

Legea 237/19-oct-2015 LAW no. 237 of 19 October 2015 regarding the authorization and supervision of the insurance and reinsurance activity (traducere)

Legea 237/19-oct-2015 din 2025.12.19

Status: Acte în vigoare

Versiune de la: 19 Decembrie 2025

Text consolidat

Intră în vigoare:

1 Ianuarie 2016 An

Legea 237/19-oct-2015 (traducere) LAW no. 237 of 19 October 2015 regarding the authorization and supervision of the insurance and reinsurance activity (traducere)

Data act: 19-oct-2015

Emitent: Parlamentul

The Parliament of Romania adopts this law.

PART I: Solvency II supervisory regime

TITLE I: Insurers and reinsurers

CHAPTER I: Subject matter and scope

Article 1: General provisions

(1) This law regulates:

- a) the authorization and operation of insurance and reinsurance companies with headquarters on the territory of Romania, hereinafter referred to as companies;
- b) supervising the conduct of the activity of the companies referred to in letter a) in Romania, on the territory of the other Member States and on the territory of third countries;
- c) the manner in which insurers from third countries can carry out activity on the territory of Romania through branches, authorized and supervised by the Financial Supervisory Authority, hereinafter referred to as A.S.F.;

c¹) the special financial recovery procedure applicable to companies and the measures that the FSA may order within it;

c²) the legal regime of the companies whose operating authorization is withdrawn and the supervision exercised by the A.S.F. over them;

c³) provisions on the dissolution and liquidation of companies, including those referred to in letter c²), with the exception of reinsurers;

d) supervision of insurance and reinsurance groups;

e) the powers of the FSA as the competent authority for the regulation, authorisation and supervision of companies, its relationship with supervisors in Member States or third countries, with the European Insurance and Occupational Pensions Authority, hereinafter referred to as EIOPA, in accordance with Regulation (EU) No 1.094/2010 of the European Parliament and of the Council of 24 November 2010 establishing the European Supervisory Authority (the European Supervisory Authority) European Insurance and Occupational Pensions), amending Decision no. 716/2009/EC and repealing Commission Decision 2009/79/EC, as subsequently amended and supplemented, with the European Commission and other authorities, institutions or bodies.

(2) For the purposes of this law, the terms and expressions below have the following meanings:

1. significant shareholder – any person who, directly and alone or through or in connection with other natural or legal persons, holds a qualifying holding;
2. insurance activity – the activity carried out in or from Romania, which mainly designates the offering, distribution, negotiation, conclusion of insurance and reinsurance contracts, collection of premiums, settlement of claims, recourse and recovery activity, as well as the investment or capitalization of own funds and attracted by the activity carried out;
- 2¹. interim administrator – natural or legal person, including the Insured Guarantee Fund, established according to Law no. 213/2015 regarding the Insureds' Guarantee Fund, with subsequent amendments and completions, appointed by decision of the FSA to ensure the administration and management of the company for which the FSA orders the dissolution and liquidation or for which it submits the request to open the bankruptcy procedure;
- 2². special administrator – a natural or legal person, including the Insurance Guarantee Fund, appointed by decision of the FSA to ensure the administration and management of the company in a special financial recovery procedure according to the provisions of this law, in due compliance with the provisions of Article 19;

- 2³. temporary administrator – a natural or legal person, including the Insurance Guarantee Fund, appointed by decision of the FSA to temporarily cooperate with the management of a company or to temporarily exercise its management and administration powers, in order to remedy the financial situation, to ensure the quality of the governance system and/or to ensure a correct and prudent management of the company's activity, with due compliance with the provisions of Article 19;
3. insurer – a direct life insurance or general direct insurance company, which is authorized to operate in accordance with the provisions of this Part or those of Part II, as the case may be;
4. composite insurer – insurer who, on January 1, 2007, as well as on the date of entry into force of this law, was authorized to simultaneously subscribe general direct insurance and direct life insurance;
5. captive insurer – insurer owned either by a financial company, other than an insurer, a reinsurer or a group of companies defined in point 20, or by a non-financial company, whose object of activity is to insure exclusively the risks of the entity to which it belongs or of one or more entities of the group to which it belongs;
6. mixed insurer – insurer who simultaneously underwrites insurance and reinsurance, authorized to operate in accordance with the provisions of this Part or those of Part II, as the case may be;
7. beneficiary – natural or legal person insured or designated by the contractor or the injured third party, who receives the indemnity or benefits provided for in the insurance contract;
8. National Automobile Bureau - the organization defined in Article 2 item 8 of Law no. 132/2017 on mandatory motor civil liability insurance for damages caused to third parties by vehicle and tram accidents, in Romania being the Romanian Motor Insurers' Bureau, hereinafter referred to as BAAR, defined in Article 2 point 9 of the same law;
9. the College of Supervisors – a permanent but flexible structure for cooperation, coordination and facilitation of decision-making related to the supervision of a group, consisting of the coordinating supervisor, the supervisors of all subsidiaries headquartered in the Member States, the representative of EIOPA and, where applicable, the supervisors of the Member States where branches and significant affiliated entities operate;
10. management - the management, administration or control body of companies, with the particularities of the unitary or dualist system, according to the Companies Law no. 31/1990, republished, with subsequent amendments and completions;

11. contractor – a natural or legal person who has an insurance contract concluded with an insurer;
12. qualifying central counterparty – a counterparty authorised or recognised in accordance with Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories;
13. effects of diversification-reduction of the risk exposure of the company or group, in the case of a diversified activity, by offsetting an unfavorable effect of one risk by the less unfavorable effect of another risk, given that the risks are not fully correlated;
14. outsourcing – a written agreement, regardless of the form in which it is concluded, between the company and a service provider in order to perform a service, activity or process, directly or by subcontracting, for the benefit of the company, which would otherwise have been carried out by the company according to the object of activity;
15. subsidiary - company controlled by a parent company, including companies controlled by the parent company of the highest rank;
16. national protection fund – the body referred to in Article 10(1) of Directive 2009/103/EC of the European Parliament and of the Council of 16 September 2009 on motor vehicle liability insurance and the control of the obligation to insure against such liability, in Romania this being the BAAR;
17. function - internal capacity of the company to perform concrete tasks within the established governance system;
18. critical functions - functions identified by the company on the basis of the adopted policies and procedures and taking into account the nature, extent and complexity of the activity and the organizational structure;
19. granularity - the degree of detail that characterizes a data set;
20. **group - association of entities that are in one of the following situations:**
 - a) it consists of a participatory company, its subsidiaries and the entities in which they hold participations or entities linked by a control relationship given by a management contract, by the provisions of the articles of incorporation or by the majority presence of the same persons in the management;
 - b) is based on strong and lasting financial relationships, whether contractually established or not, and may also include mutual or mutual companies, provided that one of the entities centrally coordinates the other entities and exercises an effective and dominant influence over their

decision-making, including financial decisions, and the establishment and termination of those relationships is approved by the coordinating supervisor, whether the coordinating entity is considered to be the parent company and the other entities are considered its subsidiaries;

21. insurance holding company – parent company that is not a mixed financial holding company, which acquires and holds shareholdings, majority or exclusively, in subsidiaries representing insurers or reinsurers from Member States or third States, at least one being an insurer or reinsurer from a Member State;

22. mixed financial holding company - mixed financial holding company within the meaning of Article 2(1)(16) of the Government Emergency Ordinance no. 98/2006 on the additional supervision of credit institutions, insurance and/or reinsurance companies, financial investment services companies and investment management companies of a financial conglomerate, approved with amendments and completions by Law no. 152/2007, with subsequent amendments and completions;

23. mixed insurance holding – parent company, other than an insurer or reinsurer of Member States or of third countries, which is not an insurance holding company or mixed financial holding company, at least one of its subsidiaries being an insurer or reinsurer;

24. external credit rating institution – a credit rating agency registered or certified in accordance with Regulation (EC) No 1.060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies or a central bank granting credit ratings exempted from the application of that Regulation;

25. close ties – the situation in which two or more natural or legal persons have ties in the form of participation or control or the situation in which two or more natural or legal persons are permanently linked by a relationship of control to one and the same person;

26. trustee means the person in the Member State in which the companies establish a branch, who has the power to represent and engage them in relations with third parties, the competent authorities and other institutions of that Member State;

27. risk measure - a mathematical function that assigns a monetary value to a forecast of the distribution of given probabilities, monotonously increasing with the level of risk exposure underlying that forecast;

28. method no. 1 - the accounting consolidation method by which the solvency at group level is calculated, considered the default method;

29. method no. 2 - the deduction and aggregation method by which the solvency at group level

is calculated, considered the alternative method;

30. participation - holding directly or by control of at least 20% of the voting rights or capital of a company;

31. qualified participation - direct or indirect ownership of the voting rights or capital of a company, which represents at least 10% of them or which allows the exercise of a significant influence on the management of that company;

32. persons acting in concert - potential purchasers who present a procurement project to the FSA according to a common agreement, implicit or explicit, regardless of whether it is concluded in written, verbal or manifest form only in fact or if the persons are linked to each other in any other way;

33. persons who effectively lead the company - members of the management and persons who have a significant impact on the decision-making process and are responsible for the implementation of the strategies and policies adopted;

34. regulated market in a Member State – a multilateral system, administered by a market operator and governed by non-discretionary rules, in which third parties who have an interest in buying or selling financial instruments admitted to trading are brought together; that system is authorised to operate on a regular basis by the competent authority of a Member State, according to the regulations issued by it;

35. regulated market in a third country – a financial market recognised by the insurer's home Member State, which meets the requirements of paragraph 31 and where the financial instruments traded are of a quality comparable to that of the instruments traded on the regulated markets of that Member State;

35¹. plan of measures - plan drawn up by the company within the special financial recovery procedure describing the measures that the company intends to implement in order to remove the conditions that led to the opening of the procedure and the restoration of the financial situation;

35². preventive remediation plan – a plan developed and updated by the company that describes the actions and mechanisms it implements in case of deterioration of its financial situation or governance system, in order to remedy them;

36. **potential purchaser – a natural or legal person who acts alone or in concert and aims to:**

a) to acquire, directly or indirectly, a qualifying interest in a company;

b)to increase, directly or indirectly, their voting rights or the capital held in a company, so that:

- (i) the participation reaches or exceeds 20%, 33% or 50% of the voting rights or of the share capital;
- (ii)the company becomes its subsidiary;

37. Legal provisions:

- a)this law and the regulations issued by the FSA in its application;
- b)delegated acts or regulations, regulatory technical standards, implementing standards, implementing acts and other acts issued by the European Commission or by the Council and the European Parliament with direct applicability in the Member States;

38. the principle of documentation - the principle according to which the processes carried out by the companies, including the decision-making process, and the supervisory process carried out by the FSA are substantiated by supporting documents;

39. the principle of proportionality – a principle that takes into account the nature, magnitude and complexity of the risks inherent in the activity carried out by companies;

