the insurer;

iii. a duty to carry out any other examination or establish any procedure in any particular case; and

iv. a duty to submit a report on any of the matters referred to in paragraphs (ii) and (iii) above.

(5) An auditor must be approved by the Ministry of Finance.

TABLE 20 INSURANCE COMPANIES IN FINANCIAL DIFFICULTIES

Country	Reference to Solvency Margin	Feasibility of Portfolio Transfer
Brunei	N	N
Hong Kong	Y(1)	Y(2)
Indonesia	Y(3)	Y(4)
Laos	Y	Y(5)
Macao	Y(6)	Y(7)
Malaysia	Y(8)	N(9)
Philippines	Y(10)	N(11)
Singapore	Y(12)	Y(13)
Sri Lanka	n.a.(14)	N
Chinese Taipei	Y(15)	n.a.
Thailand	Y	Y
Vietnam	n.a.(16)	N

Notes: Y: Yes N: No

(1) There are no specific guidelines which indicate what kind of measures can (or should) be taken in what circumstances. However, the Insurance Authority will perform solvency assessment on insurers. If a solvency indicator falls below a certain level, precautionary actions will be taken against the insurer to ensure that policyholders' interests are adequately protected.

If an insurer is not able to fulfil the solvency requirement, the Insurance Authority would take appropriate actions against the insurer in order to protect the interests of policyholders and potential policyholders. The following are examples of actions that can be taken by the Insurance Authority:

- to require a plan for restoration of a sound financial situation;
- to require injection of capital;
- to prohibit free disposal of assets;
- to prohibit certain investments;
- to require custody of assets by the Insurance Authority or approved trustees;
- to restrict acceptance of new business or renewal of existing business;
- to limit the amount of premium income;
- to require actuarial investigation;
- to conduct on-site examination of books of account and records; and
- to appoint a special manager or advisor to take over control/management or give directions on the affairs of the insurer.

TABLE 20 INSURANCE COMPANIES IN FINANCIAL DIFFICULTIES

or advisor to take over control/management or give directions on the affairs of the insurer.

(2) Court sanction is required in the case of portfolio transfer of life insurance and approval by the Insurance Authority may be needed in the case of portfolio transfer of general insurance.

(3) Based on the solvency margin report, the supervisory authority may stop the insurers from entering new business, while they should prepare a concrete action plan to be taken in order to overcome financial difficulties.

(4) If such an action plan seems to be unable to overcome financial difficulties, such insurers should transfer their liabilities to other insurers. However, portfolio transfer by the supervisory body is not common.

(5) Under the Insurance Law, portfolio transfer can be done with the approval of the Ministry of Finance.

(6) When the solvency margin is verified to be insufficient, be it circumstantial or temporary, the insurer in question is required to submit to the Authority for approval, within the period laid down for such purpose, a short-term recovery plan to restore equilibrium to its financial conditions. If the recovery plan is considered inadequate, the Authority may effect necessary modifications which shall be adopted by the insurer.

(7) Until now, no bankruptcies in Macao. In case of portfolio transfer (due to cessation of business or liquidation), the authority is competent to intervene in the process. In any case, prior authorisation of the Authority is required for any such transfers.

(8) Solvency compliance is an important criterion in assessing financial condition of an insurer. However, financial ratios and industry benchmark are important tools in developing an early warning indicator on potential problematic insurers.

(9) Until now, the Bank Negara Malaysia (BNM) has not requested any portfolio transfer before the actual bankruptcy.

(10) The Insurance Commission conducts a yearly table audit of all insurance companies and if deemed necessary an on-site examination to determine the financial condition and methods of doing business of all insurance companies to ensure their solvency for the interest of policyholders.

(11) There is no portfolio transfer by the supervisory body before the actual bankruptcy.

(12) The Authority has an “early warning system” to identify insurers in difficulties at an early stage so that immediate remedial action can be taken. In general, besides the solvency requirements which provide a layer of protection to policyholders’ interest, the Authority also has the power to direct insurers to take any remedial action to protect policyholders’ interest. The exact measures to be taken will depend on the circumstances of each case. The Authority may require the insurer.

i. to take such action or recruit such management personnel as may be necessary to enable it to conduct its business in accordance with sound insurance principles;

ii. to remove any of its director or any person whom the Authority considers unfit;

iii. to take action as to the disposition or recovery of its assets;

iv. to take any steps for the recovery by the insurer of sums to have been illegally or improperly paid;

v. to stop renewing or issuing policies of the class of business to which the direction relates;

vi. to make such arrangements with respect to reinsurance as the Authority specifies;

vii. to take action to make good any default relating to register of policies, establishment of insurance funds and allocation of surplus, margins of solvency, investments and assets.

The Authority may even cancel the registration of the insurer and require that certain portion of its assets be maintained in Singapore or be held by a person approved by the Authority as a trustee for the insurer.

The Authority may also require the raising of additional capital and may admit reputable foreign insurers to inject capital into the insurer in financial difficulties.

(13) The Authority may also require the sale/transfer of business to a stronger company to protect policyholders’ interest. Such transfers are effected by a transfer scheme approved by the High Court.

(14) The Controller of Insurance may appoint an administrator.

(15) When the balance of admitted assets minus liabilities of an insurer fails to meet the amount that is equal to three times of the deposit amount, the Ministry of Finance shall order such an insurer to make up the difference in cash within a designated period of time. If an insurer has not increased its capital to make up the deficiency, the Ministry of Finance shall take the following disciplinary actions based on the circumstances:

i. to dispatch an officer to supervise the insurer;

ii. to remove and replace the responsible person or other concerned persons;

iii. to order the insurer to reorganise within a specified period of time;

iv. to order the insurer to cease doing business or to dissolve.

(16) If the financial position of an insurer may become insolvent, the Ministry of Finance may require it to restore and carry out measures to improve the situation.

TABLE 21 POLICYHOLDERS PROTECTION FUND

Country	Existence	Classes of Insurance Covered	Scope of Coverage	Remarks
Brunei	Y	Motor Third Party Liability Insurance	up to 1 million Brunei dollars	In the case of motor third party liability insurance, statutory deposit of 1 million Brunei Dollars in the form of "bank guarantee" is required.
Hong Kong	Y	Motor Third Party Liability Insurance Employees' Compensation Insurance	n.a.	Motor Insurers' Bureau of Hong Kong (MIB) is set up to ensure that the legitimate claims of victims of traffic accidents are met. The MIB administers two funds, namely the First Fund and the Insolvency Fund. The First Fund is applied to cases where the victim is unable to obtain compensation because the vehicle is uninsured or untraceable; the Insolvency Fund is to meet claims which remain unsettled due to the insolvency of the insurer concerned. The Employees Compensation Assistance Fund is established to indemnify injured employees who are unable to obtain compensation from the employers because the employers are uninsured or untraceable, or the insurer concerned has become insolvent. It also reimburses insured employers who have paid compensation for which they are liable but unable to obtain recovery due to the insolvency of the insurer concerned. These funds are financed by levies charged on motor policy premiums and on premiums payable in respect of employees' compensation insurance policies.
Indonesia	Y	n.a.	partial	There exists statutory deposit of the amount of 20% of minimum required paid up capital. The amount will be increased with certain percentages of the increased business volume every year. Such a deposit shall be used for partial compensation only, when such a company has been under the process of liquidation.
Laos	Y	-		The Insurance Law stipulates that a deposit must be provided when an insurer is established (US$86,000 for life or non-life insurers, US$143,000 for composite insurers).
Macao	Y	Motor Third Party Liability Insurance	determined by the minimum sums for compulsory motor insurance	
Malaysia	Y	All classes of insurance	up to 90% of the admitted claim amount	The Bank Negara Malaysia established a separate insurance guarantee scheme fund (IGSF) for general insurance business and life insurance business on 15 July 1977 and 23 January 1998 respectively.

TABLE 21 POLICYHOLDERS PROTECTION FUND (CONTINUED)				
Philippines	Y	All classes of insurance	up to twenty thousand pesos	The Insurance Commission administers the "Security Fund". The "Security Fund" may be used to pay claims also in the case of national emergency or calamity, because these claims otherwise would not be compensated under policy conditions. Contribution made by life companies should be managed separately from that made by non-life companies and should be called respectively Life Account and Non-life Account. No payment from the Security Fund should be made to any person who owns or controls 10% or more of the voting shares of the insolvent insurer.
Singapore	Y	Life insurance, compulsory classes of insurance (motor third party liability insurance and workmen's compensation insurance).	90% for life insurance, 100% for compulsory classes of insurance	The Monetary Authority of Singapore (MAS) has the power to impose a levy on insurers to establish the Policy Owners' Protection Fund (PPF). The MAS is currently studying the framework for the implementation of the PPF.
Sri Lanka	N	-	-	The amendments to the Insurance Act are being considered with provisions to set up a "Policyholders' Protection Fund".
Chinese Taipei	Y	All classes of insurance	full compensation	Life insurers and non-life insurers separately contribute funds to set up a "stabilisation fund"
Thailand	N	-	-	
Vietnam	N			

Notes: Y: Yes
N: No

(*) "Policyholders' Protection Fund" is here defined as funds/systems which will be triggered when an insurance company has either fallen into a critical condition which may result in its inability to pay the claims already filed or those to be made later, or has actually gone into liquidation.

The system can either pay claims directly (or through a separate company or organisation) to the policyholders based on the fund collected from insurance companies or from the government; or it can inject necessary money (again collected from insurance companies or government) into the failing company or into a separate insurance company who has agreed to take over the portfolio of the failing company.

There should always exist collection (either on a regular basis or on the spot basis) of fund from insurance companies (or even directly from policyholders) or from the government.

TABLE 22 LIQUIDATION PROCEDURE OF BANKRUPT INSURANCE COMPANIES		
Country	Preferential Status of Policyholders	Remarks
Brunei	N	For motor insurance, however, there exist statutory deposits of 1 million Brunei Dollars.
Hong Kong	Y	Non-life insurers, other than professional reinsurers and captive insurers, are required to maintain certain amount of assets in Hong Kong in order to ensure that, in the event of insolvency of an insurer, assets will be available in Hong Kong to meet the claims of Hong Kong policyholders. Besides, insurance claimants are accorded preferential status in priority to ordinary creditors.
Indonesia	Y	The status of policyholders is equal to priority creditors.
Laos	Y	The Insurance Law stipulates that a deposit must be provided when an insurer is established.
Macao	Y	The credits arising from insurance contracts enjoy credit privilege over movable or immovable assets pertaining to the technical reserves and shall be graded in the first position.
Malaysia	N	A liquidator shall carry out its function under the direction and supervision of the Bank Negara Malaysia (BNM). The BNM closely monitors the liquidation process. A liquidator is required to submit a status report on the progress of claims payment.
Philippines	-	The Insurance Commission appoints a conservator, receiver and/or liquidator.
Singapore	Y	Policyholders have priority of claims over all unsecured liabilities of the insurer other than certain preferential debts specified in the Companies Act such as corporate taxes and wages of employees.
Sri Lanka	-	
Chinese Taipei	-	The relevant provisions of the Company Law or the Co-operative Law shall apply mutates mutandis.
Thailand	N	The Department of Insurance will work closely with the insurance association and some insurance companies with strong financial position to arrange portfolio transfers.
Vietnam	N	There is no legislation on measures which can be applied to protect policyholders' interests in the liquidation procedure of bankrupt insurers.

Notes: Y: Yes N: No (-) : not available

TABLE 23 CASES OF INSURANCE COMPANIES IN FINANCIAL DIFFICULTIES FOR 1996 - 1998

Country	Number of examples
Brunei	None
Hong Kong	73 interventionary measures on 35 insurers(1) One liquidation related to a branch of a foreign non-life insurer(2)
Indonesia	One case related to a non-life insurer(3)
Laos	None
Macao	None
Malaysia	One case related to a non-life insurer(4)
Philippines	None
Singapore	One case related to a life insurer(5)
Sri Lanka	None
Chinese Taipei	None
Thailand	One case related to non-life insurer(6) Some other insurers(7)
Vietnam	None

Notes:

(*) The number of cases where the insurance supervisory body actually took measures in order to deal with insurance companies in financial difficulties before they go bankrupt or after they have gone bankrupt.

(1) These measures include limitation of premium income, accelerated submission of accounts and restriction on related party transactions.

(2) The Insurance Authority petitioned the court for the winding up of the bankrupt insurer's Hong Kong branch in order to preserve the bankrupt insurer's assets in Hong Kong for protection of the local policyholders' interests in view of the liquidation proceedings taking place at its head office outside Hong Kong. No Hong Kong policyholders suffered financial loss in this case. The most difficult task or consideration of the Insurance Authority was the urgent need to appoint a special manager to take over the affairs of the insurer's Hong Kong operation and to assess the impact of its insolvency on the Hong Kong policyholders before considering petition to the court.

(3) The main cause was the failure to comply with the solvency margin stipulation.

(4) There was a case of a non-life insurer which failed to meet the minimum solvency margin requirement as of 31 December 1997. The company was required to submit a business and operating plan and a monthly status report to the Bank Negara Malaysia (BNM).

(5) One life insurer was required to raise additional capital in order to meet statutory requirements, although it was not on the verge of bankruptcy or insolvency. This was the result of funding new business strain. Policyholders did not suffer any financial loss. The most important consideration under such circumstances is safeguarding policyholders' interests.

(6) For this company, licence was revoked because of the financial failure. This company had to be liquidated. In this case, prior to the liquidation, transitional arrangement was made by transferring existing portfolio to 11 insurance companies. Nonetheless there were still a small number of policyholders who suffered financial losses.

(7)Thai economy has shrunk 0.4 percent in 1997 and will shrink 7-8 percent in 1998. The economic slowdown was attributable to liquidity problem. This liquidity problem affected some insurance companies, especially those whose main business is motor insurance. The Department of Insurance urged those companies to speed debt collection or sell their assets to obtain cash to ensure their financial stability. The Department closely supervised insurance companies, and supportive measures were introduced to ensure their financial stability. The early warning system has also been utilised to make the supervision more effective.

TABLE 24 COMPULSORY CLASSES OF INSURANCE

Country	Classes of Compulsory Insurance	Specific Regulations
Brunei	Motor Third Party Death and Injury Liability Insurance Workmen's Compensation Insurance	For Motor Third Party Liability Insurance, statutory deposits of 1 million Brunei Dollars in the form of "bank guarantee" are required.
Hong Kong	Motor Third Party Death and Injury Liability Insurance Employees Compensation Insurance Third Party Liability Insurance in Launches, Ferry Vessels and Pleasure Vessels	Higher amount of solvency margin is required from non-life insurers carrying on compulsory classes.
Indonesia	Motor Third Party Death and Injury Liability Insurance Worker's Compensation Plan including Pension and Health	The specific law and other regulations regulate the role of a State-owned company, the premium rates and the typical risks to be covered.
Laos	Motor Third Party Liability Insurance	Premium rates are set by the Ministerial Decree.
Macao	Motor Third Party Liability Insurance Employees Compensation Insurance Professional Liability Insurance for Travel Agents Public Liability Insurance for Neon Signs	The authority regulates the policy conditions and premium rates of compulsory classes of insurance.
Malaysia	Motor Third Party Death and Injury Liability Insurance Workmen's Compensation Insurance for Foreign Workers	In order to ensure that motor insurance covers are available in the market, the insurance industry has established the Malaysian Motor Insurance Pool (MMIP). Since the risks underwritten by MMIP are risks which have been rejected by insurers in the market, the imposition of additional loading and the application of excess above market levels are allowed. MMIP's administrative expenses, assets and underwriting results are shared equally by all insurers underwriting motor business in the market.
Philippines	Motor Third Party Death and Injury Liability Insurance(1)	
Singapore	Motor Third Party Death and Injury Liability Insurance Workmen's Compensation Insurance Third Party Liability Insurance for Power Crafts	Because there are certain risks with high level of hazards, the insurance industry has set up a Special Risks Pool to provide at least compulsory insurance coverage for motor tankers and other specialised motor risks which individual insurers are not willing to take up.
Sri Lanka	Motor Third Party Liability Insurance	Motor insurance tariff is fixed by the Controller of Insurance.
Chinese Taipei	Motor Third Party Death and Injury Liability Insurance	The nature of insurance is directed by the government, but run by private insurers.
Thailand	Motor Third Party Death and Injury Liability Insurance	
Vietnam	Motor Third Party Liability Insurance CAR Insurance for Government Funded Projects	Compulsory classes of insurance are subject to supervision on premium rates and policy conditions. It is obligatory for insurance companies to insure the risks.

Note: (1) The insurance policy can be replaced with the certain amount of surety bond issued by an insurance company or cash deposit.

TABLE 25 INSURANCE DISTRIBUTION

Country	Types of Intermediaries	Legislation on Intermediaries, in particular Insurance Brokers	Admissibility of Foreign Brokers
Brunei	2,3(1)	N	N
Hong Kong	1,2,3	Y(2)	Y
Indonesia	1,2,3	Y	N(3)
Laos	1,2,3(4)	Y	N
Macao	2,3 and "insurance salesmen"(5)	Y	Y(6)
Malaysia	1,2,3	Y	N(7)
Philippines	1,2,3	Y	n.a.
Singapore	1,2,3(8)	Y	Y(9)
Sri Lanka	1,2,3	Y	Y(10)
Chinese Taipei	1,2,3(11)	Y	Y(12)
Thailand	2,3(13)	Y	N(14)
Vietnam	2,3	Y(15)	N

Notes: 1 Employees of Insurance Companies Y: Yes
2 Insurance Agents N: No
3 Insurance Brokers

(1) According to "Insurance in Asia" (Pearson Professional Limited, 1996), (i) two insurance brokers, both of which are joint ventures between international brokerage houses and Brunei parties, are currently registered to conduct business in Brunei, and (ii) there are numerous insurance agents, most of which handle small portfolio of business.
(2) Insurance intermediaries are subject to a self-regulatory system supported by legislation which defines the distinct roles of an insurance agent and an insurance broker and requires insurance agents to be appointed or insurance brokers to be authorised in prescribed manner.
(3) Without business licence from the Minister of Finance, they are not admissible.
(4) Employees, agents and brokers account for respectively 57%, 16%, and 27%.
(5) At the end of October 1998, the intermediary sector was made up of 1,365 insurance intermediaries, comprising 1,300 individual agents, 36 local corporate agents, 10 overseas corporate agents, 12 salesmen and 7 overseas brokers.
(6) Foreign brokers are mainly involved in the corporate accounts which relate to property and liability insurance.
(7) Without being licensed under the Insurance Act 1996, they are not admissible.
(8) The intermediaries operating in Singapore are predominantly agents and brokers.
(9) Foreign brokers deal in a wide array of commercial as well as specialised lines such as marine, professional indemnity, aviation, protection and indemnity insurance.
(10) Foreign brokers are allowed to engage in reinsurance business related to marine, aviation, fire, engineering and commercial risks.
(11) In the field of life insurance, agents and brokers account for respectively 0,29% and 0,6% of market share. In the field of non-life insurance, agents and brokers account for respectively 63,84% and 6,58% of market share.
(12) Most of foreign brokers operate life insurance.
(13) In the field of life insurance, agents and brokers account for respectively 97% and 3% of market share. In the field of non-life insurance, agents and brokers account for respectively 40% and 60% of market share.
(14) Foreign brokers are not allowed to operate, but it is not prohibited for foreign brokers to advise an insurance company to enter into a reinsurance contract with an insurer abroad.
(15) There is a circular by the Ministry of Finance concerning insurance agents.

TABLE 26 INSURANCE INDUSTRY ASSOCIATIONS : SELF-REGULATORY FUNCTION		
Country	Name	Existence of Self-regulatory Function
Brunei	Insurance Association of Brunei Darussalam	Y
Hong Kong	Hong Kong Federation of Insurers Hong Kong Confederation of Insurance Brokers Professional Insurance Brokers Association Limited	Y (Hong Kong Federation of Insurers handles registration of insurance agents and ensures their compliance with the code of practice issued by the Federation. It also provides its members the industry average of the burning costs (i.e. pure claims costs) in relation to motor vehicle business and employees' compensation business. It leaves its members to determine their own premium rates. Two bodies of insurance brokers are responsible for ensuring their member brokers to comply with the minimum requirements for insurance brokers). The Insurance Authority may from time to time liase with the Federation on legislative matters and market developments.
Indonesia	n.a.[(1)]	Y (setting of standard policy form, setting up of adequate premium rates for motor and fire insurance, arbitrary settlement)
Laos	N	N
Macao	Macao Insurers' Association Macao Insurance Agents and Brokers Association	N
Malaysia	Life Insurance Association of Malaysia General Insurance Association of Malaysia Insurance Brokers Association of Malaysia Association of Malaysian Loss Adjusters	Y (setting of codes of practice, policy conditions and premium rates). In addition, they serve as platforms through which the Authority discusses various issues of regulatory concerns with the industry.
Philippines	Philippine Life Insurance Association Insurance & Surety Association of the Philippines Philippine Insurance Rating Association Philippine Insurers Club Association of Insurance Accountants of the Philippines Philippine Association of Surety Underwriters Marine Underwriters Association of the Philippines Association of Insurance Brokers of the Philippines Association of Philippine Adjustment Companies Credit Association of Surety and Insurance Companies Reinsurance Exchange Club of the Philippines General Insurance Agents' Association of the Philippines Association of Insurance Claimsmen Philippine Insurance Institute	Y (setting of codes of practice, registration requirements, etc.) The Philippines Insurance Rating Association is a licensed organisation for non-life insurance. It sets premium rates and policy wordings of non-life insurance.

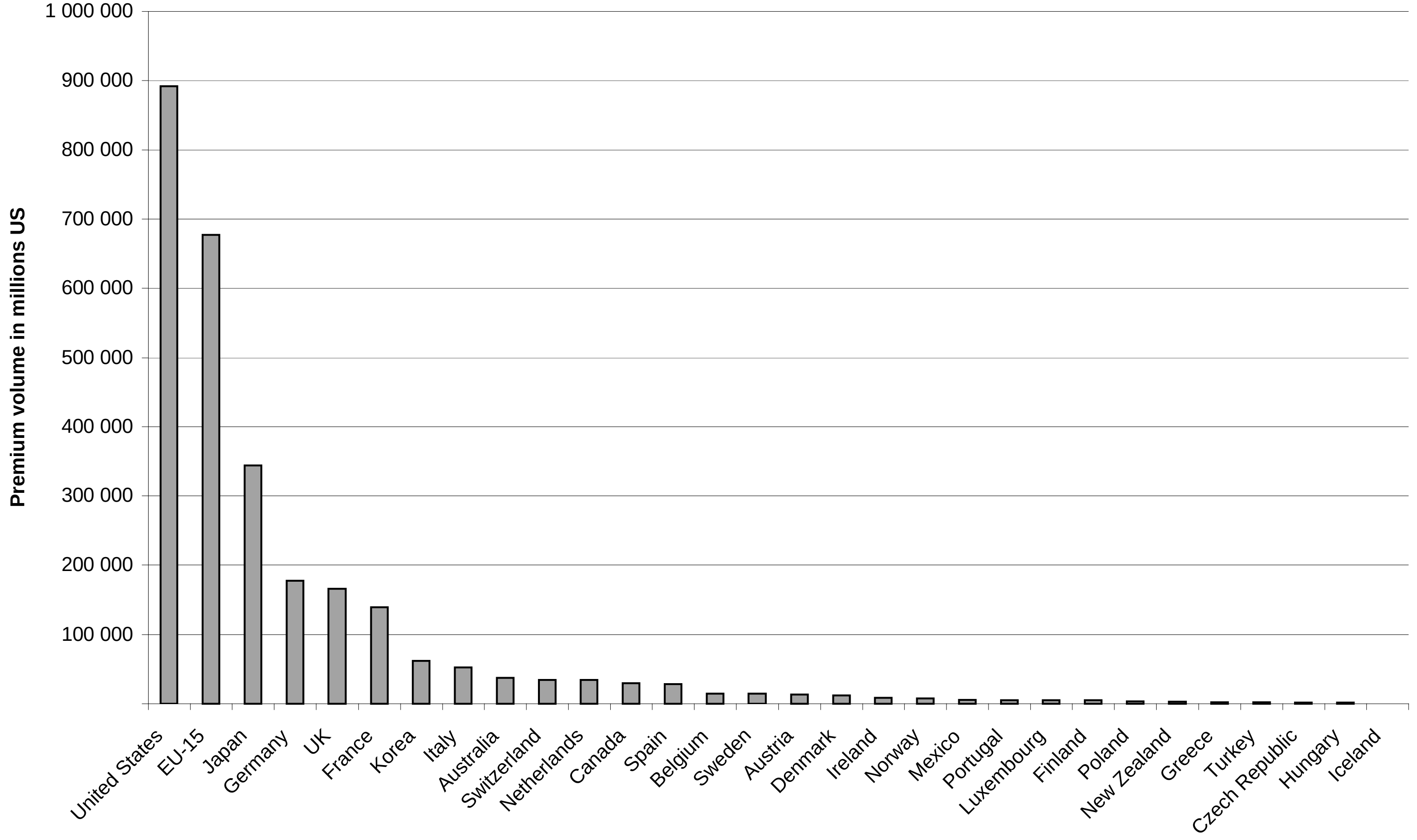
TABLE 26 INSURANCE INDUSTRY ASSOCIATIONS : SELF-REGULATORY FUNCTION (CONTINUED)

Singapore	Life Insurance Association General Insurance Association Singapore Reinsurer's Association Singapore Insurance Brokers Association Reinsurance Brokers Association of Singapore	Y (setting of codes of practice, administering the registration of agents and brokers, ensuring that they comply with market code of conduct and agreement on disclosure standards). They serve as platforms through which the Authority discusses various issues of regulatory concerns with the industry.
Chinese Taipei	Taipei Insurance Association Taipei Life Insurance Association	Y (Setting of codes of practice)
Sri Lanka	Insurance Association of Sri Lanka Sri Lanka Insurance Brokers Association	Y (setting of codes of conducts)
Thailand	General Insurance Association Thai Life Assurance Association	N (but Thai Life Assurance Association takes part in the examination of agents).
Vietnam	N[(2)]	-