40. the principle of qualified reasoning - the principle according to which opinions are formed and decisions are taken on the basis of sets of criteria and one's own experience with the activity of companies, such as applied policies, risk culture, prudence;

40¹. special financial recovery procedure¹ - administrative procedure that includes all the modalities and measures of financial recovery of an administrative nature ordered by the FSA in order to restore the financial situation of a company, in order to prevent the state of insolvency and avoid its entry into bankruptcy proceedings, as well as to protect the rights and legitimate interests of insurance creditors, as they are defined by Law no. 213/2015, with subsequent amendments and completions;

41. acquisition project – the documentation submitted to A.S.F. by a potential acquirer regarding the acquisition or increase, directly or indirectly, of the voting rights in a company or the increase of the contribution to its share capital;

42. probability distribution forecasting - a mathematical function that assigns a probability of realization to an integral set of future events that are mutually exclusive;

43. supervisory process - a continuous, flexible and iterative process, in which the prospective supervision of companies is based on:

- a)risks;

b) at least the following principles:

- (i) proportionality;
- (ii) qualified reasoning;
- (iii) documentation;

44. reinsurance - an operation that consists of one of the following:

- a) taking over the risks ceded by an insurer or reinsurer from Member States or from third countries;
- b) coverage by a reinsurer of an institution falling within the scope of Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for the provision of occupational pensions (IORP);

45. reinsurer – a reinsurance company that is authorized to operate in accordance with Title I, chap. III;

46. captive reinsurer – a reinsurer owned either by a financial company, other than an insurer, a reinsurer or a group of companies within the meaning of point 20, or by a non-financial company, whose object of activity is reinsurance that covers exclusively the risks of the entity to which it belongs or of the entities of the group to which it belongs;

47. claims representative – an establishment designated in each Member State by insurers authorised to underwrite Class 10 risks, as set out in Annex 1, Section A, with the exception of the liability of the carrier, responsible for the administration and settlement of claims arising from a vehicle accident;

48. concentration risk – the totality of risk exposures that may result in a loss affecting the solvency or financial position of the company;

49. decisional risk - risk of recording losses or unfavorable change in the financial situation due to strategic decisions adopted by management;

50. credit risk – the risk of losses or adverse changes in the financial position due to fluctuations in the credit of issuers of securities, other counterparties and debtors to which companies are exposed; includes counterparty risk, credit spread risk and risk of concentration of market risks;

51. liquidity risk - risk of non-realization of investments and other assets in order to settle financial obligations at maturity;

52. market risk - risk of loss or unfavourable change in the financial position resulting directly

or indirectly from fluctuations in the level and volatility of market prices of assets, bonds and financial instruments;

53. underwriting risk - risk of losses or unfavorable change in the value of the bonds due to the adoption of inadequate assumptions in the pricing process or the constitution of reserves;

54. operational risk - risk of losses due to inadequate internal processes or malfunctions, own personnel or systems or external events;

55. Major risks mean:

a) the risks classified in classes 4, 5, 6, 7, 11 and 12 of Annex no. 1 section A;

b) the risks classified in classes 14 and 15 of Annex no. 1 section A, if the contractor carries out an industrial, commercial or liberal activity from a professional point of view, and the risk refers to this activity;

c) the risks classified in classes 3, 8, 9, 10, 13 and 16 of Annex no. 1 section A, to the extent that the contractor exceeds at least two of the following limits: a total balance sheet of the RON equivalent of EUR 6,200,000, a net turnover of the RON equivalent of EUR 12,800,000, as defined in national legislation, or an average number of 250 employees during the financial year; if the insured is part of a group that prepares consolidated financial statements in accordance with the applicable legislation, the limits are considered on the basis of the consolidated financial statements;

d) the risks classified in classes 3, 8, 9, 10, 13 and 16 of Annex no. 1 section A, insured by professional associations, mixed capital companies and temporary associations;

56. company - one of the entities defined in items 3-6, 45 and 46;

57. affiliated company – a subsidiary or other company in which a shareholding or an entity related to another entity is held through one of the relationships defined in item 61;

58. third-state company - insurer or reinsurer which, if it had its headquarters in Romania, would need an operating authorization issued under the conditions provided in chap. III;

59. financial company - one of the following entities:

a) credit institution, financial institution or ancillary banking services company, within the meaning of the national legislation in force;

b) insurer, reinsurer or insurance holding company defined in item 21;

c) investment firm or financial institution within the meaning of the national legislation in force;

d) mixed financial holding within the meaning of the national legislation in force;

60. parent company – an entity that controls one or more subsidiaries;

61. participatory company - entity that is the parent company or that owns participations or has one of the following relationships with another entity:

- a) unitary management of the entity in question and of other entities as a result of a contract concluded with those entities or pursuant to provisions of the articles of incorporation or articles of association of the entities;
- b) the majority presence of the same persons in the management of the entity concerned and of the entities referred to in point (a) during the financial year and until the preparation of the consolidated financial statements;

62. Member State of commitment – the Member State in which the habitual residence of the natural person contractor or the operational unit of the legal person contractor which is the subject of the insurance contract is located;

63. Member State of origin – the Member State in which the head office of:

- a) to the insurer that covers the risk, in the case of non-life insurance;
- b) to the insurer who assumes the commitment, in the case of life insurance;
- c) the reinsurer;

64. host Member State means the Member State, other than the home Member State, in which a company has a branch or in which it provides services; in the case of non-life insurance it is the Member State in which the risk is situated, and in the case of life insurance it is the Member State of the commitment, if the risk and the commitment are covered by a company or branch located in another Member State;

65. Member State where the risk is located – the Member State where:

- a) the property is located, either the buildings and the goods contained therein, if they are covered by the same insurance contract, or only the buildings;
- b) registration or registration has been carried out, in the case of insurance of vehicles of all types;
- c) the insurance contract is concluded for a maximum period of 4 months for risks related to travel or holidays, regardless of the class of insurance;
- d) the habitual residence of the contractor is a natural person or an operational unit of the contractor a legal person, in situations other than those described in letters a)-c);

66. branch - agency or representation of a company, without legal personality, located in a Member State other than the one of origin;

67. coordinating supervisor – the supervisory authority responsible for the supervision of the

group, designated under the conditions referred to in Article 16(1);

68. supervisors - the authorities of the Member States empowered by laws, regulations or administrative rules to supervise the companies of those States;

69. risk minimization techniques - techniques for transferring, in whole or in part, risks to a third party;

70. evaluation term - the period of 60 working days in which the FSA evaluates a procurement project, starting with the date on which the FSA sends to the potential buyer the confirmation of receipt of the complete documentation;

71. intra-group transaction - transaction carried out by a company in a group with other entities within the respective group or with natural or legal persons who have close links with the entities in the group, on which the company relies, directly or indirectly, in order to fulfill its obligations, regardless of their nature;

72. operational unit - the headquarters of a company or its branches;

73. **investment vehicle – an entity registered or not, other than a company within the meaning of this law, which:**

a) takes over the risks transferred by an insurer or a reinsurer under a reinsurance contract;

b) fully finance its exposure to the risks assumed, through the issuance of financial instruments or other financing mechanisms, the reimbursement rights of investors in these instruments or mechanisms being paid only after the fulfillment of the obligations arising from the reinsurance contract.

(3) The company referred to in paragraph (2) item 56 has one of the following legal forms:

a) joint stock company - S.A., established according to Law no. 31/1990, republished, with subsequent amendments and completions;

b) European Company - SE, established in accordance with Regulation (EC) no. Council Regulation (EC) No 2.157/2001 of 8 October 2001 on the Statute for a European Company (SE);

c) European Cooperative Society - SCE, established in accordance with Regulation (EC) no. 1.435/2003 of 22 July 2003 on the Statute for a European Cooperative Society (SCE).

(4) By exception to the provisions of paragraph (3), insurers may opt for the legal form of mutual insurance company - S.M.A., established according to Law no. 71/2019 on mutual insurance companies and for amending and supplementing certain normative acts.

Article 2: Scope

(1) The provisions of this Part shall apply in compliance with the principle of proportionality:

- a) insurers who apply for an operating authorization in accordance with chap. III and to be supervised in accordance with this Part;
- b) insurers applying for an operating authorisation in accordance with Part II and it is apparent from the business plan submitted that at least one of the amounts referred to in paragraph 2 is to be exceeded in the next 5 years or is in one of the situations referred to in paragraph 2(f)-(h);
- c) insurers established on the territory of Romania who meet the conditions mentioned in paragraphs (2) and (4);
- d) insurers authorised in Romania and applying to be supervised in accordance with this Part, even if they do not meet any of the conditions referred to in paragraphs (2) and (4) or are in the situations referred to in paragraphs (3) and Article 3;
- e) reinsurers.

(2) Without prejudice to the provisions of Articles 4 and 5, the provisions of this Part shall apply to insurers who meet at least one of the following conditions:

- a) the volume of gross written premiums, hereinafter referred to as PBS, annually exceeds the RON equivalent of EUR 5,000,000;
- b) the total volume of gross technical reserves exceeds the RON equivalent of EUR 25,000,000;
- c) if the insurer belongs to a group, the total volume of the group's gross technical reserves, before deducting the amounts from reinsurance contracts and investment vehicles, exceeds the RON equivalent of EUR 25,000,000;
- d) **the PBS volume of reinsurance receipts exceeds the RON equivalent of at least one of the following values:**

- 1. (i) EUR 500,000;
- 2. (ii) 10% of the total volume of PBS;

e) The volume of gross technical reserves from the receipt in reinsurance exceeds the RON equivalent of at least one of the following values:

- 1. (i) EUR 2,500,000;
- 2. (ii) 10% of its total gross technical reserves;

- f) carries out assistance provided to persons in difficulty during travel or absences from home or habitual residence;
- g) carries out activities based on the right of establishment or the freedom to provide services;
- h) I underwrite civil, credit and guarantee risks.

(3) The provisions of this Part shall not apply to insurers who do not meet any of the conditions referred to in paragraph 2(a) to (g) and subscribe to the risk of civil liability only as an ancillary risk under the conditions of Article 20(11).

(4) If an insurer does not comply with the provisions of paragraph (2) on the date of entry into force of this law, but exceeds one of the amounts mentioned in paragraph (2), for a period of 3 consecutive years, the provisions of this Part shall apply to him starting with the fourth year.

(5) The activity referred to in paragraph (2) letter f) consists in the immediate assistance of the beneficiary of an assistance contract in difficulty as a result of an unforeseen event, in the cases and conditions mentioned in the contract; That assistance consists either in the payment of an indemnity or in the provision of services in kind that can be provided by the provider's staff and equipment, not including verification and repair, maintenance, after-sales services or the mere indication or provision of help as an intermediary.