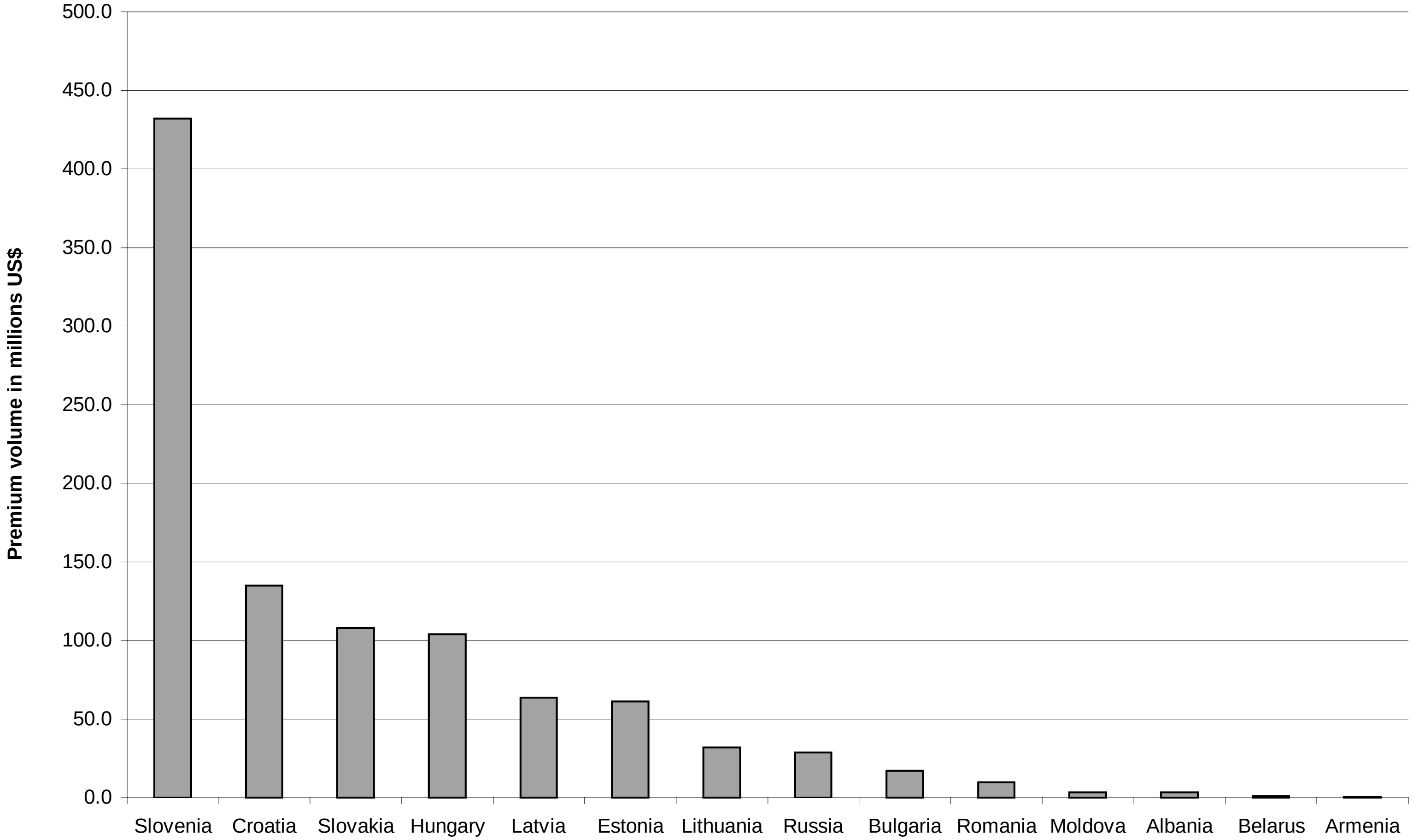
Notes: Y: Yes
N: No

(1) The exact name of the association is not mentioned.
(2) Vietnam plans to establish an insurance association early next year.

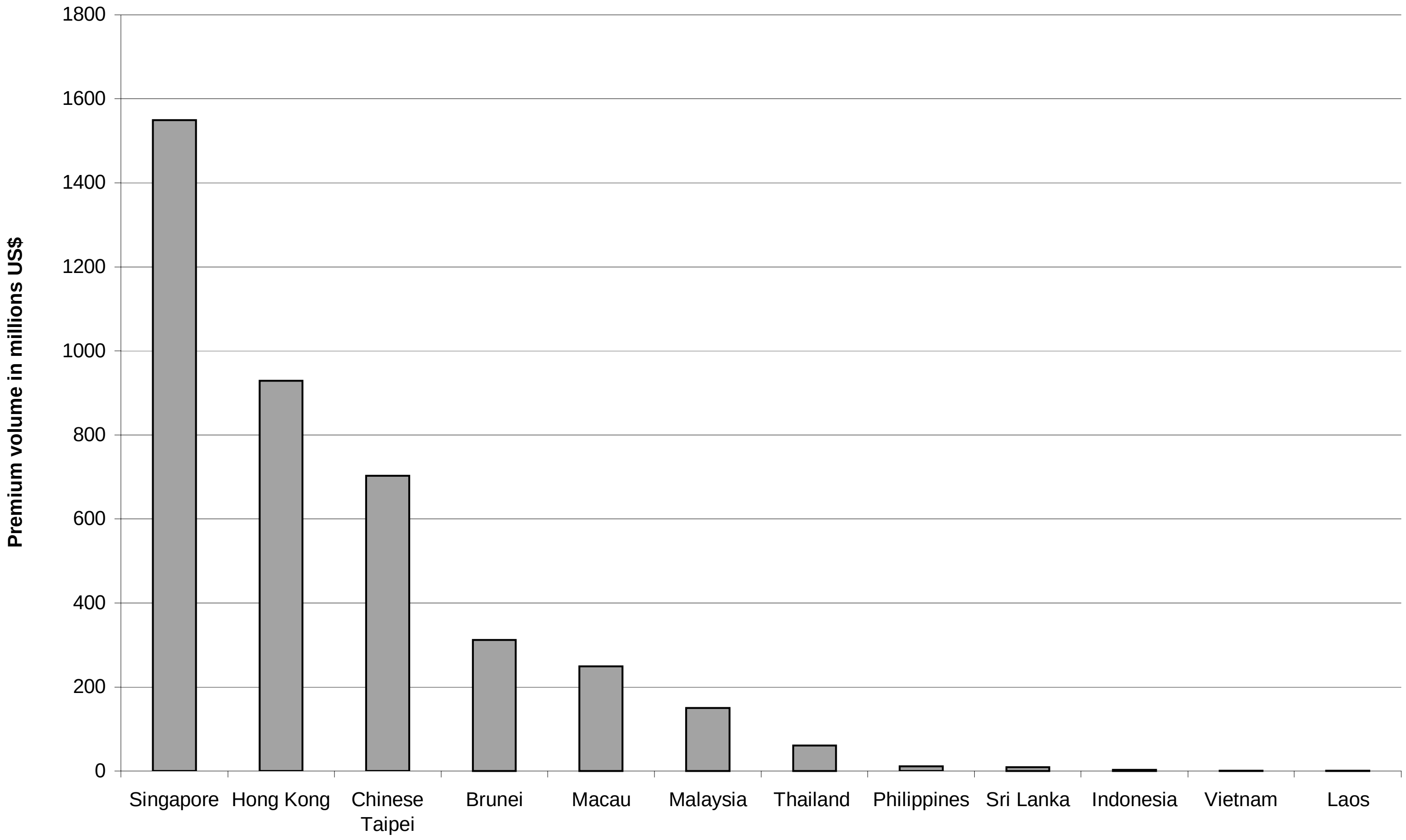
GRAPH 1: **OECD - Density US$ per Inhabitant (Direct Premiums /Population)**



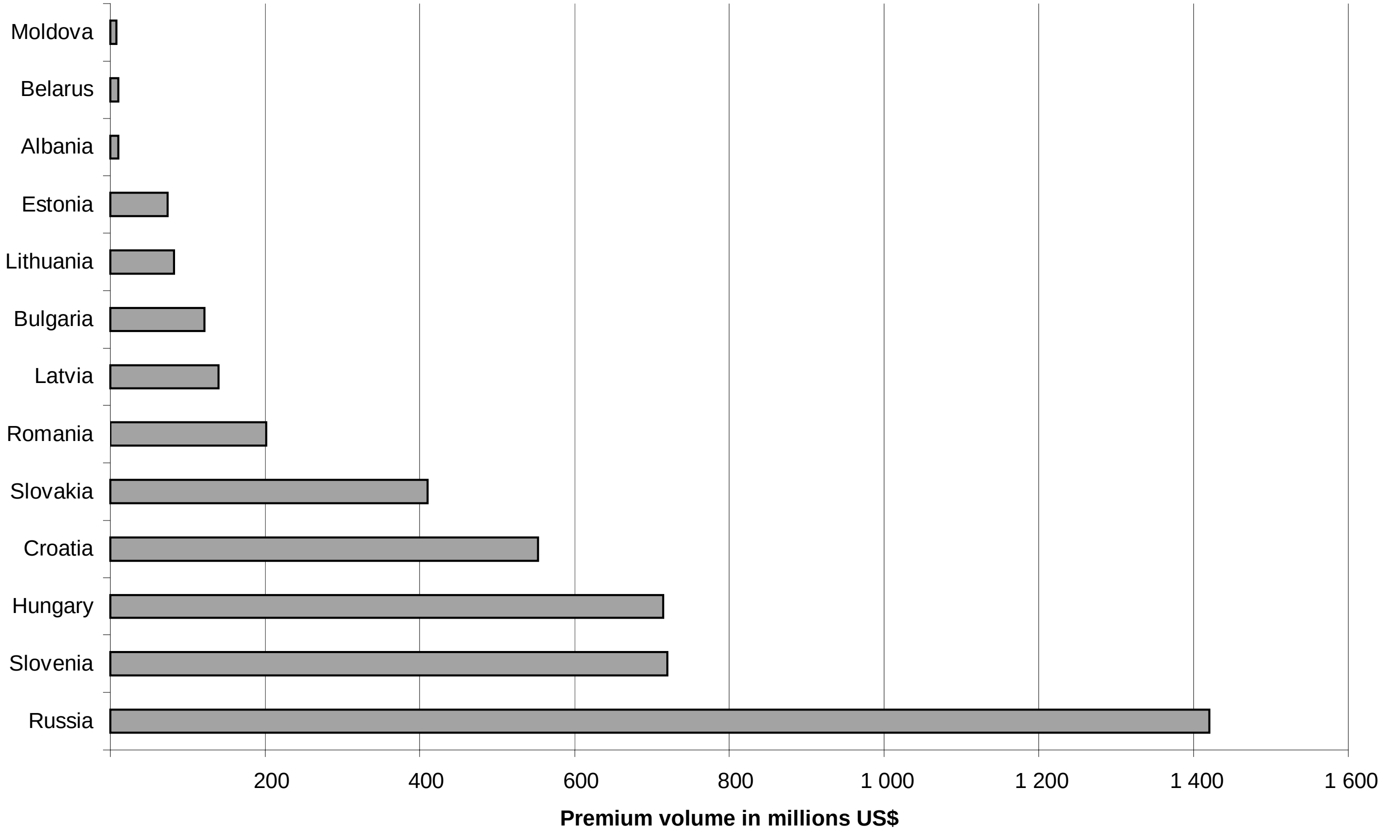
GRAPH 2 : **Eastern Europe - Density US$ per Inhabitant (Direct Premiums / Population)**



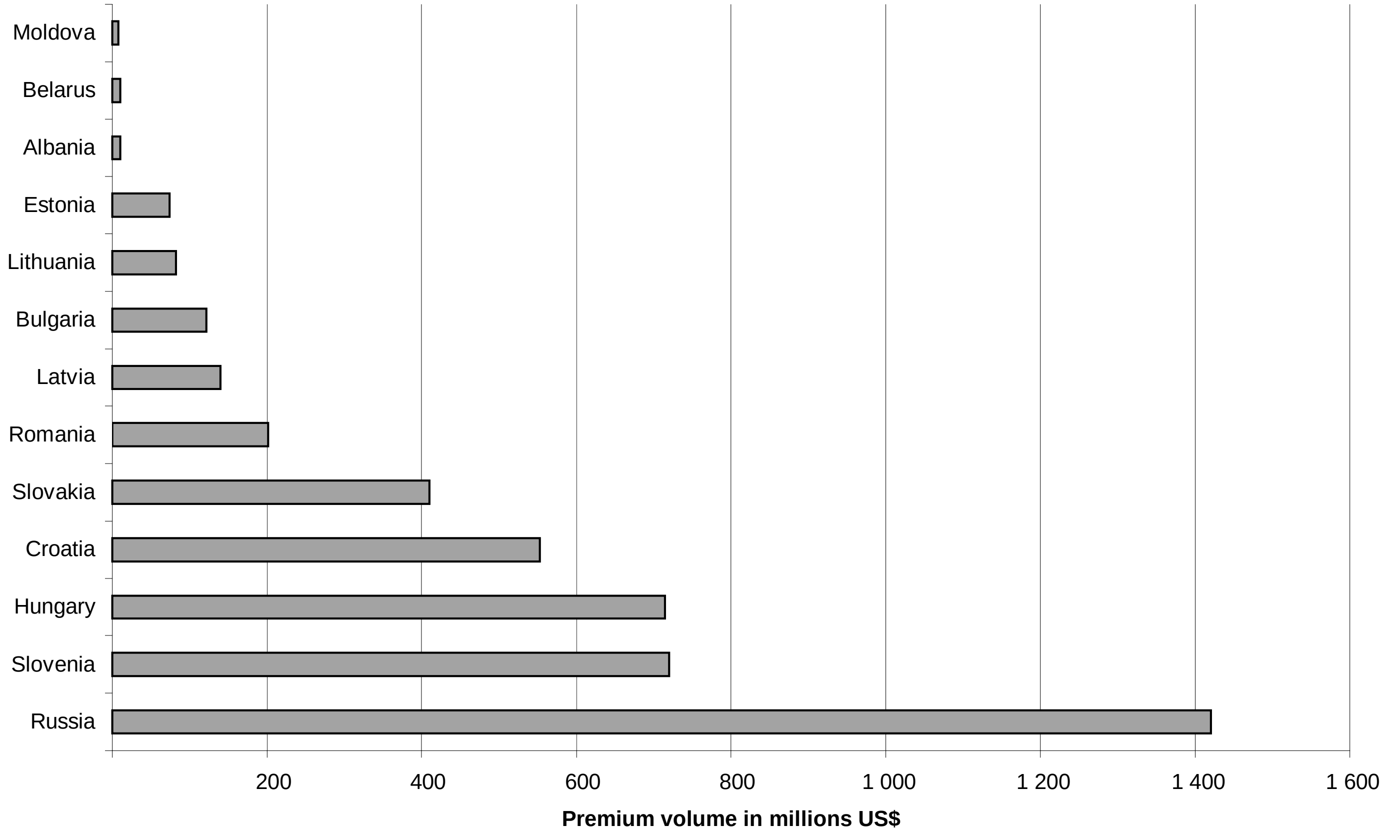
GRAPH 3: **Asia - Density US$ per Inhabitant (Direct Premiums /Population)**



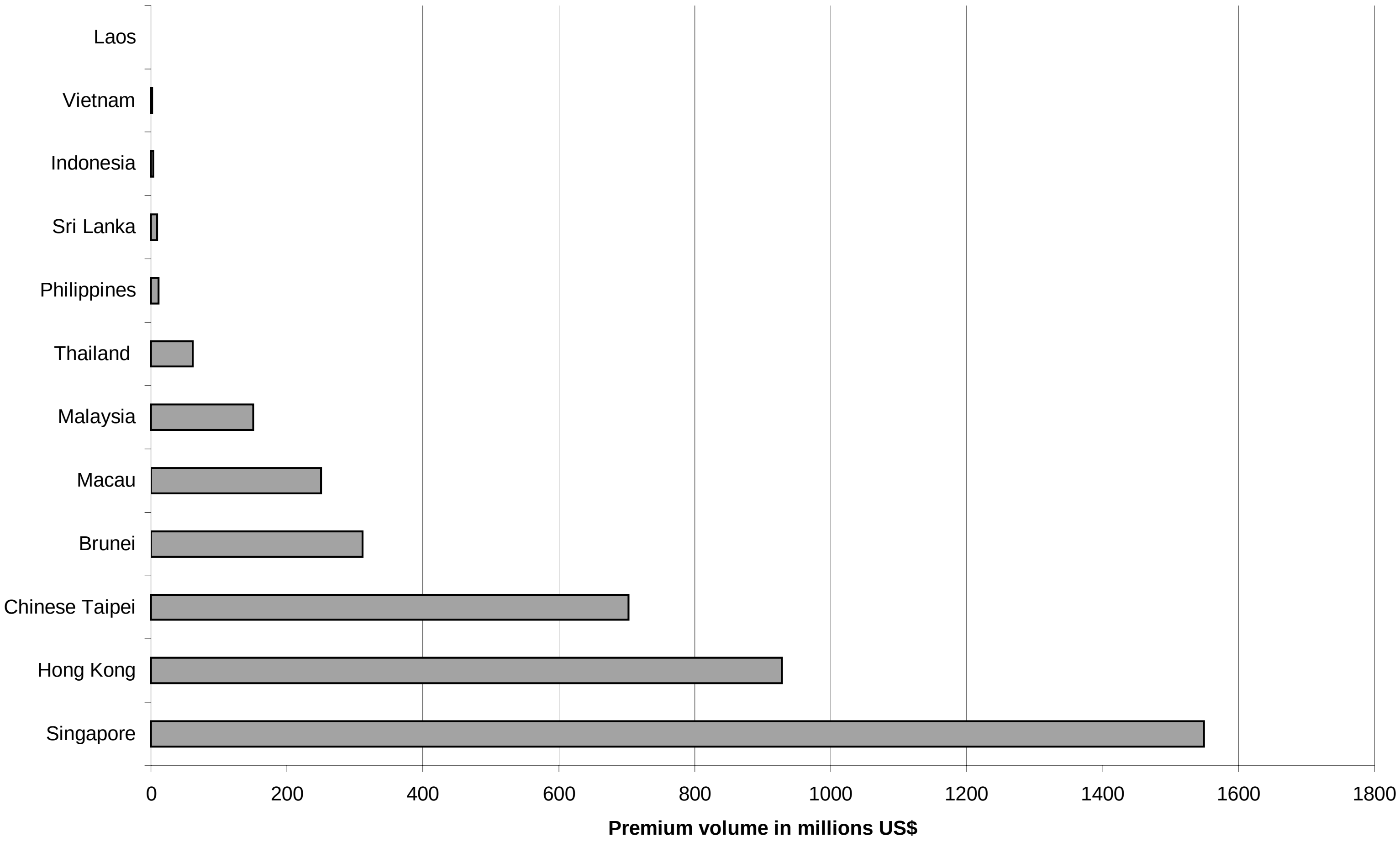
GRAPH 4: **OECD - Density US$ per Inhabitant/Non-Life (Direct Premiums / Population)**



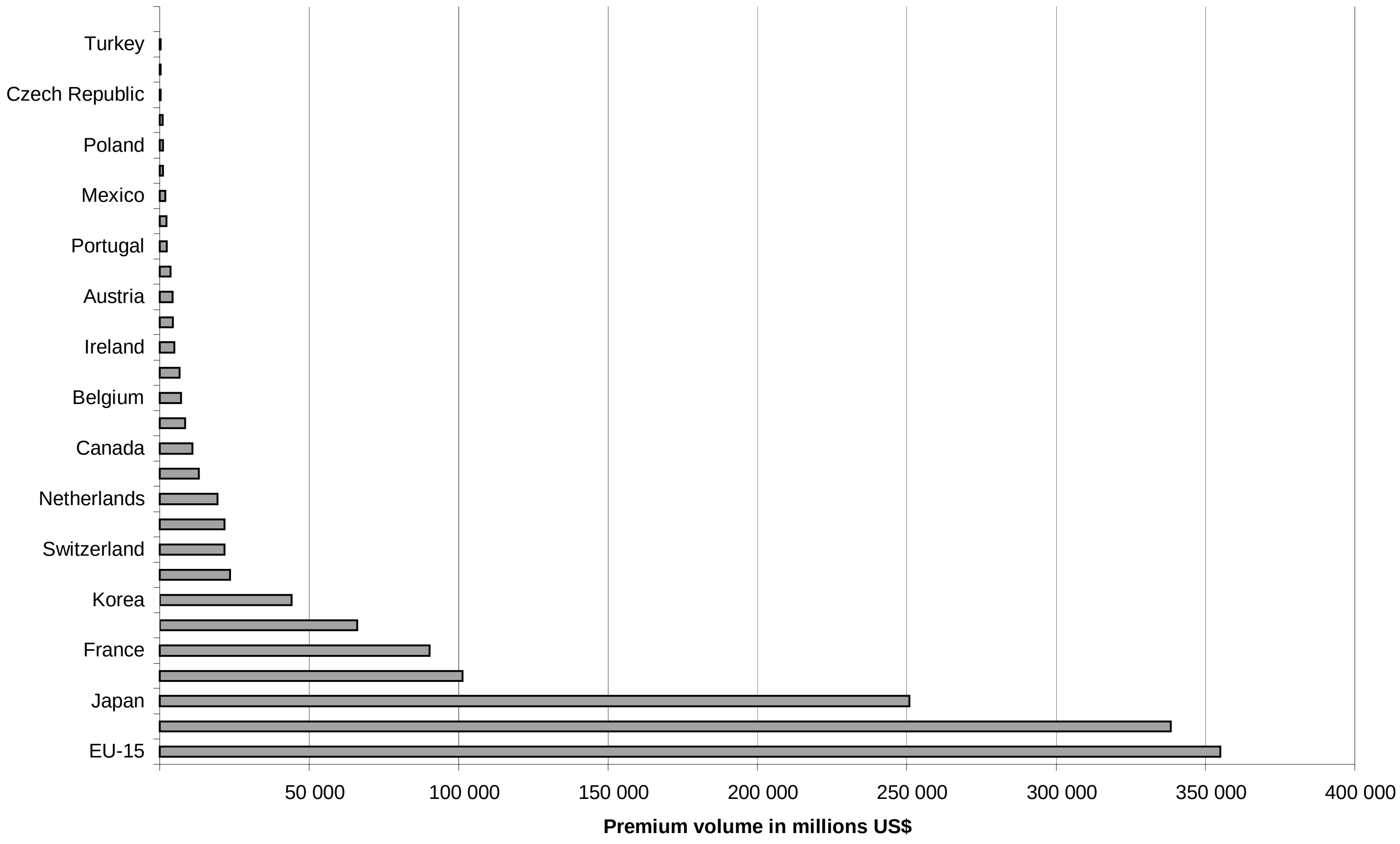
GRAPH 5: **OECD - Density US$ per Inhabitant/Non-Life (Direct Premiums / Population)**



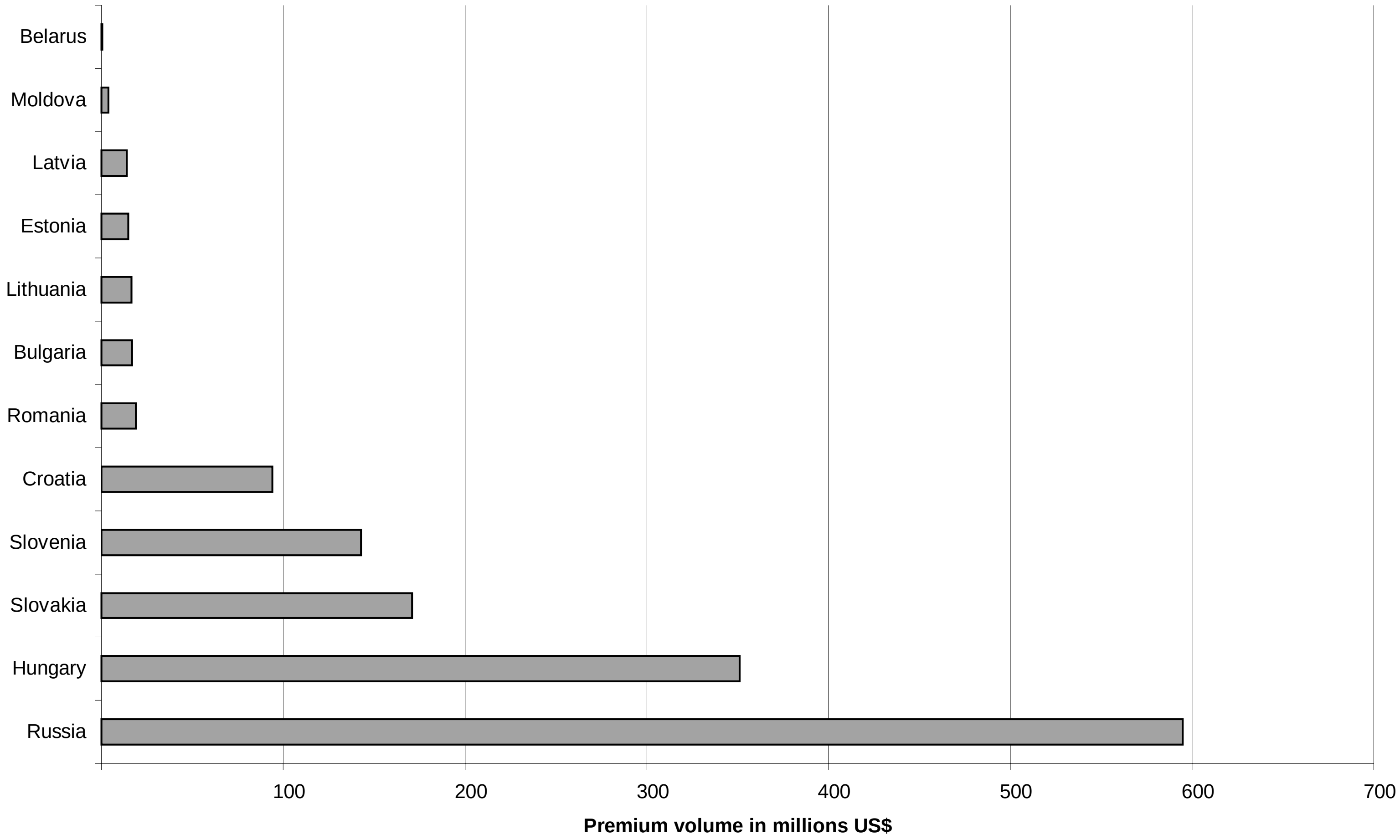
GRAPH 6: **Asia - Density US$ per Inhabitant/Non-Life (Direct Premiums / Population)**