(6) With regard to life insurance, the provisions of this Part shall apply:

a) of the following activities, carried out on a contractual basis:

1. (i) term survival insurance, death insurance, life insurance with refund of premiums, mixed insurance, marriage insurance, birth insurance;
2. (ii) annuities;
3. (iii) supplementary insurance, bodily injury insurance, including for incapacity for work, death caused by accidents and disability caused by accidents or diseases;

b) of the following operations, carried out on a contractual basis and supervised by the A.S.F:

1. (i) associations of persons for the purpose of capitalizing their contributions and subsequently distributing the assets thus accumulated to the descendants or beneficiaries of a deceased person, associations known as tontine;
2. (ii) capitalisations based on actuarial calculations whereby, in exchange for a single or periodic payment established in advance, commitments of specific duration and value are fulfilled;
3. (iii) the management of collective pension funds, including the management of investments and assets representing the reserves of the bodies that make payments in the event of death or survival or interruption or reduction of activity;
4. (iv) the operations referred to in point (iii) if they are accompanied by insurance covering either the preservation of capital or the payment of a minimum interest;

c) operations related to the duration of human life defined or provided for by social security

legislation, if they are carried out or administered by insurers at their own risk.

(7) For companies authorised before 1 January 2016, the quantitative data referred to in paragraph 2 shall be those reported and audited for the financial year ended 31 December 2014.

(8) As regards non-life insurance, the provisions of this Part shall apply to the classes set out in Annex no. 1 sections A and B.

Article 3: Exclusions from application

The provisions of this Part cease to apply to insurers who cumulatively meet the following conditions:

- a) none of the amounts referred to in Article 2(2) has been exceeded for 3 consecutive years;
- b) None of the amounts provided for in Article 2(2) are to be exceeded in the next 5 years, as planned.

Article 4: Exclusions from application - non-life insurance

(1) The provisions of this Part shall not apply:

- a) capitalization operations;
- b) operations of savings and mutual aid institutions, the benefits of which vary according to available resources and for which a lump sum contribution of members is established;
- c) operations carried out by organizations without legal personality for the purpose of mutual insurance of its members, which do not involve the payment of premiums and do not require the constitution of technical reserves;
- d) export credit insurance on behalf of the State or guaranteed or subscribed by it.

(2) The provisions of this Part shall not apply to the assistance activity that cumulatively meets the following conditions:

a) assistance is provided in the event of an accident or breakdown of road vehicles when they occur in the territory of the Member State of the service provider;

b) Liability for support is limited to the following operations:

1. (i) on-site troubleshooting, for which the service provider uses, in most cases, its own staff and equipment;
2. (ii) transporting the vehicle to the nearest or most suitable facility for repair and accompanying, if necessary, by the same means of assistance, the driver and passengers to the nearest place from which they can continue their journey by other means of transport;
3. (iii) the transport of the vehicle, the driver and the passengers to the point of departure, to

their domicile or to their original destination within the same Member State;

c) The assistance is not provided by a company subject to the provisions of this Part.

(3) In the cases referred to in paragraph 2(b)(i) and (ii), the condition referred to in paragraph 2(a) shall not apply if:

a) the beneficiary is a member of the service provider;

b) the service provider has a reciprocity agreement with a similar entity in another Member State;

c) Troubleshooting or transporting of the vehicle is carried out on the basis of the simple presentation of the membership card, without the payment of any additional premium.

(4) The provisions of this Part shall not apply to mutual societies which directly carry out non-life insurance activities and which conclude an agreement with other mutual societies which involves the full reinsurance of insurance policies or the assumption of obligations arising from those policies; In this case, this Part shall apply to mutual societies which reinsure the policies or assume the obligations.

Article 5: Exclusions from the application - life insurance

(1) The provisions of this Part shall not apply:

a) operations of savings and mutual aid institutions whose benefits vary according to the available resources and for which the members' contribution is fixed on a flat-rate basis;

b) operations carried out by organisations, other than the companies referred to in Article 2, which, in the light of their specific activities, constitute certain funds for employed or self-employed persons belonging to an entity, group of entities or a professional or inter-branch sector, in the event of death or survival or in the event of interruption or reduction of activity, irrespective of whether the commitments resulting from such operations are fully covered, continuously, of mathematical reserves.

(2) The provisions of this Part do not apply to organizations that undertake to provide benefits solely in the event of death, that do not exceed the average funeral costs for a single death, or that are provided in kind.

CHAPTER II: General provisions regarding the supervisory process, competences and attributions of the A.S.F.

SECTION 1: Principles generated regarding the supervisory process

Article 6: General provisions

(1) A.S.F., in the supervisory process, has competences to ensure the protection of contractors and beneficiaries, mainly, and to contribute to maintaining the stability of the insurance market, in accordance with the normative acts applicable to the insurance field; A.S.F. has all the resources and expertise necessary for the exercise of these competences.

(2) The supervisory process carried out by A.S.F. is a prospective, risk-based one, and is carried out by constantly verifying the companies' activity and their compliance with the legal provisions.

(3) Without prejudice to paragraph 1, the FSA shall take due account of the potential impact of the decisions taken on the stability of the financial systems of the Member States, in particular in emergency situations, in the light of available information.

(4) The FSA takes into account the possible pro-cyclical effects of the decisions taken, especially in times of exceptional financial market disruptions.

(5) As part of the supervision process, the FSA verifies the periodic reports and additional information submitted by the companies and carries out controls at their headquarters.

(6) The FSA has a mandate at the level of the European Union and, in the exercise of its powers, ensures the convergence of supervisory practices and instruments in the application of the law, regulations adopted in the field of insurance at national level and at the level of the Member States.

(7) The information that A.S.F. requests from companies or branches operating on the territory of Romania is transmitted in Romanian.

(8) At the request of the FSA, insurers who intend to carry out activities on the territory of Romania based on the right of establishment or the freedom to provide services shall submit the conditions of the insurance policies and other documents, in order to verify compliance with the provisions of the national legislation regarding the insurance contract.

Article 7: Scope of supervision

(1) A.S.F. supervises the activity carried out by companies on the territory of Romania and on the territory of the other Member States based on the right of establishment and the freedom to provide services, by verifying the level of their solvency, the manner of constitution of technical reserves, assets and eligible own funds.

(2) In the case of insurers authorized to practise insurance in class 18 mentioned in Annex no. 1 section A, A.S.F. verifies the technical resources available to the insurer in order to fulfill its

obligations.

(3)The FSA determines the level of compliance with prudential principles by companies that undertake or underwrite risks in another Member State.

(4)The FSA informs the supervisor in the Member State of origin of a company that its activity carried out on the territory of Romania is likely to affect its financial stability, if Romania is:

- a)Member State of the commitment;
- b)Member State where the risk is located;
- c)host Member State for a reinsurer.

SECTION 2:Attributions and competences of the A.S.F.

Article 8: General provisions

(1)A.S.F. exercises its powers responsibly, in a transparent manner, in compliance with the provisions of Article 19.

(2)A.S.F. publishes and updates on its website at least the following information:

- a)the texts of the normative acts applicable to the insurance field and the links to the legal provisions defined according to Article 1 paragraph (2) item 37 letter b);
- b)the criteria, methods and tools referred to in paragraph 5 used in the supervisory process described in chap. IV, Section 3;
- c)aggregated statistical data on the main aspects related to the general prudential framework;
- d)the manner in which the options provided for in this Part are exercised;
- e)objectives pursued in the supervisory process, the main functions and activities within it.

(3)A.S.F. adopts preventive and corrective measures, of an administrative or financial nature, or other measures provided by the legal provisions applied to companies and their management, in order to ensure their compliance with the legal provisions, both in Romania and in the Member States in which they operate.

(4)In addition to the information provided for in Article 37, the FSA has the power to request from the companies, in accordance with the principle of proportionality, all the documents and information necessary for the conduct of the supervisory process, including the minutes of the meetings of the management and of the committees established, and to carry out controls at their headquarters.

(5)As part of the supervisory process, if necessary, the FSA may develop quantitative tools to

assess the ability of companies to cope with future events or changes in economic conditions that could have adverse effects on the overall financial situation; also, A.S.F. requires companies to carry out the tests necessary to achieve this goal.

(6)A.S.F. shall also exercise the powers provided for in paragraphs (3) to (5) also in the case of activities outsourced by companies.

(7)A.S.F. consults the representatives of the professional associations representing the insurance market regarding the draft normative acts applicable to the insurance field.

(8)The FSA approves the persons who are part of the management of the companies and the significant shareholders or withdraws the approvals granted.

(9)A.S.F. approves the portfolio transfer, approves the division or merger of the companies and publishes the approval decision according to the publication regime established by its own regulations.

(10)The FSA approves, at the request of the companies, the limitation, suspension or termination of the activity, after verifying their financial situation, and publishes the respective decisions, according to the publication regime established by its own regulations.

(11)A.S.F. shall apply the measures provided for by the national legislation on financial recovery, reorganization and bankruptcy of companies defined in this law, to subsidiaries of companies from third countries and to branches of insurers from third countries, established in Romania.

(12)A.S.F. responds to petitions regarding the activity of the companies received from contractors, injured parties or their representatives.

(13)A.S.F. maintains and updates the Register of Companies, the form and content of which are established by its own regulations.

(14)A.S.F. establishes and updates through its own regulations the terms, payment conditions and level of fees for authorization, operation, approval of the modification of the conditions of authorization, transfer of portfolio, merger, division, extension of the authorization to other classes of insurance or to other risks, issuance of the duplicate of the authorization, practice of class 10 of Annex no. 1 section A, for the approval of the internal model in whole or in part, for the approval of the use of the specific parameters, for the provision of information and points of view to third parties, with the exception of contractors, injured parties and public institutions or authorities, as well as other legal fees.

(15)The following are revenues to the budget of the A.S.F.:

- a) the fees provided for in paragraph (14), the interest and penalties related thereto;
- b) amounts from contravention fines;
- c) income from donations, publications and other legal sources.

(16) In the exercise of its attributions, the FSA issues individual acts or, if necessary, notifies the courts.

(17) A.S.F. publishes annually an informative report on the insurance market.

(18) A.S.F. has competences and exercises powers of supervision of the companies in terms of their compliance with the legal provisions defined in Article 1 paragraph (2) item 37.

(19) The FSA has the competence to supervise the compliance by companies with the applicable provisions of Regulation (EU) no. 2088/2019 of the European Parliament and of the Council of 27 November 2019 on sustainability disclosures in the financial services sector, as subsequently amended and supplemented, and Regulation (EU) no. 852/2020 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2.088 and other European regulations on sustainability in the financial services sector.

(20) The regime for the publication of individual administrative acts issued by the FSA according to the legal provisions is established by the FSA's own regulations.

(21) FSA is designated as a collection body within the meaning of Regulation (EU) 2023/2.859 of the European Parliament and of the Council of 13 December 2023 establishing a European single point of access providing centralised access to publicly available information relevant to financial services, capital markets and sustainability, hereinafter referred to as Regulation (EU) 2023/2.859, for the insurance market in Romania, to collect:

- a) the information referred to in paragraph 23 and Article 177¹⁰ paragraph 5;
- b) information that companies publish under the European regulations applicable to them, set out in Part A of the Annex to Regulation (EU) 2023/2.859, or under other mandatory acts of the European Union providing for centralised electronic access to information from the European Single Access Point, hereinafter referred to as ESAP.