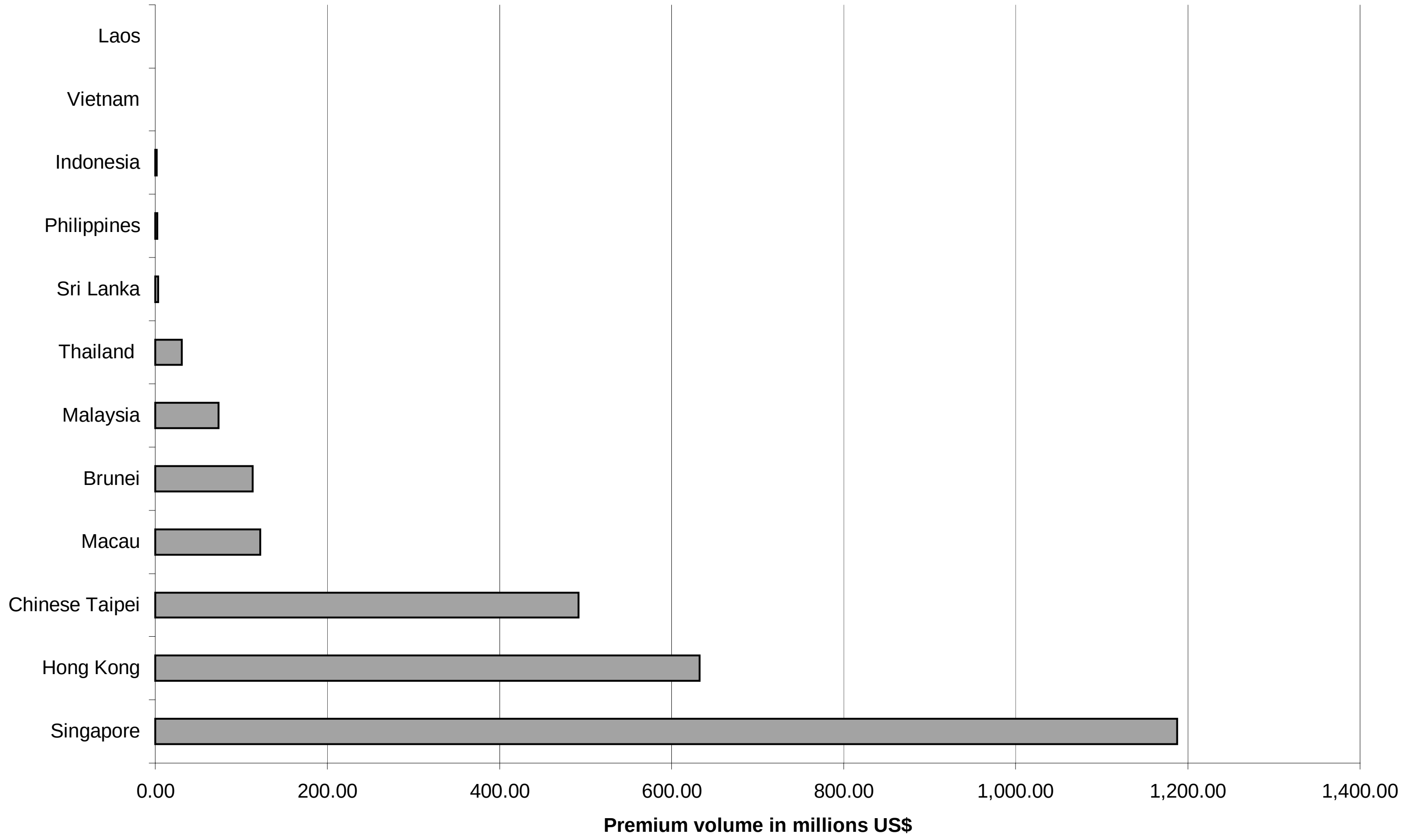
GRAPH 7: **OECD - Density US$ per Inhabitant/Life (Direct Premiums / Population)**



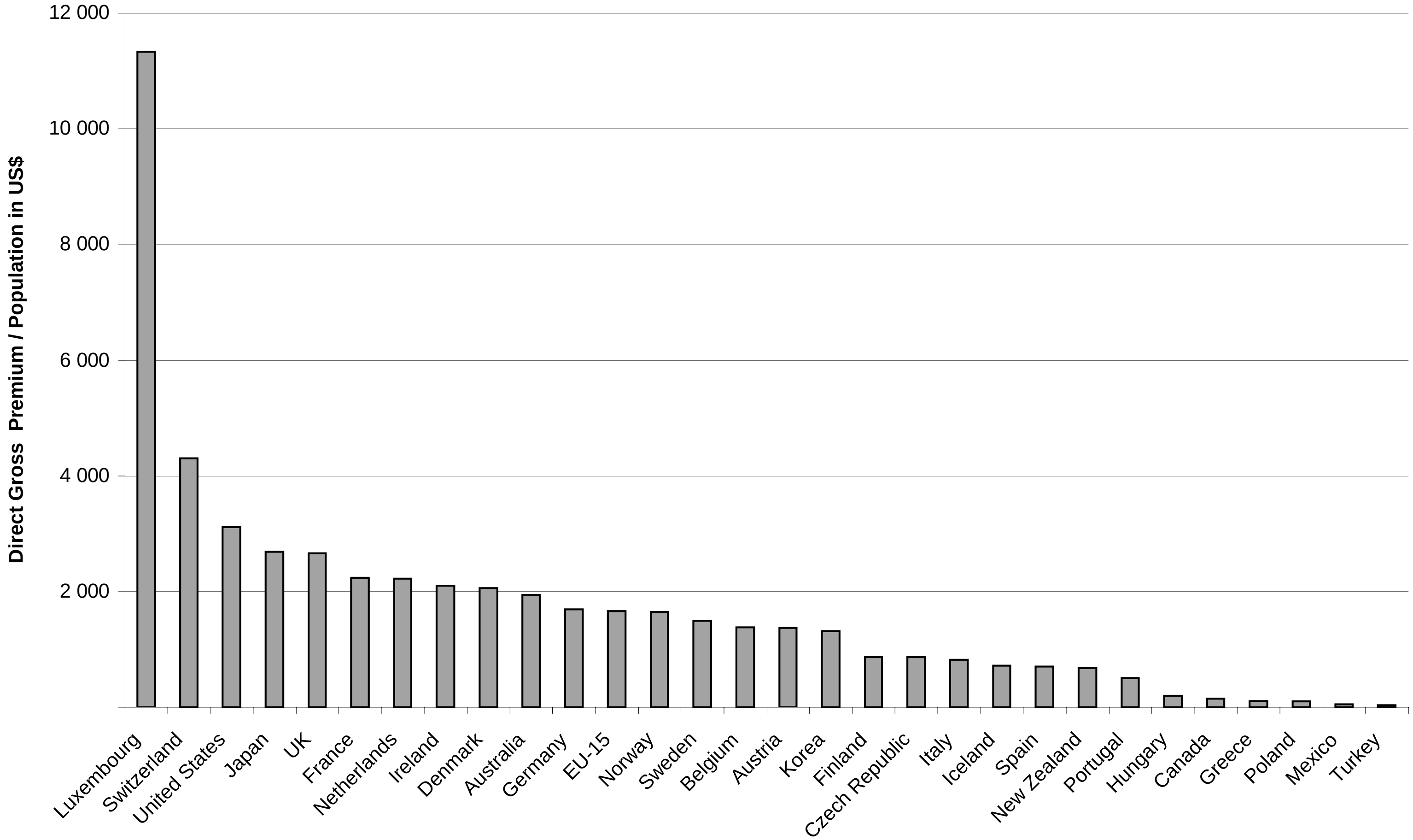
GRAPH 8: **Eastern Europe - Density US$ per Inhabitant/Life (Direct Premiums /Population)**



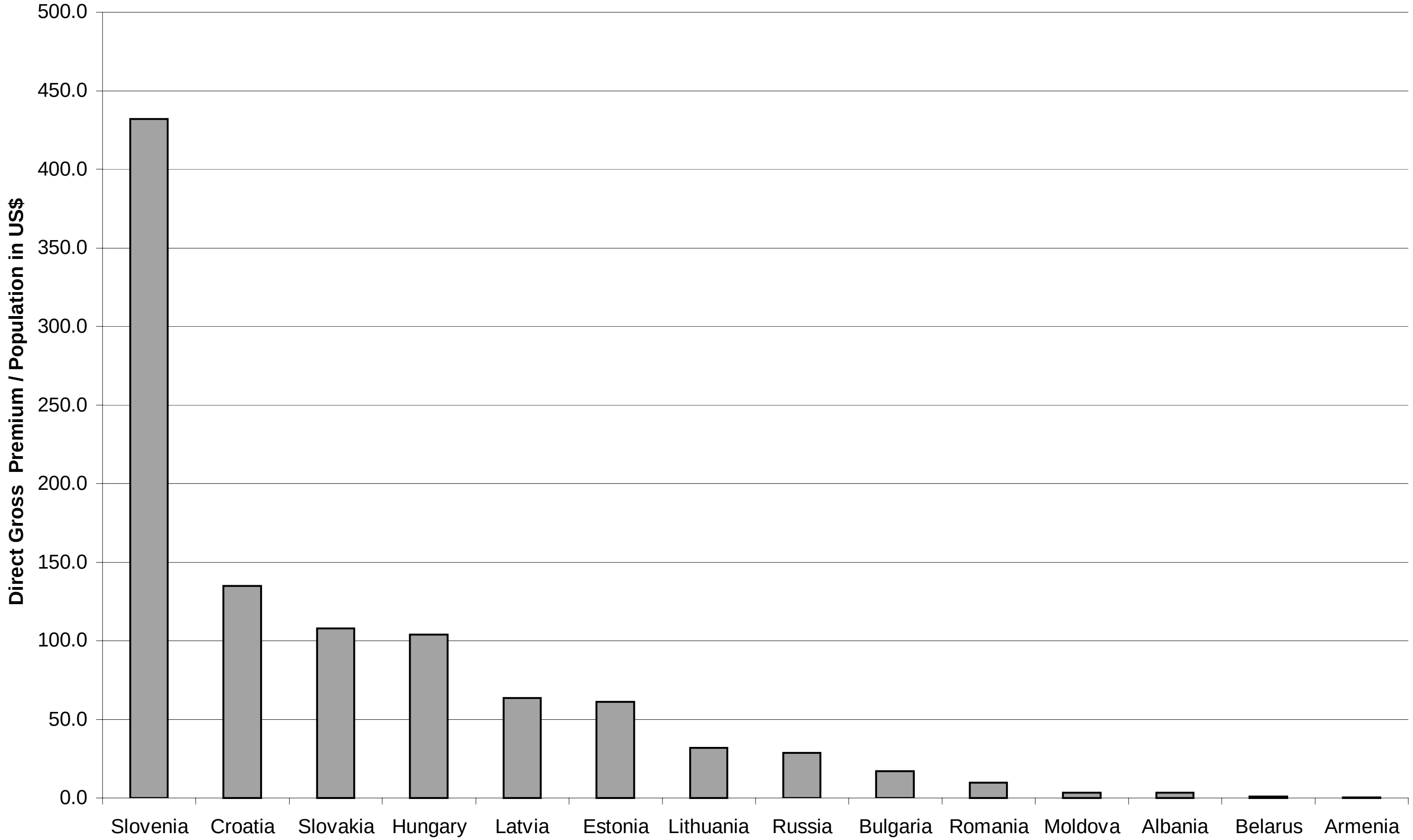
GRAPH 9: **Asia - Density US$ per Inhabitant/Life (Direct Premiums / Population)**