(22) The FSA informs the European Securities and Markets Authority that it is a collection body:

- a) for the information referred to in paragraph 21(a) by 9 January 2030;
- b) for the information referred to in paragraph 21(b), up to the dates specified in the regulations

and acts referred to in the same point.

(23)The FSA shall send to the single European access point provided for in Regulation (EU) 2023/2.859:

- a)the report on solvency and financial situation received from companies, participatory companies, insurance holdings and mixed financial holdings, starting with January 10, 2030;
- b)the information collected in accordance with paragraph 21(b), starting with the data specified in the regulations and acts referred to in the same point.

(24)The FSA shall transmit the information provided in paragraph (23) in compliance with the following requirements:

a)The information is presented in one of the following formats:

- (i) open format, defined in Article 2 letter l) of Law no. 179/2022 on open data and reuse of public sector information;
- (ii) machine-readable format, defined in Article 2 letter m) of Law no. 179/2022, when European Union acts expressly provide for the use of this format;

b)The information is accompanied by the following metadata:

- (i)all company names referred to in paragraph 23 to which the information relates;
- (ii) the LEI code of the companies, defined according to the regulations of the A.S.F. issued in application of this law;
- (iii)the category in which companies fall by size, in accordance with the implementing technical standards set out in Article 7(4)(d) of Regulation (EU) 2023/2.859;
- (iv)specifying that the information is classified and transmitted as a result of a legal obligation or voluntarily in accordance with Article 1(1) of Regulation (EU) 2023/2.859;
- (v)a statement indicating whether the information contains personal data.

(25)Metadata is structured information as defined in Article 2 letter u) of Law no. 179/2022.

Article 9: Branch supervision

(1)If a company authorised in Romania carries out its activity in another Member State through a branch, the FSA:

- a)notify the supervisor of the host Member State of the intention to carry out an inspection at the premises of that branch directly, through intermediaries or together with that supervisor;
- b)request EIOPA's assistance if the supervisor of the host Member State prohibits the FSA from exercising the right to carry out the control referred to in point (a) or if it is unable to participate

in that control.

(2) If a company authorised in another Member State carries out its activity in Romania through a branch, the FSA may participate in the control at the headquarters of that branch initiated by the supervisor in the home Member State or may request the assistance of EIOPA.

SECTION 3: Cooperation with EIOPA, the European Commission and other authorities

Article 10: General provisions

(1) In order to facilitate the supervision of insurance and reinsurance activities, the FSA informs the European Commission of any major difficulties in the application of European legislation and collaborates with it and with the supervisors of the other Member States and with the European Commission, with which it establishes the appropriate solutions regarding the major difficulties in the application of European legislation.

(2) The FSA informs the supervisors of the Member States and the European Commission about:

- a) the authorities and entities empowered to issue the documents referred to in Article 27(5);
- b) that it is the only authority to receive the documents referred to in Article 27(6) attached to an application for authorisation or approval.

(3) The FSA shall inform the European Commission, EIOPA and the supervisors of the Member States of:

- a) authorisations granted to direct and indirect subsidiaries belonging to companies from third countries and the structure of the group to which they belong;
- b) acquisitions of companies from third countries, through which Romanian companies become subsidiaries of those companies.

(4) A.S.F. informs the European Commission and EIOPA about the difficulties encountered by Romanian companies in the process of obtaining the authorization to operate or to carry out their activity on the territory of a third country.

(5) The FSA shall communicate to the supervisors of the other Member States and to the European Commission the list of entities that may receive information in accordance with the provisions of Article 12(5) and (8) to (10), and in the case provided for in Article 12(7)(c), also information on their clear responsibilities.

(6) The FSA may transmit information, including in emergency situations, to the monetary authorities of the European System of Central Banks, to the European Central Bank and other

bodies with similar functions empowered to develop monetary policy, to establish liquidity reserves, to supervise the payment, clearing and settlement systems of securities and to the National Bank of Romania, in accordance with the legal provisions, whether that information is relevant to the exercise of their duties.

(7) If the FSA receives information from the bodies and authorities referred to in paragraph (6), it shall be subject to the provisions of Article 19.

(8) The FSA shall cooperate closely with the European Commission in order to examine the difficulties arising in the application of Article 125.

(9) The FSA shall transmit to the European Commission and EIOPA the number and type of situations in which it has refused to transmit the information referred to in Articles 112 and 113(2) to (4) and (6) and has adopted the measures provided for in Article 14(7)(a) and (b), in the case of insurers.

(10) In order to evaluate a procurement project, the FSA consults with other supervisors, if the potential buyer is:

- a) a company, credit institution, investment company or management company for collective investment in transferable securities which has received authorisation in another Member State or from another authority;
- b) parent company of an entity referred to in point (a);
- c) natural or legal person who has control over an entity referred to in letter a).

(11) The FSA requests other supervisory authorities relevant information for the evaluation of a procurement project.

(12) The FSA shall provide other supervisory authorities, at their request or on its own initiative, with relevant information, including opinions or reservations regarding the evaluation of a procurement project.

(13) The notifications referred to in Articles 11(9) and (10), 13(8) and 14(14):

- a) are sufficiently detailed to be adequately assessed;
- b) shall be without prejudice to the mandate and supervisory powers of the FSA provided by this law, both as supervisor in the home Member State and as supervisor in the host Member State.

Article 11: Cooperation with EIOPA

(1) A.S.F. sends the following information annually to EIOPA:

- a) the average amount of the solvency capital increase for each company;
- b) **the share of the Solvency Capital Increase in the Solvency Capital Requirement, broken**

down as follows:

1. (i) total companies;
2. (ii) non-life insurance insurers;
3. (iii) life insurance insurers;
4. (iv) composition insurers;
5. (v) reinsurers;

c)the share of the solvency capital increase imposed in accordance with the provisions of Article 35(1)(a) to (d), broken down by the categories referred to in point (b);

d)the number of companies and groups subject to the provisions of Article 37(9) to (13) and the share of the solvency capital requirement, calculated in accordance with Articles 72 to 94, hereinafter referred to as the SCR, of the minimum capital requirement, calculated in accordance with Articles 95 and 96, hereinafter referred to as the RCM, of the premiums, technical reserves and their assets in the total of these market elements.

(2)A.S.F. participates in the activities organized by EIOPA, performs the duties incumbent on it as its member and communicates to EIOPA the manner of applying the provisions of the guidelines issued by it.

(3)If the FSA does not agree with the decision taken by a coordinating supervisor on the equivalence of the authorisation and supervision regime in a third country, it may request the assistance of EIOPA within 3 months of receiving the notification from the coordinating supervisor.

(4)A.S.F. cooperates with EIOPA and provides it with the information requested by EIOPA without delay.

(5)Within the College of Supervisors, the FSA may request the assistance of EIOPA, except in emergency situations, if there are divergent opinions on the following:

- a)approval of the recovery plan and extension of the recovery period according to the provisions of Article 17(8) and (9);
- b)approval of the proposed measures in accordance with Article 17(10).

(6)The FSA may also request EIOPA's assistance in the cases referred to in Articles 13(2) and 14(6) and (7).

(7)The FSA may request EIOPA to declare the existence of adverse situations referred to in Article 99(4), if the companies concerned are seriously affected by the following aspects:

- a)the manifestation of an unforeseen, sudden and abrupt decline of the financial markets;

b) maintaining, for a certain period, a low interest rate;

c) the occurrence of a major catastrophe.

(8) At the request of EIOPA, A.S.F. shall send it information regarding the receipt of requests for approval of the use of an internal model or the modification of an internal model; A.S.F. may request technical assistance from EIOPA in the approval process of those applications.

(9) The FSA shall notify EIOPA in the cases referred to in Articles 13(8) and 14(14) and may request assistance from the EIOPA in the situations referred to in Articles 13(8)(b) and 14(14) where the FSA and the other supervisors do not reach a mutually agreed solution.

(10) The FSA may request EIOPA assistance if it receives from a supervisor in a home Member State a notification similar to that referred to in Article 13(8)(b) or from a supervisor in a host Member State a notification similar to that referred to in Article 14(14), only when the FSA and the other supervisors do not reach a mutually agreed solution.

(11) If it considers that the interests of the contractors are affected, the FSA may request EIOPA to set up and coordinate a collaboration platform in order to facilitate the exchange of information and cooperation between the relevant supervisors when companies carry out or intend to carry out activities based on the right of establishment or the freedom to provide services, in Romania and in the other Member States, and when:

a) the activities are relevant to the market in the host Member State, including Romania;

b) supervisors in the home Member States, including FSA, shall submit notifications in accordance with Article 13(8)(b);

c) EIOPA assistance is requested in accordance with paragraphs 9 and 10.

(12) The provisions of paragraph (11) shall not prejudice the right of the FSA provided for in Article 12(1).

(13) The FSA shall transmit to EIOPA within a reasonable time or within the period indicated by EIOPA all the information requested by it, necessary for the proper functioning of the platform referred to in paragraph 11.

(14) The establishment by EIOPA of a platform under the conditions and for the purpose set out in paragraph 11 shall be without prejudice to the mandate and supervisory powers of the FSA provided for in this Law, both as supervisor in the home Member State and as supervisor in the host Member State.

Article 12: Cooperation with other authorities, bodies and individuals

(1) The FSA may exchange information with the relevant supervisors of the other Member

States, in compliance with the provisions of Article 19, and may establish in common agreement with them a platform for the purpose set out in Article 11(11), without prejudice to the mandate and supervisory powers of the FSA provided for in this Law, both as a supervisor in the home Member State, and as a supervisor in the host Member State.

(2) The FSA shall conclude cooperation agreements on the exchange of information with supervisors or competent authorities and bodies of third countries, similar to those defined in paragraph 5, which stipulate the guarantee of professional secrecy, at least under the conditions provided for in Article 19, and the use of the information only for the purpose of exercising supervision.

(3) Where the exchange of information referred to in paragraph 2 relates to information received from a supervisor or authority of a Member State, the FSA shall transmit that information to other entities only with the consent of the issuer and, where appropriate, exclusively for the purpose for which the issuer gives its consent.

(4) The information received by the FSA according to paragraph (1) is used only for the following purposes:

- a) verifying the fulfilment of the authorisation conditions and facilitating the supervision of the activity carried out by companies, in particular with regard to technical reserves, SCRs, RCMs and the governance system;
- b) the application of sanctions;
- c) in administrative actions against a decision of the FSA, as well as in legal actions under the provisions of this Part.

(5) A.S.F. may collaborate with other authorities, persons or bodies in Romania, for the exercise of its attributions, performing:

a) exchange of information with:

1. (i) the National Bank of Romania;
2. (ii) bodies and entities involved in bankruptcy and winding-up proceedings or similar proceedings and with the authorities supervising them;
3. (iii) the persons responsible for the statutory audit of companies and financial institutions and the authorities that supervise them;
4. (iv) independent actuaries, members of the Romanian Actuarial Association, and with the respective association;
5. (v) the national and other Member State authorities or bodies responsible for the

supervision of credit institutions and financial institutions referred to in Article 2(1)(1) and (2) of Directive (EU) 2015/849 of the European Parliament and of the Council on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 2015/849. Regulation (EC) No 648/2012 of the European Parliament and of the Council and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC in order to ensure compliance with that Directive;

b) the transmission of information to the liquidation bodies or to the FPVS.

(6) The FSA may exchange information with authorities, including those responsible for the supervision of credit institutions and financial institutions, with bodies or persons from other Member States and from third countries, which have powers similar to those referred to in paragraph 5.

(7) The FSA shall carry out the exchange of information provided for in paragraphs (5) and (6), in compliance with the following conditions:

a) are used only for the purpose of carrying out the duties referred to in paragraphs 5 and 6;

b) the information is subject to the provisions of Article 19;

c) if they originate from another Member State, including in the situations referred to in Article 9, they may be disclosed only with the consent of the authority which provided them and only for the purpose for which it gave its consent.

(8) In order to maintain the stability and integrity of the financial system, the FSA exchanges information with the National Bank of Romania, as well as with other authorities or bodies responsible for identifying and investigating situations of violation of the provisions of the legislation applicable to legal entities subject to registration in the Trade Register; The information shall be used only for the purpose of that identification and subject to the conditions set out in paragraph 7.

(9) Where the authorities and bodies referred to in paragraph 8 carry out their tasks through specialists who are not employed in the public sector, the exchange of information shall be carried out under the conditions set out in paragraph 7.

(10) Where the information to be disclosed originates from an authority of another Member State, the authorities and bodies referred to in paragraph 8 shall communicate to it the identity and responsibilities of the persons to whom they transmit that information.

(11) The FSA shall draw up the list of companies covered by Article 167(1) and (2) and transmit

it to the supervisors of the other Member States.

(12)The FSA shall cooperate with supervisors in other Member States and shall communicate to them the information necessary to implement the provisions of Article 125.

(13)The FSA shall transmit to the supervisors of the other Member States the morbidity tables and the relevant statistical data provided for in Article 128.

(14)A.S.F. cooperates with the authorities designated according to the European regulations on sustainability in the financial services sector, by communicating, without undue delay, or requesting the necessary information to verify the compliance of companies with the provisions of those regulations.

Article 13: A.S.F. competences as supervisor in the Member State of origin

(1)If companies fail to comply with the provisions on technical reserves provided for in Article 53, as well as those on CRS and RCMs provided for in Articles 72 and 95, FSA shall notify supervisors in host Member States and may prohibit, by decision, those companies from disposing freely of assets until compliance with the requirements relating to compliance with technical reserves has been restored, SCR and MCR; A.S.F. indicates the assets to be subject to this measure; companies can file a complaint with the Bucharest Court of Appeal, Administrative and Fiscal Litigation Section.

(2)The restoration of compliance with the requirements regarding the compliance with the technical reserves, SCR and MCR is ascertained by the FSA by decision, which is immediately communicated to the companies concerned, and the prohibition to dispose of assets freely ceases from the date of communication of this decision.

(3)If a company authorised by the FSA carries out activities in the territory of another Member State, through a branch or on the basis of the freedom to provide services, and the FSA is informed by the supervisor of that Member State that it does not comply with the legal provisions of that State and that it does not adopt the requested remedial measures, the FSA requires the company to adopt the appropriate measures; the FSA shall also inform the supervisor of the host Member State of the measures imposed.

(4)A.S.F. transmits to EIOPA the name of the companies to which it has granted or withdrawn the operating authorization.

(5)The FSA shall inform the supervisors of the other Member States of the withdrawal of the authorisation of companies operating in their territory and shall adopt, in cooperation with them, the necessary measures to protect the interests of contractors, in particular by limiting the rights

of companies to dispose of assets freely, in the cases and under the conditions provided for in paragraph 1.

(6) Following the requests of the supervisors of the host Member States, the FSA shall transmit to them, in aggregate form, the information received from insurers in accordance with Articles 112(7) and (8), 113(7) and 114(5).

(7) Where companies outsource functions or activities to suppliers established in another Member State:

- a) The FSA informs the supplier's supervisory authority or, if the supplier is not supervised, informs the supervisor of the Member State concerned of the intention to carry out an inspection at the supplier's premises or requests that supervisor to carry out the inspection on its behalf;
- b) The FSA shall request the assistance of EIOPA if the supervisor of the host Member State prohibits the FSA from exercising the right to carry out the control referred to in point (a) or the FSA is unable to participate in that control.

(8) The FSA shall notify the supervisors of the host Member States:

- a) if, in the case of authorisation of a company, it is apparent from the business plan received that part of the activity is to be carried out on the basis of the right of establishment or the freedom to provide services and that activity is likely to be relevant to the market of those Member States;
- b) if it finds that companies operating on the basis of the right of establishment or the freedom to provide services are experiencing deterioration in their financial position or find the existence of other emerging risks with cross-border effect generated by those companies.

Article 14: FSA's competences as supervisor in the host Member State

(1) The FSA consults the supervisors of the Member States before granting the operating authorisation to a company that is:

- a) a subsidiary of a company authorised in that Member State;
- b) subsidiary of a parent company of a company in that Member State;
- c) a company controlled by the same natural or legal person who controls another company authorised in that Member State.

(2) The FSA consults the competent authorities of other Member States before granting the operating authorisation to a company that is:

- a) a subsidiary of a credit institution or investment firm authorised in that Member State;
- b) subsidiary of a parent company of a credit institution or investment firm authorised in that Member State;

c) a company controlled by the same natural or legal person controlling a credit institution or an investment firm authorised in that Member State.

(3) The FSA shall consult the authorities referred to in paragraphs (1) and (2) in order to assess:

a) the status of shareholders of companies that apply for authorization or are authorized in Romania;

b) professional competence and moral probity of:

1. (i) persons with management positions within companies that apply for authorization or are already authorized in Romania;
2. (ii) persons with key functions in other entities belonging to the same group.

(4) The FSA transmits information to supervisors or competent authorities in other Member States, which they request in order to grant an operating authorisation or to monitor the ongoing compliance with the authorisation conditions.

(5) The FSA forbids, by decision, the companies to freely dispose of the assets located on the territory of Romania, according to the notification from the supervisors of the Member States of origin regarding the fact that the respective companies have violated the provisions regarding the technical reserves, SCR and MCR or that their authorization has been withdrawn. The assets on which this measure is taken shall be indicated by the supervisor of the home Member State. Companies can file a complaint with the Bucharest Court of Appeal, Administrative and Tax Litigation Section. On the date of receipt by the FSA of the notification from the supervisor of the home Member State regarding the restoration of compliance with the requirements regarding the compliance with the requirements regarding the compliance with the technical reserves, the SCR and the RCM, the decision prohibiting the disposal of assets shall cease by operation of law and the FSA shall immediately notify the companies concerned of it.

(6) When the FSA finds that a company from another Member State that operates on the territory of Romania, through a branch or on the basis of the freedom to provide services, does not comply with the legal provisions, it asks it to remedy those deficiencies, otherwise it informs the supervisor of the Member State of origin.

(7) If the measures adopted by the supervisor of the home Member State prove ineffective or if the supervisor does not take any measures and the company referred to in paragraph 6 continues to infringe the legal provisions, the FSA, after informing the supervisor of the home Member State, may:

- a) preventive, corrective or sanctioning measures;
- b) the prohibition to subscribe to new insurance and reinsurance contracts on the territory of Romania starting with the date provided in the individual act issued by the A.S.F.;
- c) administrative measures on the properties or operational units owned on the territory of Romania, in accordance with the national legislation.

(7¹) By way of exception to the provisions of paragraphs (6) and (7), the FSA has the power to apply, as a matter of urgency, the necessary measures to prevent or sanction the non-compliance with the legal provisions by a company from another Member State that carries out activity on the territory of Romania, through a branch or on the basis of the freedom to provide services, including the measures mentioned in paragraph (7).

(8) The measures adopted in accordance with paragraph (7) and (7¹) shall be thoroughly reasoned and communicated to the respective company.

(9) In order to exercise the powers referred to in paragraph (6), (7), (7¹) and (8), the FSA shall request the company referred to in paragraph (6) to submit documents and information regarding the activity carried out by it.

(10) Insurers operating on the territory of Romania may promote their products and services through all communication channels, in compliance with the national legislation on the form and content of advertising media.

(11) If the FSA is notified about the withdrawal of the operating authorization of companies from other Member States operating on the territory of Romania, it adopts the necessary measures so that these companies do not sign new contracts.

(12) The FSA may request from the supervisors of the home Member States the information provided for in Article 112(7) and (8), Article 113(7) and Article 114(5), in aggregate form, on the activity carried out on the territory of Romania on the basis of the right of establishment and the freedom to provide services of insurers authorised in the respective Member States.

(13) The FSA treats the permanent presence of insurers from other Member States in the same way as a branch, even if they do not operate as a branch, but as an office managed by the insurers' staff or by an independent person who is empowered to act for those insurers as an agency would operate.

(14) The FSA notifies the supervisors of the home Member States if there are significant and well-founded reasons proving that the interests of the contractors are affected by the companies operating in Romania on the basis of the right of establishment or the freedom to provide

services.

SECTION 4: Participation of the A.S.F. in the colleges of supervisors

Article 15: General provisions

(1) The College of Supervisors shall be established and shall operate on the basis of a coordination agreement drawn up in accordance with Article 16(2)(i), which shall necessarily include procedures at least for the elements referred to in points (a) to (d) and, optionally, for those referred to in points (e) and (f):

- a) the decision-making process on the appointment of the coordinating supervisor in situations similar to those referred to in Article 16(1);
- b) the decision-making process on the internal model of the group, in accordance with the applicable provisions provided for in Article 16;
- c) the decision-making process on the Solvency Capital Increase imposed on the Group in accordance with Article 152;
- d) mutual consultation on solvency supervision at group level, in accordance with Article 137(2);
- e) mutual consultation in the applicable situations provided for in Articles 16 to 18;
- f) cooperation with other supervisors.

(2) The coordination agreement referred to in paragraph 1 may include additional tasks for the members of the College of Supervisors, if this is necessary for the implementation of an effective group supervision process and does not affect the exercise of the individual supervisory duties of the members of the College of Supervisors.

(3) By way of exception to situations similar to those mentioned in Article 16(1), within the College of Supervisors, at the request of the FSA or another member, a decision to appoint another coordinating supervisor may be adopted jointly at most once a year, if the application of those criteria is no longer appropriate, taking into account the following:

- a) group structure;
- b) the degree of significance of the activity of the companies belonging to the group.