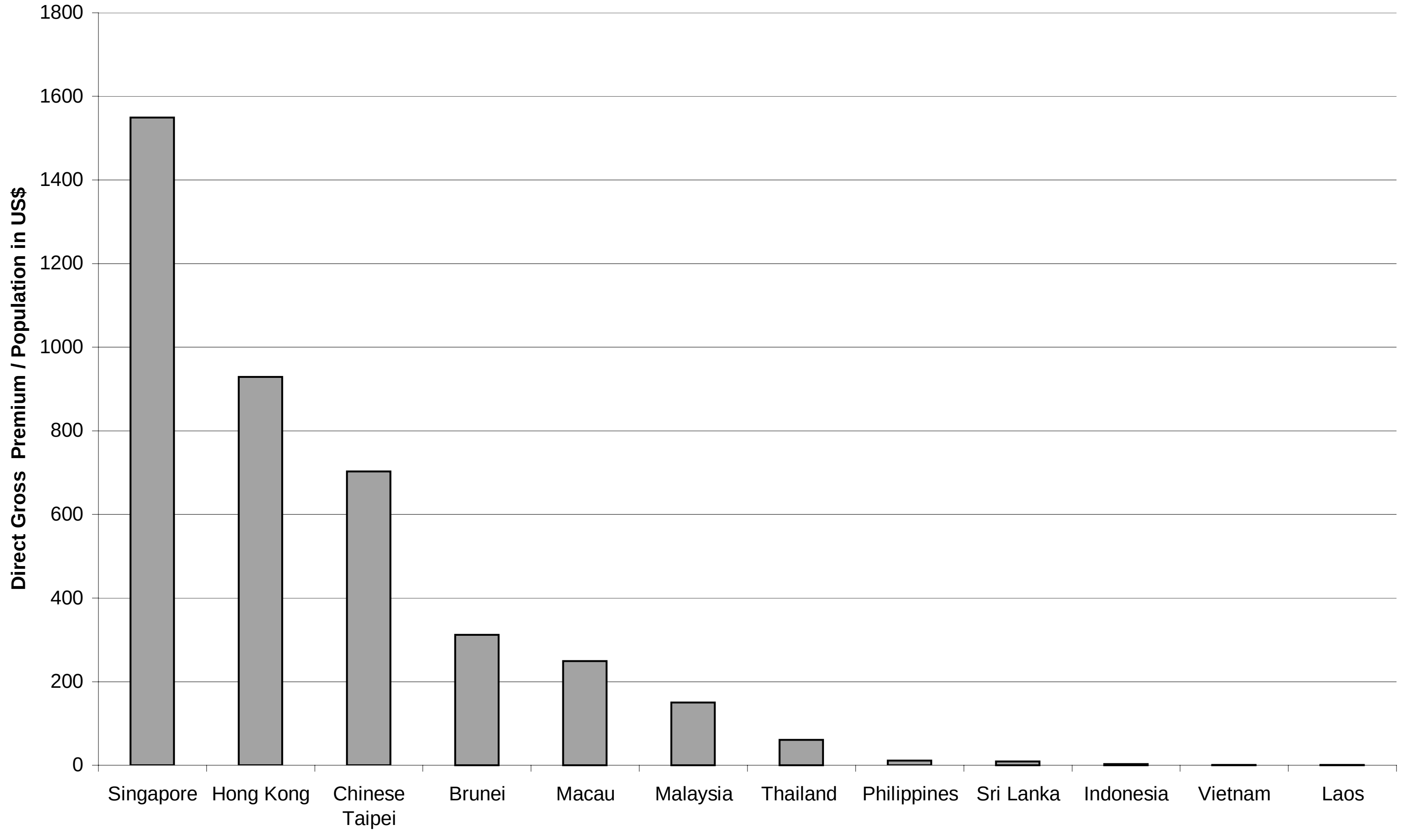
GRAPH 10: **OECD Insurance Density**



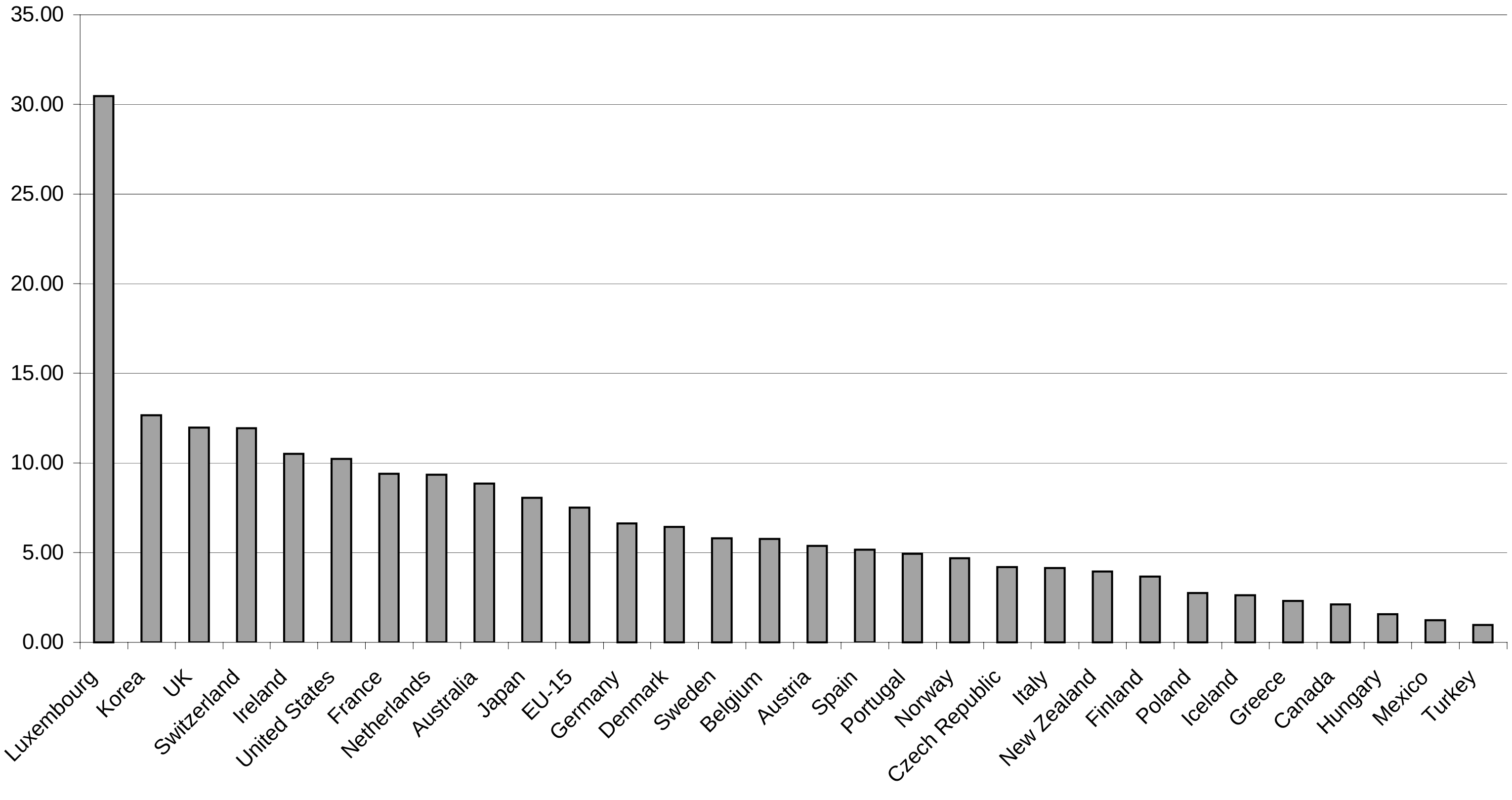
GRAPH 11: **Eastern Europe Insurance Density**



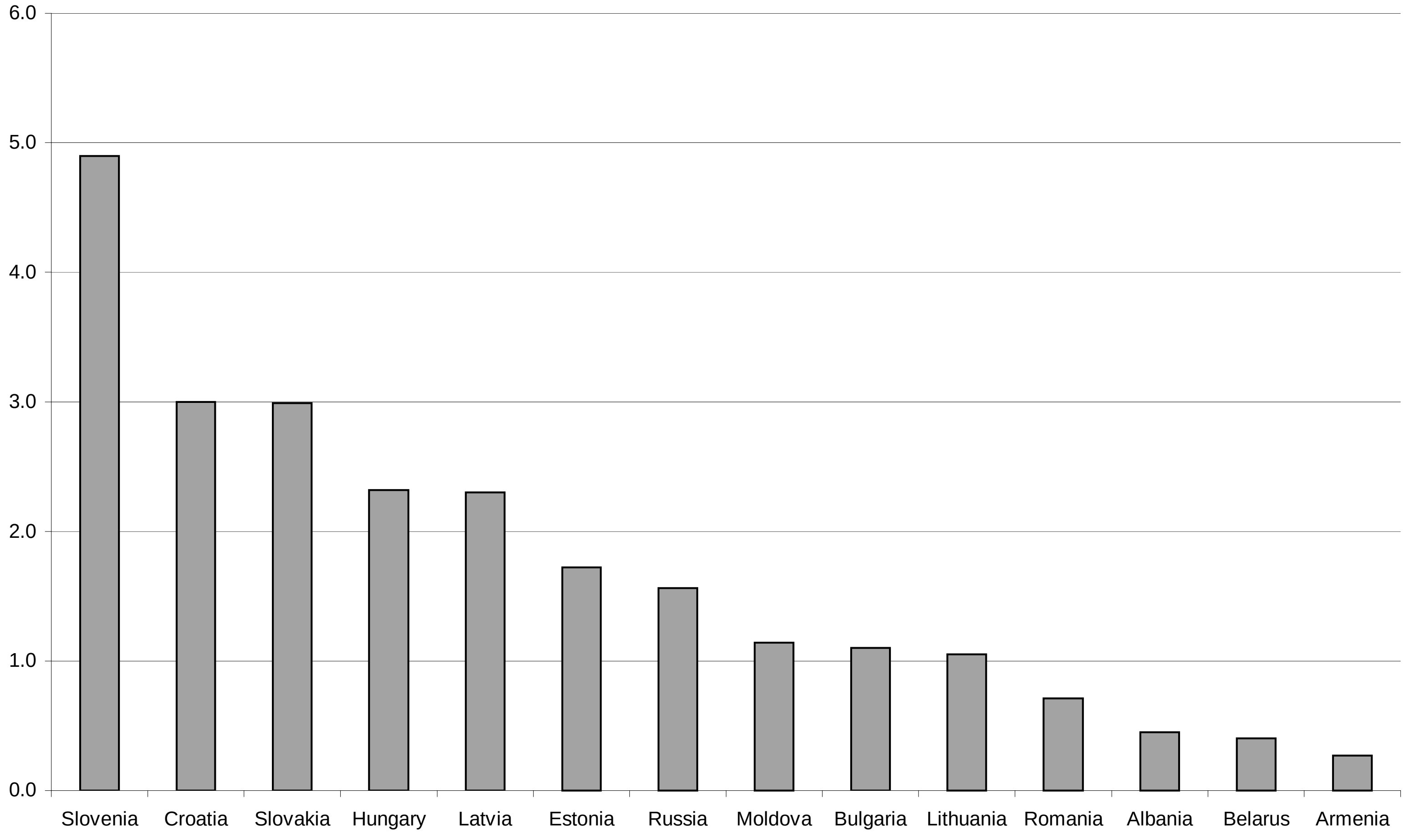
GRAPH 12: **Asia Insurance Density**



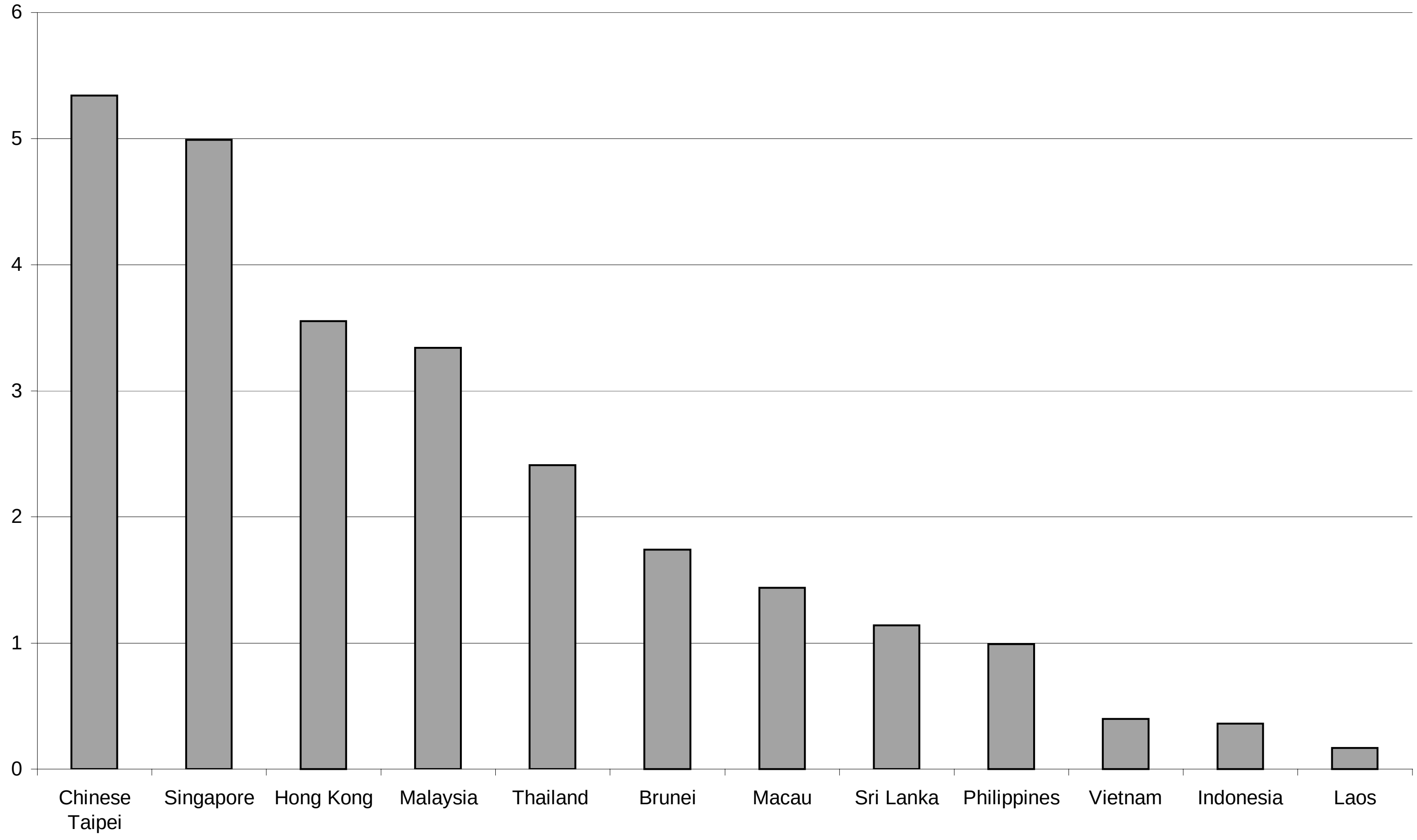
GRAPH 13: **OECD - Direct Gross premium / % GDP**



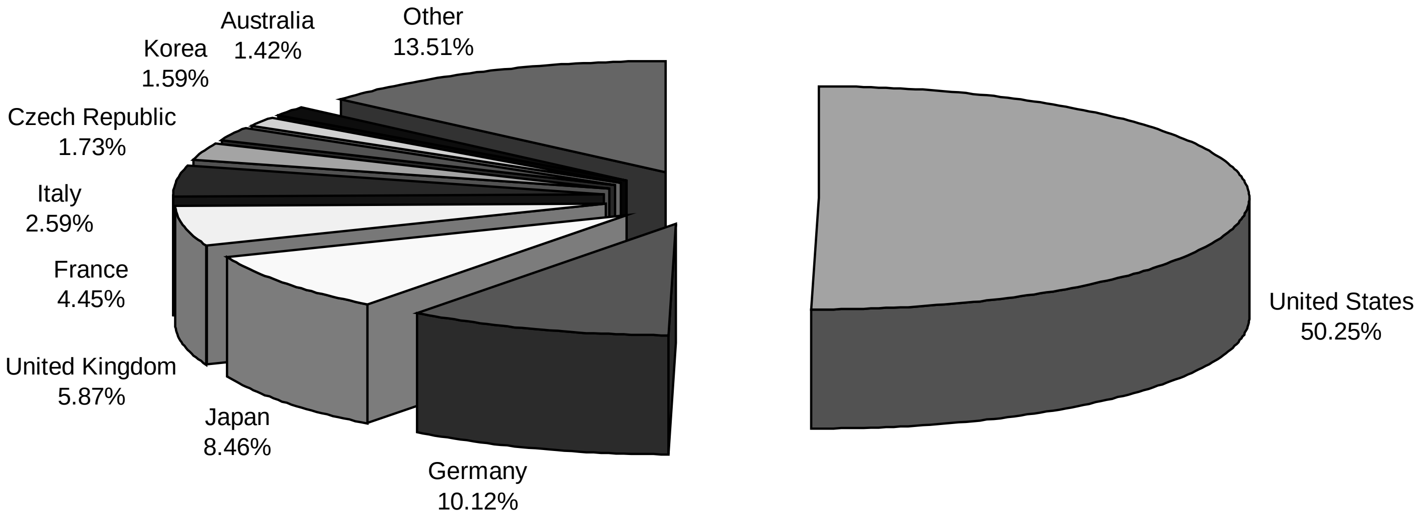
GRAPH 14: **Eastern Europe - Direct Gross premium / % GDP**



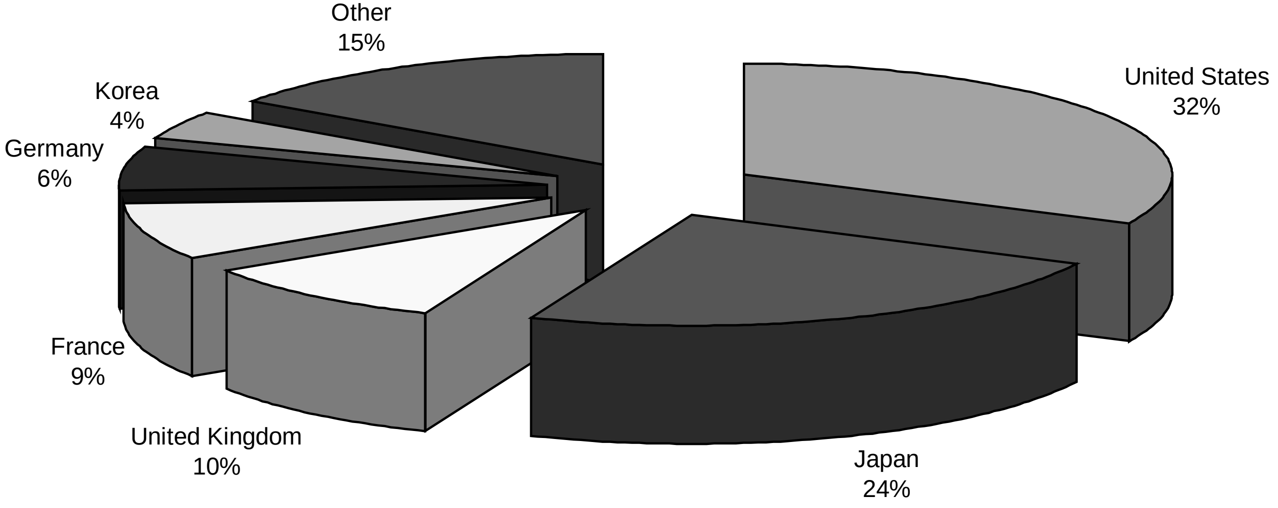
GRAPH 15: **Asia - Direct Gross premium / % GDP**



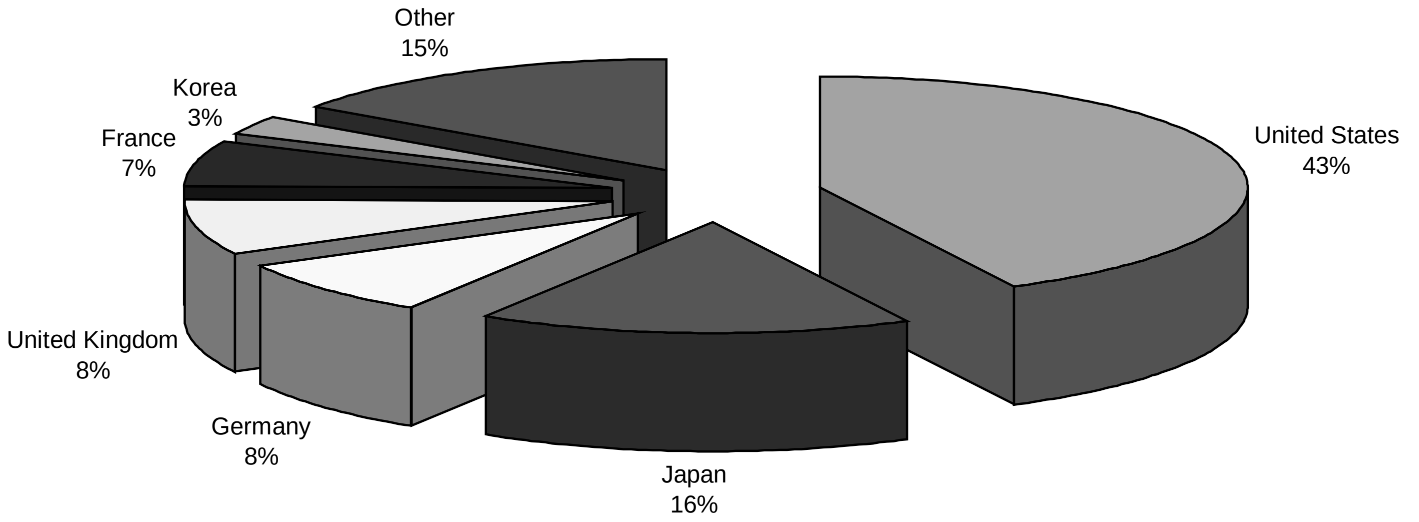
GRAPH 16: **Market share in OECD - Non-Life**



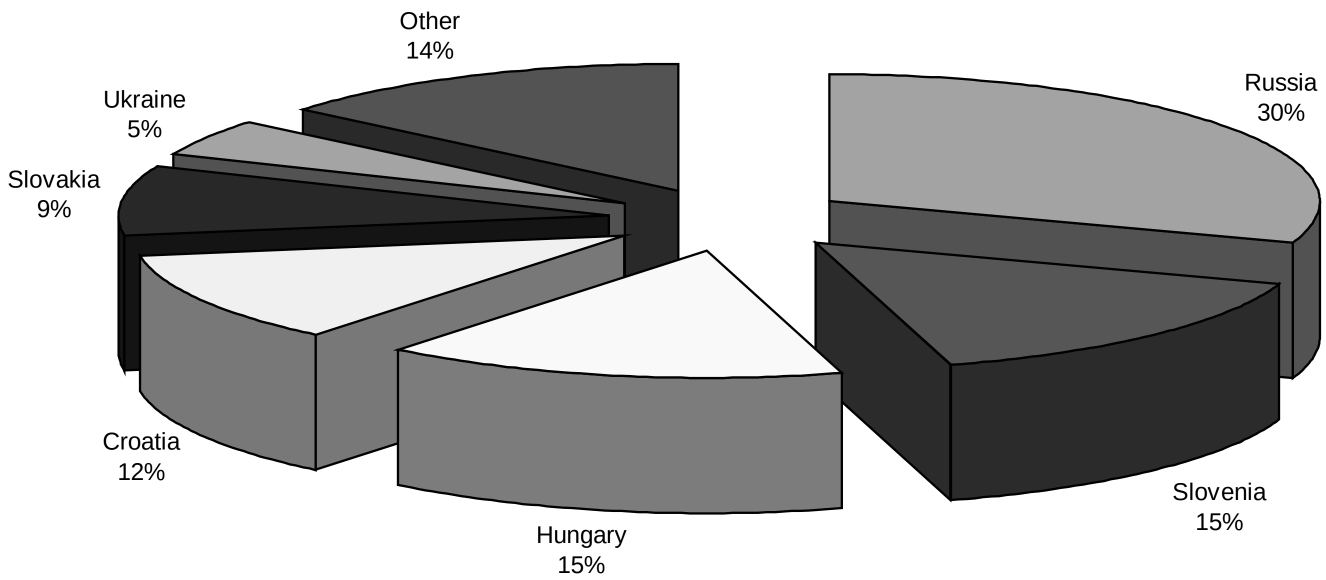
GRAPH 17: **Market share in OECD - Life**



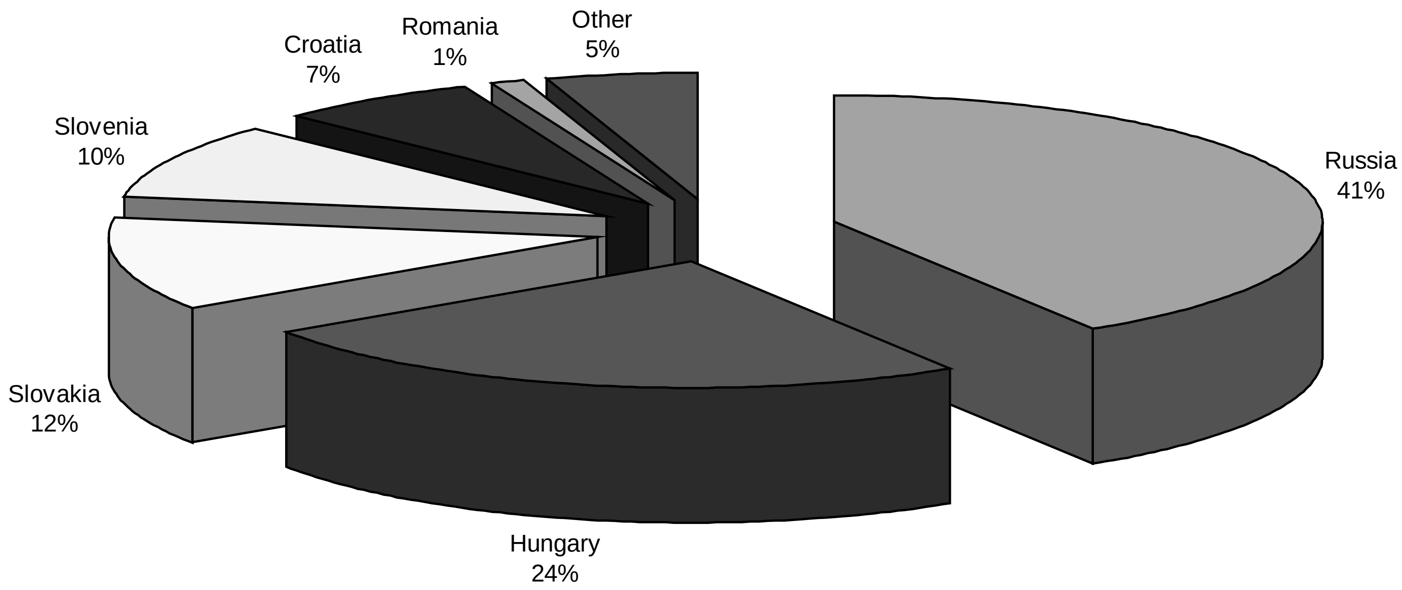
GRAPH 18: **Market share in OECD - Total**