(4) A.S.F. and the other supervisors shall designate the coordinating supervisor within 3 months from the request referred to in paragraph (3), considered as the conciliation term, after consulting the respective group; if the FSA or other supervisor requests EIOPA's assistance, the appointment decision shall be taken in accordance with the view expressed by EIOPA and shall be deemed final.

(5) The decisions adopted by the FSA within the College of Supervisors are thoroughly

motivated and in accordance with the decisions issued by EIOPA; These are communicated to the College of Supervisors and the companies concerned.

(6)The FSA shall urgently convene a meeting of the College of Supervisors when:

- a) finds a significant breach of the RCS or RCM by a company;
- b) finds a significant breach of the SCR at group level, regardless of the calculation method chosen, in accordance with Articles 149 to 152;
- c) An exceptional situation manifests itself.

(7)The A.S.F. can carry out specific activities within the college of supervisors together with a limited number of members.

Article 16: Duties and competences of the A.S.F. as coordinating supervisor

(1)The FSA may be appointed as coordinating supervisor, responsible for coordinating and exercising supervision at group level, in the following situations:

- a) all the member companies of the group are supervised by A.S.F.;
- b) the coordinating company of the group is authorized by A.S.F.;
- c) **the group is not coordinated by an insurer or reinsurer and:**
 - 1. (i) the company whose parent company is an insurance holding company or a mixed financial holding company is authorized by the A.S.F.;
 - 2. (ii) at least two companies with their headquarters in the Member States have as their parent company the same insurance holding company or a mixed financial holding company with its headquarters in Romania, and one of these companies is authorized by the A.S.F.;
 - 3. (iii) is managed by at least two insurance holding companies or mixed financial holdings, one with its head office and owning a company in Romania and the other with its head office and owning a company in another Member State, and the company with the highest value of the total balance sheet is supervised by the FSA;
 - 4. (iv) at least two companies with their head office in Member States have as their parent company the same insurance holding company or the same mixed financial holding company with its head office in another Member State, and the company with the highest total balance sheet value is authorised by the FSA;
 - 5. (v) does not have a parent company or the situations provided for in items (i)-(iv) are not applicable, and the company with the highest total balance sheet value is authorized by the A.S.F.

(2)A.S.F., as coordinating supervisor, has the following attributions and competences:

- a)coordinates the collection and transmission of information relevant to both permanent surveillance and emergency situations;
- b)carries out the supervision process of the group and assesses its financial situation;
- c)assesses how the group complies with the provisions of Title II, chap. II and Articles 157 and 158;
- d)assesses the governance system of the group in accordance with Article 159 and the manner in which the members of the management of the holding company or the persons who effectively manage the insurance holding company or the mixed financial holding company comply with the requirements of professional competence and moral probity set out in Article 27;
- e)organise, at least annually, meetings of the College of Supervisors in order to plan and coordinate both the ongoing supervision activity and in the event of emergency situations, taking into account the principle of proportionality with regard to the risks inherent in the activity of all the entities of the group;
- f)adopts measures and decisions in accordance with the legal provisions;
- g)coordinate the validation process of the internal model at group level referred to in Article 151;
- h)coordinates the process of approving the application of the arrangements laid down in Article 155;
- i)develops, together with the members of the College of Supervisors, agreements for the coordination of its activity;
- j)requests EIOPA's assistance in the event of divergent views on the work coordination agreement and adopts the final decision in accordance with the EIOPA decision, which it forwards to the other members of the College of Supervisors;
- k)transmit to EIOPA material information on the functioning of the College of Supervisors;
- l)other duties provided by law.

(3)If a decision is adopted by the College of Supervisors in accordance with Article 15(3), the FSA shall submit the well-reasoned joint decision to the group.

(4)The FSA shall transmit to the group and college of supervisors the decision adopted in accordance with Article 15(3), taking into account the point of view expressed by EIOPA, if its assistance is requested.

(5)The FSA shall continue to exercise its duties as coordinating supervisor until the adoption of the joint decision referred to in Article 15(3).

(6)The FSA coordinates the college of supervisors, ensuring cooperation, exchange of information and consultation between the members of the college, in accordance with Title II, in order to ensure the convergence of decisions and activities.

(7)If a parent company within the group has its head office in another Member State, the FSA may request from its supervisor information necessary for the exercise of supervisory coordination; If the information referred to in Article 18(8) and (9) has already been forwarded to another supervisor, the request shall be addressed to the latter.

(8)The FSA, in accordance with the principle of proportionality, may limit group-level reporting with a frequency of less than one year or may exempt the companies within the group from reporting all indicators, if they benefit from the limitations referred to in Article 37(9) and (12).

(9)If the FSA receives from a company and its affiliated entities or from the affiliated entities of an insurance holding company or a mixed financial holding company a request to approve the calculation of the aggregated SCR at group level and the SCR of the companies within the group based on the internal group model, the FSA shall communicate this to the College of Supervisors, which decides on the approval or rejection of that request, establishing, where appropriate, the terms and conditions for approval.

(10)The FSA shall inform the members of the College, including EIOPA, of the receipt of the request referred to in paragraph (9) and shall transmit to the other members, without delay, the request and the related complete documentation; in order to adopt a decision in accordance with paragraph (9), the FSA may request technical assistance from EIOPA.

(11)A.S.F. analyzes, together with the other members of the College of Supervisors, the documentation submitted in accordance with paragraph (10), in order to adopt a joint decision on the approval or rejection of the internal model, within 6 months from the date of submission of the complete documentation, a term considered as a conciliation period.

(12)The FSA shall adopt its own decision on the approval or rejection of the internal group model, which it shall send to the applicant and to the other members of the College of Supervisors, taking into account the following:

a)the points of view and reservations expressed by the other members of the College of Supervisors, if within 6 months from the receipt of the complete documentation a joint decision is not adopted within the College of Supervisors;

b)the decision submitted by EIOPA when requested for assistance.

(13)If, within the time limit referred to in paragraph 11, EIOPA's assistance has been requested

by the members of the College of Supervisors, the FSA shall adopt the decision on the approval or rejection of the internal model in accordance with the EIOPA decision or, in the absence of an EIOPA decision, adopt its own decision, which shall be final.

(14) The FSA shall send the motivation for proposing the measures provided for in Article 151 (3) and (4) both to the company and to the college of supervisors.

(15) EIOPA assistance referred to in paragraph 12 may no longer be requested after the expiry of the 6-month period or after the adoption of a joint decision in the College of Supervisors.

(16) The FSA shall postpone the adoption of a decision until it receives the point of view of EIOPA, requested in accordance with paragraph (12)(b), which it takes into account when adopting its own decision, which it shall thoroughly motivate and transmit it to the applicant and the supervisory authority concerned, which shall be considered final.

(17) Before deciding on the situations provided for in Article 133(3)(b) and (c) and paragraph (6), the FSA shall consult with the members of the College of Supervisors.

(18) Without prejudice to Article 154(2), the FSA shall verify, at least annually, on its own initiative or at the request of the subsidiary's direct supervisor, the extent to which the parent company complies at all times with the conditions laid down in Article 154(1)(b)-(d).

(19) The FSA shall inform the direct supervisor of the subsidiary, after consulting the college of supervisors, of the inefficiency or non-implementation of the plans referred to in Article 154(2) and (3) within the established period and of the fact that the conditions laid down in Article 154(1)(b) to (d) are no longer met.

(20) If, after consulting the board of supervisors, the FSA decides to exclude a subsidiary from group supervision, it shall immediately notify its direct supervisor and the parent company of that subsidiary.

(21) The FSA shall consult with the group and college of supervisors for:

a) identify the types of risks that the coordinating companies include in the report referred to in Article 157(2) and impose appropriate tolerance thresholds, based on the SCR, technical reserves or both;

b) to issue opinions on the types of risks, taking into account the structure of the group and the risk management system;

c) identify the types of intra-group transactions that companies are required to include in the report referred to in Article 158(2).

(22) In the process of analyzing the concentration of risks and intra-group transactions, A.S.F.

monitors in particular the risk of contagion within the group, the risk of conflicts of interest and the volume of risks.

(23) In order to decide on the approval referred to in Article 159(5), the FSA shall consult with the College of Supervisors and shall take due account of the views and reservations expressed by its members.

(24) The FSA shall consult the College of Supervisors and shall duly take into account the views or reservations expressed by them when considering the request of the holding company, the insurance holding company or the mixed financial holding company for approval of the publication of a single report, in accordance with the provisions of Article 160.

(25) If a group is made up of insurance holding companies or mixed financial holding companies with their headquarters on the territory of Romania, the FSA imposes recovery measures if they:

- a) does not comply with the requirements mentioned in Title II, chap. II and III;
- b) comply with the requirements referred to in point (a), but their solvency is jeopardised;
- c) are affected in terms of financial position by intra-group transactions or risk concentrations.

(26) The FSA shall inform the supervisors of companies, insurance holding companies or mixed financial holding companies of the Member States in whose territory they have their head office that the requirements referred to in paragraph 25 are not complied with.

(27) If the insurance holding company or the mixed financial holding company does not have its headquarters in Romania, the FSA shall transmit information regarding the non-compliance with the requirements mentioned in paragraph (25) to the other supervisors in the college, so that they can take the necessary measures.

(28) Without prejudice to paragraph 29, the FSA shall decide on the remedial measures imposed on insurance holding companies or mixed financial holdings and, where appropriate, coordinate the adoption of these measures within the college of supervisors.

(29) A.S.F. orders sanctions on insurance holdings or mixed financial holdings and on the persons who actually run the respective holding companies that violate the legal provisions.

(30) In consultation with the College of Supervisors and EIOPA, in compliance with the legal provisions and without prejudice to other decisions previously adopted at European level with regard to third countries, unless the regime in third countries or that provided for in chap. V registers significant changes, A.S.F. verifies the following:

- a) the equivalence of the solvency regime provided by third States in which affiliated companies

of a participatory company are located, on their own initiative or at the request of the participating company, when calculated, using method no. 2 provided for in Article 150, aggregated CRS at group level;

b) the equivalence of the supervisory regime applied by the third State in which the parent company is located, on its own initiative or at the request of the parent company or group companies established in the Member States.

(31) If there are no delegated acts issued by the European Commission on the equivalence of the supervisory regime in third countries, the provisions of Article 162 shall apply.

(32) If the supervisory regime in a third State is declared temporarily equivalent by a delegated act issued by the European Commission, the FSA shall rely on the supervision carried out by the supervisor in that third State, unless the total value of the balance sheet of the group company, with its head office in Romania, is higher than that of the parent company in the third State, in which case A.S.F. takes over the duties of coordinating supervisor.

(33) Where the parent company referred to in paragraph 30(b) is a subsidiary of a third-ranking company, insurance holding company or mixed financial holding company, the FSA shall verify, within the College of Supervisors, the equivalence of the supervisory regime at the level of the highest-ranking parent company and, in the absence of a decision on that equivalence, it shall verify the equivalence of the supervisory regime in the third State in which a lower-ranking parent company is located, and shall apply the provisions of paragraph 34.