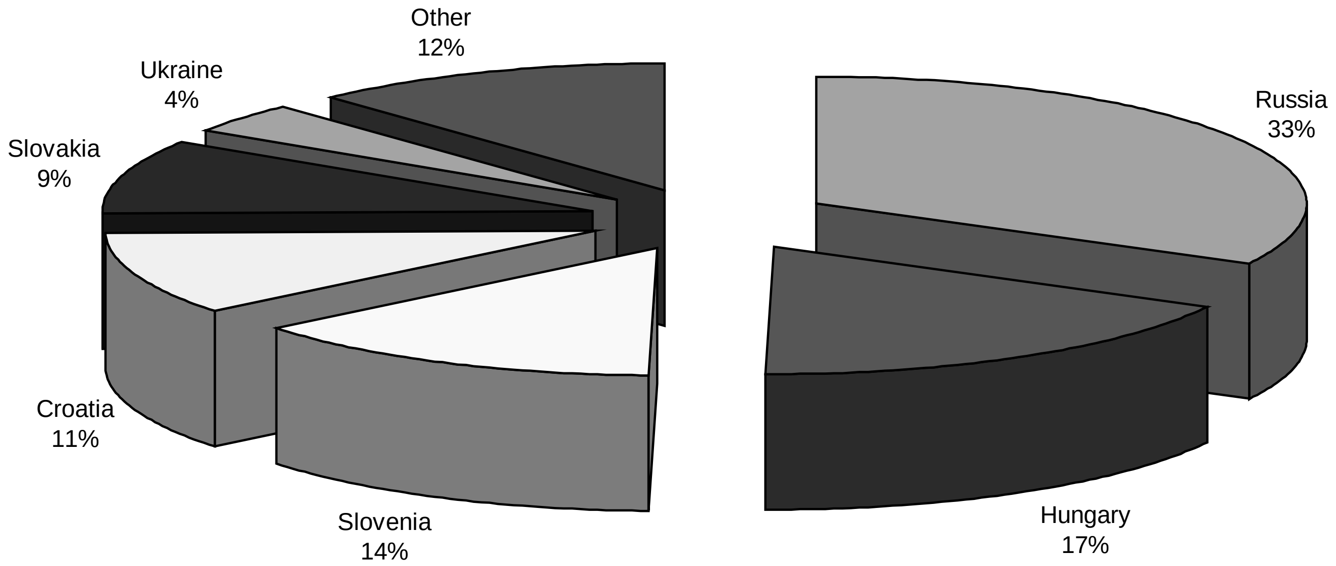
GRAPH 19: **Market share in Eastern Europe - Non-Life**



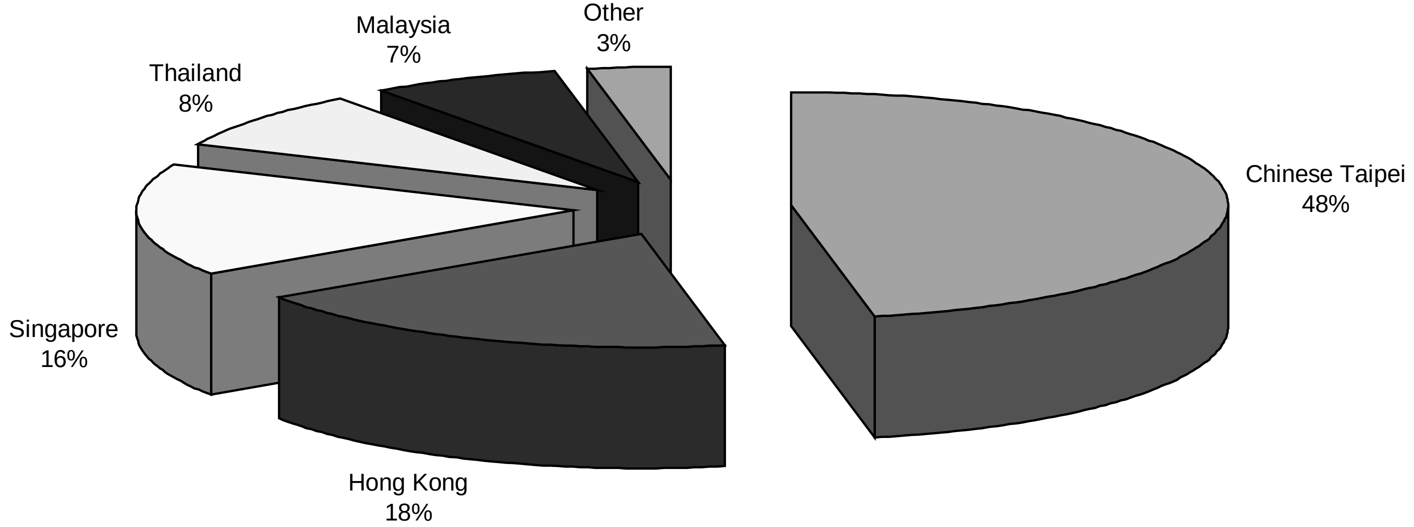
GRAPH 20: **Market share in Eastern Europe - Life**



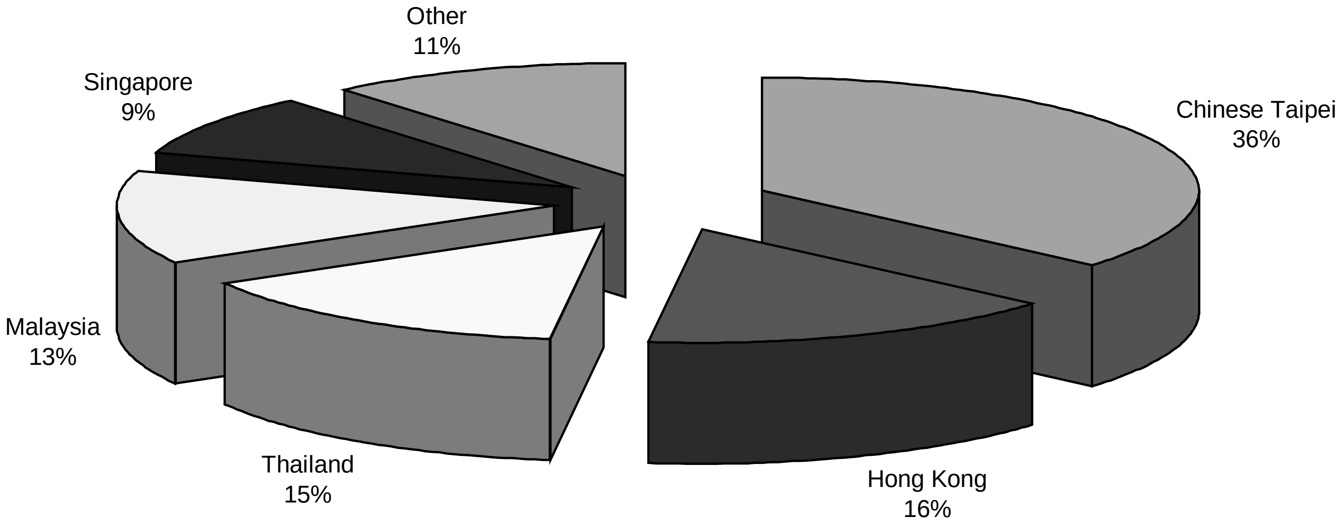
GRAPH 21: **Market share in Eastern Europe - Total**



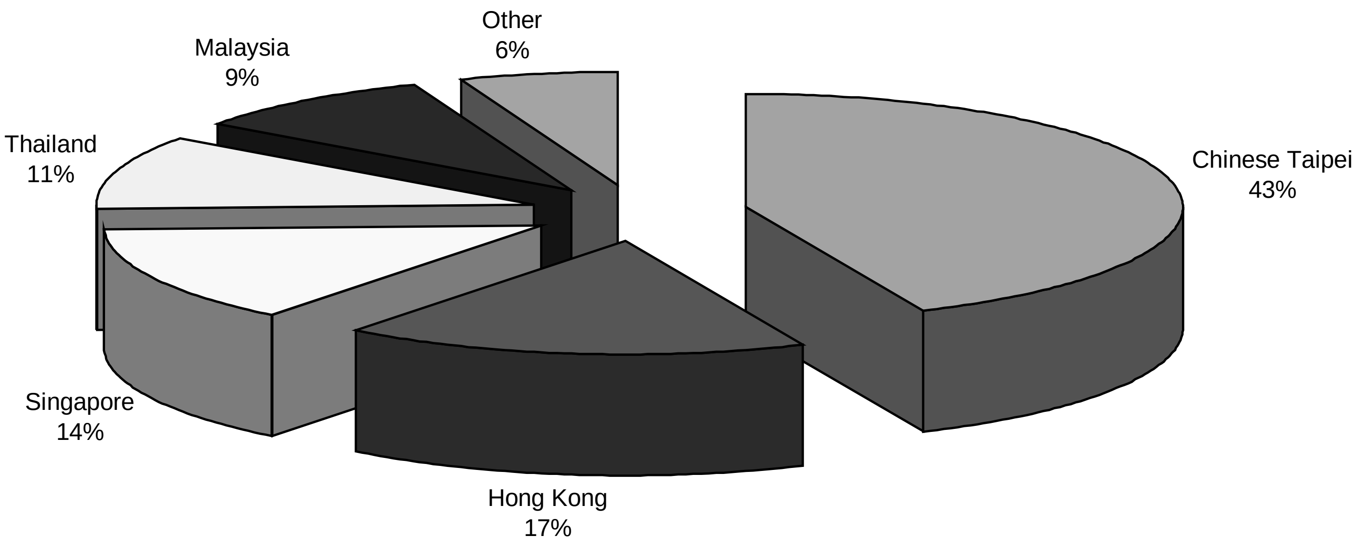
GRAPH 22: **Market share in Asia - Non-Life**



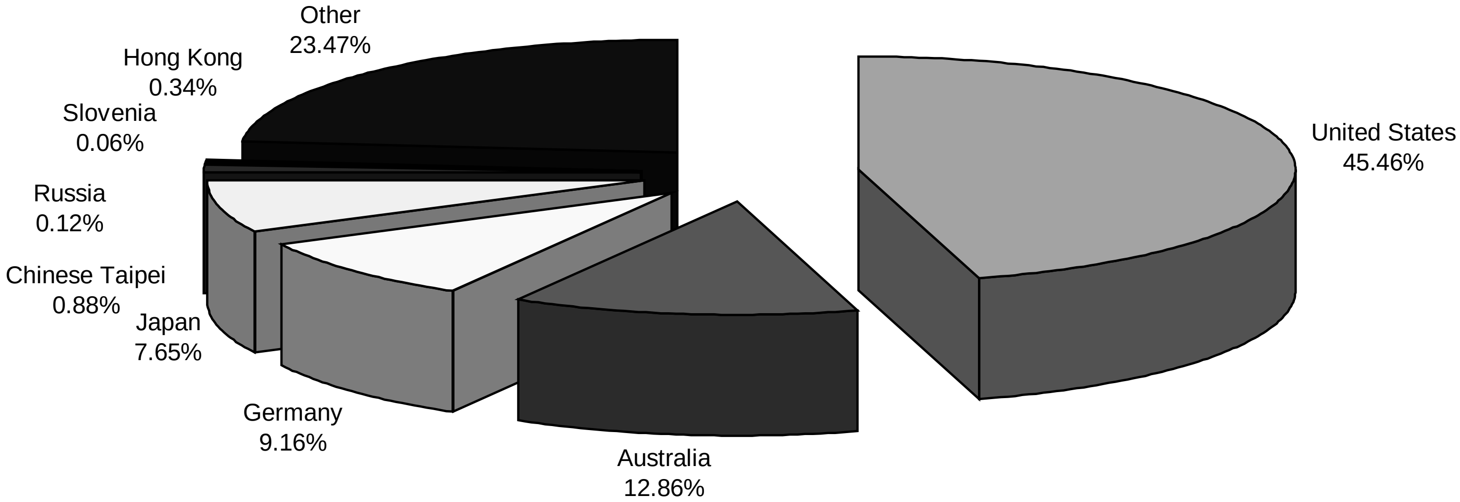
GRAPH 23: **Market share in Asia - Life**



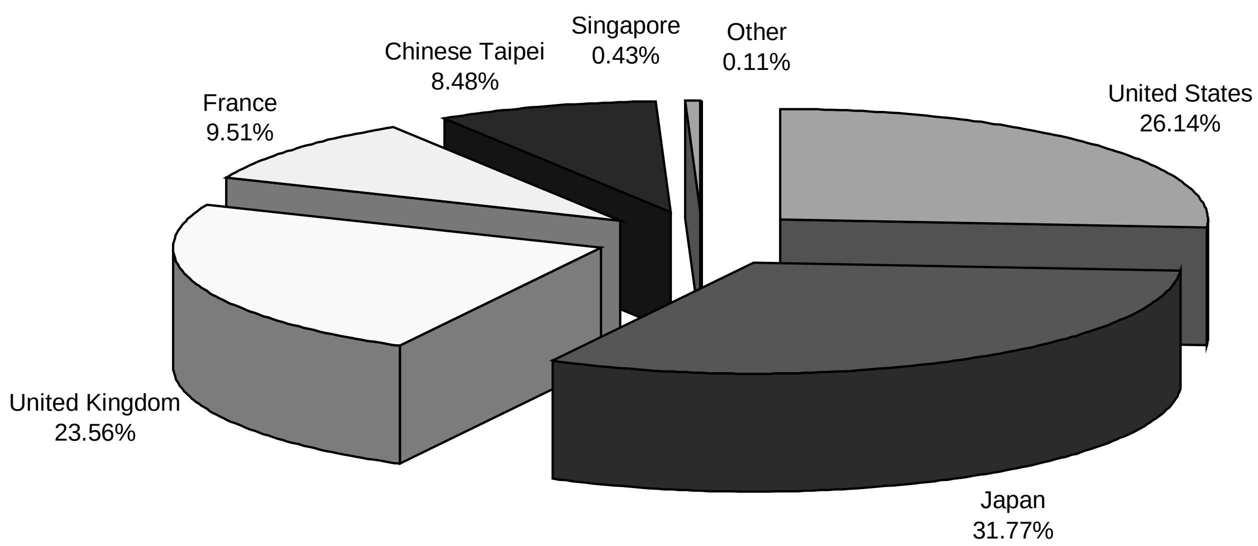
GRAPH 24: **Market share in Asia - Total**



GRAPH 25: **Global market share OECD\ Eastern Europe\ Asia - Non-Life**



GRAPH 26: **Global market share OECD\ Eastern Europe\ Asia - Life**



GRAPH 27: **Global market share OECD\ Eastern Europe\ Asia - Total**