(34) If the supervisory regime in a third State is not declared equivalent, including temporarily, or if the FSA decides not to rely on the supervision carried out by the supervisor in the third State in the situation referred to in paragraph 32, the FSA shall determine the appropriate methods to achieve the supervisory objectives after consulting the members of the College of Supervisors; The FSA may request the establishment of an insurance holding company or a mixed financial holding company with its head office in a Member State and may apply to the group companies coordinated by the respective holding company the principles and methods of supervision that it applies to the groups that have their parent company on the territory of the Member States, notifying the respective methods to the other authorities and to the European Commission.

(35) Where the supervisory regime in the third State is declared equivalent by a delegated act issued by the European Commission, the FSA shall rely on the group-level supervision carried out by the authority in the third State, the cooperation with that authority being carried out in a manner similar to that provided for in this Section and Article 19.

(36)The FSA shall consult the supervisory authorities concerned and decide not to supervise the concentration of risks referred to in Article 157 or the intra-group transactions referred to in Article 158 at the level of a holding company, an insurance holding company or a mixed financial holding company established in the Member States, in the cases referred to in points (a) and (b) of Article 133(3), when he/she is:

- a) a company affiliated to a regulated entity or a mixed financial holding company;
- b) regulated entity or mixed financial holding company that is additionally supervised according to the Government Emergency Ordinance no. 98/2006, approved with amendments and completions by Law no. 152/2007, as subsequently amended and supplemented.

(37)If a mixed financial holding company is subject to provisions equivalent to this law and Government Emergency Ordinance no. 98/2006, approved with amendments and completions by Law no. 152/2007, as subsequently amended and supplemented, in particular with regard to risk-based supervision, the FSA, after consulting the National Bank of Romania, may apply to the respective mixed financial holding company only the provisions provided for in the same emergency ordinance.

(38)If a mixed financial holding company is subject to provisions equivalent to the provisions of this law and of the Government Emergency Ordinance no. 99/2006 on credit institutions and capital adequacy, approved with amendments and completions by Law no. 227/2007, as subsequently amended and supplemented, in particular with regard to risk-based supervision, the FSA, in agreement with the National Bank of Romania, may apply only the equivalent provisions of the legislation of the most important sector, determined in accordance with Article 3(2) of the Government Emergency Ordinance no. 98/2006, approved with amendments and completions by Law no. 152/2007, as subsequently amended and supplemented.

(39)The FSA shall inform EIOPA and the European Banking Authority of decisions taken pursuant to paragraphs 37 and 38.

(40)The FSA shall transmit to EIOPA and to the supervisory authorities concerned information relating to groups in accordance with Articles 18(8) and (9), 25(3) and 39(1) to (3), in particular information on their legal, organisational structure and governance system.

(41)During the period referred to in Article 17(21), in the event of divergent views, the FSA or another Member State of the College of Supervisors may consult EIOPA, in which case the College of Supervisors shall await EIOPA's decision for one month, the FSA and the other supervisors shall take into account EIOPA's decision when adopting the joint decision accompanied by the full statement of reasons, and, further explanations if that decision deviates

significantly from the EIOPA decision.

(42)The joint decision referred to in paragraph 41 shall be final and shall be applied by all the authorities involved; if no joint decision has been adopted within the period referred to in Article 17(21) or in the absence of a decision by EIOPA, FSA shall adopt its own decision, which shall be final.

(43)When adopting its own decision, the FSA shall duly take into account the opinions or reservations of the other supervisors and, where appropriate, the opinion of EIOPA; this is the final decision and is applied by all the authorities involved, to which the FSA also communicates the full motivation of the decision and, possibly, additional explanations in case that decision deviates significantly from the reservations expressed by them and from the point of view of EIOPA.

(44)EIOPA's views shall not be sought after the expiry of the period referred to in Article 17(21) or after a joint decision has been adopted.

(45)The FSA may request, when it deems it necessary, information on:

- a)transactions between companies and the parent company, which is a mixed insurance holding;
- b)transactions between companies and entities affiliated to the respective holding company.

(46)The FSA shall supervise and analyse the reporting procedures and systems referred to in Article 159(1) and (2).

(47)The FSA shall inform the members of the College of Supervisors about the situation provided for in Article 137(2) in order to adopt appropriate measures.

Article 17: Duties and competences of the A.S.F. as a member of the College of Supervisors

(1)If the coordinating supervisor fails to perform his/her duties or if the other members of the college of supervisors do not cooperate adequately, the FSA may request EIOPA's assistance.

(2)The FSA cooperates with the coordinating supervisor and with the other members of the college of supervisors in order to develop the agreement for the coordination of the college's activity.

(3)The FSA may request EIOPA's assistance if there are divergent views on the work coordination agreement within the College of Supervisors.

(4)The FSA systematically collaborates with the coordinating supervisor and especially in cases where a company has financial difficulties.

(5)Without prejudice to the provisions of Article 154(2), the FSA may request the coordinating

supervisor to verify the manner in which the parent company complies with the requirements set out in Article 154(1)(b) to (d) if it considers that those requirements are no longer met.

(6) In order to achieve the supervisory objectives, the FSA may request information from the coordinating company of the group to which the company excluded from group supervision belongs, in cases similar to those provided for in Article 133(3)(b) and (c).

(7) At the request of the coordinating supervisor, the FSA requests information from the parent companies and sends it to him.

(8) In the event of non-compliance with the SCR by a subsidiary applying a centralised risk management system, without prejudice to Article 99, the FSA shall, without delay, submit to the College of Supervisors the recovery plan designed and submitted by the subsidiary so that, within 6 months from the date of the deficiency, it can restore the level of eligible own funds or change the risk profile, in order to remedy the situation. The College of Supervisors approves the recovery plan within a maximum of 4 months from the date on which the non-compliance with the SCR was found.

(9) If the College of Supervisors does not reach an agreement, the FSA shall adopt its own decision on the recovery plan referred to in paragraph 8, taking into account the views and reservations of the other supervisors.

(10) In the event that the FSA is notified, in accordance with Article 98, of the deterioration of the financial situation of a subsidiary applying a centralized risk management system, it shall communicate without delay to the College of Supervisors the measures it proposes for debate in the College, except in emergency situations in which the FSA considers that the financial situation cannot be restored and then adopts its own decision, which is no longer discussed within the College of Supervisors. If no agreement is reached within the college within one month from the date of notification to the college, the FSA shall adopt its own decision on the respective measures, duly taking into account the opinions and reservations of the other members of the college of supervisors.

(11) Without prejudice to Article 100, in case of non-compliance with the MCR by a subsidiary applying a centralized risk management system, the FSA shall immediately submit to the College of Supervisors the financing plan submitted by the subsidiary, according to which, within 3 months from the date of the deficiency, the level of eligible own funds is restored or the risk profile is modified, in order to remedy the situation; also, the FSA informs the college of supervisors about the measures adopted to impose the RCM at the level of the subsidiary.

(12) If the FSA considers that the report referred to in Article 160 does not include significant information about the subsidiaries it has authorised and whose financial situation requires comparison, it shall require them to publish their own report.

(13) If the companies belong to a group that does not have an insurance holding company or a mixed financial holding company, the FSA shall impose recovery measures on them in the situations referred to in Article 16(25).

(14) The FSA shall inform the supervisors of companies, insurance holding companies or mixed financial holding companies of the Member States in whose territory they have their head office that the situations referred to in Article 16(25) are not complied with.

(15) If the FSA is informed by the coordinating supervisor that a company is in one of the situations mentioned in Article 16(25), the FSA shall adopt the necessary measures to remedy that situation.

(16) The FSA decides on the remedial measures imposed on insurance holdings or mixed financial holdings and participates in the adoption of these measures within the college of supervisors.

(17) The FSA, if it decides to apply other supervisory methods that allow for adequate supervision of companies forming part of a group, other than those referred to in Article 162(1), shall consult the other authorities concerned and, after receiving the approval of the coordinating supervisor, notify those methods to the other authorities and to the European Commission.

(18) If the parent company submits an application for the application of a centralized risk management system, the FSA:

- a) consider the parent company's request to fall under Article 155(1) to (3) and contribute to the work of the College of Supervisors in accordance with the applicable provisions of this section;
- b) verifies the extent to which the parent company's risk management system and internal control mechanisms are adequate for the exercise of prudent management of the company;
- c) verifies that the parent company complies at all times with the provisions of Article 154(1)(b) and (c).

(19) If a supervisor of the College of Supervisors, including the FSA, finds that the risk profile of the company he supervises deviates significantly from the assumptions underlying the internal model, the supervisors of the College shall propose the imposition of the measures referred to in Article 155(1) to (3), with a view to adopting a joint decision and establishing the terms and conditions necessary for the application of that decision, considered definitive.

(20) Within one month of the proposal referred to in paragraph 19, the FSA and the other members of the College of Supervisors may request the assistance of EIOPA.

(21) If a request is received within the College of Supervisors for the application of a centralized risk management system together with the complete documentation, the FSA and the other members of the Board of Supervisors collaborate in order to adopt a joint decision within 3 months, considered final.

(22) In case of adoption of the decision referred to in paragraph (21), the FSA shall send the applicant the well-reasoned decision.

(23) If EIOPA assistance referred to in paragraph 20 and Article 11(5) is requested, the FSA shall adopt its own decision in accordance with the EIOPA decision, which shall be considered final and applied by the authorities concerned.

(24) The FSA may request technical assistance from EIOPA if it is informed by a coordinating supervisor of the receipt of a request similar to that referred to in Article 16(9).

Article 18: Cooperation and exchange of information

(1) In order to ensure a uniform volume of information for all members of the college of supervisors and to facilitate the performance of supervisory tasks, the FSA shall provide relevant information as soon as it is available or at the request of the members of the college, such as information on the actions of the group, other supervisors or data provided by the group.

(2) If the FSA requests the information referred to in paragraph (1) and does not receive a response within two weeks, the FSA may request EIOPA's assistance.

(3) Before adopting a significant decision, the FSA shall consult with the members of the College of Supervisors, including if it receives information from other supervisors, when:

a) there are changes in the organizational structure, shareholding or management, for which the approval of the A.S.F. is required;

b) proposes the extension of the recovery period in accordance with Article 99(3);

c) proposes the application of significant sanctions or exceptional measures, such as the imposition of a Solvency Capital Increase in accordance with the provisions of Article 35 or the limitation of the use of the internal model in accordance with Chapter 35. V, Section 4, Subsections 4.3 and 4.4.

(4) The FSA may decide not to consult the members of the College of Supervisors if this jeopardizes the application of the adopted decision or in cases of urgency and shall immediately inform them of the situation; for the situations referred to in paragraph (3) letters b) and c), the

A.S.F. shall always consult with the supervisor of the group.

(5)The FSA cooperates with the National Bank of Romania when the companies are directly or indirectly linked to credit institutions, investment firms or have a joint holding company.

(6)The exchange of information carried out in accordance with this Article and, where applicable, in accordance with national legislation on financial recovery, bankruptcy, dissolution and voluntary liquidation shall be subject to the provisions of Article 19.

(7)Natural and legal persons and their affiliated or participatory entities shall exchange information with the FSA that is relevant to the achievement of the objectives of supervision at group level.

(8)The FSA shall have access to all the information it deems necessary for supervision, regardless of the nature of the entity from which it requests, the provisions of Article 37 being applied accordingly.

(9)The FSA may contact the entities belonging to a group directly in order to obtain information if that information has already been requested from the companies subject to group supervision and has not been submitted within the requested deadline.

(10)The FSA may carry out on the territory of Romania, either through its own staff or through delegated persons, the verification of the information mentioned in paragraph (7) to (9) at the headquarters of the following entities:

- a)companies that fall under group supervision;
- b)companies affiliated to the companies referred to in letter a);
- c)parent company of the companies referred to in letter a);
- d)entities affiliated to the parent company referred to in point (c).

(11)When the FSA deems it necessary to verify the information on a group entity, regulated or not, established in the territory of another Member State, it shall send to the supervisor of that Member State one of the following requests:

- a)to carry out the respective verification himself;
- b)to allow the FSA to carry out the verification directly;
- c)to allow the FSA to participate in the verification carried out by the respective supervisor.

(12)The FSA requests EIOPA's assistance if:

- a)may not participate in the verification referred to in paragraph 11;
- b)the supervisor in that Member State shall not act on one of the requests referred to in paragraph 11 within two weeks.

(13) In the event of receipt of a request from a supervisor in a Member State to verify the information on a group entity, regulated or not, established on the territory of Romania, the FSA, within the limits of its competences and informing the coordinating supervisor, may:

- a) to carry out the verification by its own staff, auditors or other experts;
- b) allow that supervisor to carry out the verification;
- c) to allow the respective supervisor to participate in the verification carried out by the A.S.F.

(14) In order to ensure the implementation of the measures adopted and the sanctions imposed in situations similar to those referred to in Article 16(25), the FSA shall cooperate with the supervisors involved in the supervision of an insurance holding company or mixed financial holding company, in particular when the central government or the main business unit is not at headquarters.

SECTION 5: Professional secrecy

Article 19: Professional secrecy

(1) The persons who have been or are employed within the A.S.F., the auditors and the experts mandated by the A.S.F. have the obligation to respect the professional secrecy and may not disclose the information obtained in the professional context to any natural or legal person except in a synthetic or aggregated form so that the companies cannot be identified.

(2) Without prejudice to the provisions of paragraph 1, confidential information may be communicated, in accordance with the law, to the judicial bodies during judicial proceedings, in insolvency proceedings if these companies are declared insolvent or in the liquidation process.

CHAPTER III: Authorization process

Article 20: General provisions

(1) A.S.F. authorizes companies to carry out insurance and/or reinsurance activities or to extend their activity to other classes of insurance, not covered by the initial operating authorization.

(2) Companies establish their registered office and headquarters on the territory of Romania and must include in the name, as the case may be, the phrase insurance, insurance-reinsurance or reinsurance company, which can be rendered in another language common for the insurance activity.

(3) The authorization to carry out the insurance activity is granted for one of the following:

- a) life insurance activity;
- b) non-life insurance activity.

(4) The authorization to carry out the reinsurance activity is granted for one of the following activities:

- a) general reinsurance;
- b) life reinsurance;
- c) composite reinsurance, which includes both general reinsurance and life reinsurance.

(5) By way of exception to paragraph (3), insurers authorized to practice life insurance may request the extension of the authorization to the risks of classes 1 and 2 of Annex no. 1 section A, and insurers authorized only for the practice of these classes may request the extension of the authorization for the practice of life insurance.

(6) The authorisation obtained by companies in accordance with paragraph (1), under the conditions laid down in Article 21, shall be valid in all Member States, including for carrying out their activity on the basis of the right of establishment or the freedom to provide services, and shall be published by the FSA in accordance with the publication regime established by its own regulations.

(7) In compliance with the provisions of paragraph (1), the authorization is granted for the classes mentioned in Annex no. 1 Sections A and C or for certain risks in those classes, risks in one class may be included in other classes only as ancillary risks, under the conditions referred to in paragraphs 11 and 12.

(8) In the case of non-life insurance, the authorization may also be granted on the groups of classes mentioned in Annex no. 1 section B, and if the company requests authorization for a class of insurance and in the business plan provided for in Article 22 includes only certain risks of that class, the FSA may grant the authorization only for those risks.

(9) If the companies receive authorization for class 18 provided in Annex no. 1 Section A, they may carry out the assistance activities provided for in Article 4(2) and (3), without prejudice to paragraph 11 of this Article.

(10) The FSA analyzes the application for authorization of companies according to:

- a) the business plan referred to in Article 22;
- b) fulfilment of the conditions for authorisation referred to in Article 21.

(11) Insurers who obtain authorization for a main risk of a class or for a group of classes, according to Annex no. 1 sections A and B, may subscribe, without the need for

authorization, risks from another class as auxiliary risks, except for those in classes 14, 15 and 17, subject to the cumulative compliance with the following conditions:

- a) are related to the main risk;
- b) the insured object is also covered against the main risk;
- c) are covered by the same contract covering the main risk.

(12) The legal protection insurance of class 17 provided in Annex no. 1 Section A may be considered an ancillary risk to Class 18 of the same Annex, subject to the conditions laid down in paragraph 11 and if the insurance covers disputes or risks arising from or related to the use of seagoing vessels.

(13) A.S.F. does not grant the operating authorization if:

- a) there are close links between the company and other natural or legal persons that prevent the efficient exercise of the supervisory attribution of the FSA;
- b) There are laws, regulations and administrative acts or difficulties in their application in a third State to which the persons referred to in point (a) belong, with whom the company has close links, which are such as to prevent the effective exercise of its supervisory duty.

(14) In case of applying for the authorization for class 18 provided in Annex no. 1 section A, A.S.F. can verify, on the basis of documents, the following:

- a) the necessary qualified personnel;
- b) equipped with appropriate equipment.

(15) The companies issue only registered shares, and the acts or operations by which the identity of the owners of the shares is hidden from the FSA are null and void.

(16) It is forbidden to use the terms of insurer, reinsurer, insurance or reinsurance by legal entities that are not authorized by A.S.F., unless such use is provided for by law or international agreements.

Article 21: Conditions for granting the operating permit

(1) In order to obtain the operating authorization, the companies meet the following conditions:

- a) insurers only carry out insurance activity or operations directly related to it and no other commercial activity, except as permitted by national law;
- b) reinsurers carry out exclusively reinsurance activity or associated operations; this requirement may include a holding function and activities related to the financial sector defined in Article 2(1)(9) of the Government Emergency Ordinance no. 98/2006, approved with amendments and

- completions by Law no. 152/2007, with subsequent amendments and completions;
- c) submit a business plan drawn up in accordance with Article 22;
 - d) have eligible basic own funds to cover the absolute threshold of the MCR referred to in point (d) of Article 95(1);
 - e) documents how they will permanently hold the eligible own funds to cover the SCR and MCR;
 - f) document how they will comply with the requirements of the governance system referred to in chap. IV, Section 2;
 - g) for class 10 provided for in Annex no. 1 section A, excluding the liability of the carrier, the insurers shall provide the name and address of the compensation representative whom they are obliged to designate on the territory of the other Member States and of other States to which Romania has this obligation;
 - h) provide the information necessary to demonstrate at all times that none of the situations referred to in Article 20(13) arise;
 - i) other conditions regulated by legal provisions.

(2) The companies shall submit to the A.S.F., for approval, the identity of the shareholders or associates, natural or legal persons, who hold qualified participations and the amount of those participations.

(3) Insurers who apply to the FSA for the extension of the authorization to a new class of insurance or to other risks from an already authorized class present:

- a) the business plan in accordance with Article 22;
- b) proof that they have eligible own funds to cover SCR and MCR.

(4) If an insurer underwriting the classes mentioned in Annex no. 1 section C requests the FSA, in accordance with Article 20(5), to extend the authorisation to the risks of classes 1 and 2 mentioned in Annex no. 1 section A, presents:

- a) proof that it has eligible basic own funds to cover the absolute threshold of the MCR for life assurance and non-life insurance business referred to in Article 95(1)(d);
- b) proof that the minimum financial obligations set out in Article 49(3) will be complied with.

(5) The provisions of paragraph (4) shall also apply if an insurer that underwrites the risks included in classes 1 and 2 mentioned in Annex no. 1 Section A requests, in accordance with Article 20(5), the extension of the authorisation to the classes of life assurance referred to in Annex no. 1 Section C.

(5¹) The companies request the opinion of the A.S.F. on the changes to the documents and/or conditions on the basis of which the operating authorization was granted in accordance with the

regulations issued by the A.S.F.

(6) By exception to the provisions of paragraph (1) letter a), insurers may also request, in accordance with the specific legislation, authorization to carry out the activity of managing optional pension funds.

Article 22: Business plan

(1) The business plan presented by the companies includes indications and justifications regarding the following elements:

- a) the nature of the risks or commitments that companies intend to cover and assume, respectively;
- b) the guiding principles on reinsurance and retrocession;
- c) the type of reinsurance contracts related to the risk portfolio;
- d) for reinsurers, the type of reinsurance contracts they intend to conclude with the ceding companies;
- e) the basic own funds items covering the absolute threshold of the MCR;
- f) estimates regarding the expenses for initiating administrative services and ensuring a favorable framework for carrying out the activity and the financial resources for covering them;
- g) in the case of class 18 provided for in Annex no. 1 section A, the resources necessary to provide assistance.

(2) For the first 3 financial years, the business plan contains:

- a) a forecast balance sheet and the estimated values of the SCR and MCR;
- b) the methods used to calculate the values referred to in point (a);
- c) estimates of the financial resources to cover the technical reserves, SCR and MCR;
- d) **for the general insurance and reinsurance activity:**
 - 1. (i) estimates of expenditure other than those referred to in point (f) of paragraph 1, in particular of current overheads and fees;
 - 2. (ii) estimates of the volume of premiums or contributions, as the case may be, and of the volume of claims;
- e) for life insurance activity, detailed estimates of income and expenses related to direct activity, acceptances and assignments in reinsurance.

Article 23: Shareholders and associates with qualified holdings

(1) For the purposes of Article 21(2), in the case of companies listed on the capital market, in the process of evaluating the proposed acquisition, the voting rights of significant shareholders shall be

valued in accordance with the provisions of the specific legislation in Romania.

(2) Voting rights or shares held by investment firms or credit institutions as a result of the subscription of financial instruments and their placement on the basis of a firm commitment shall not be taken into account, subject to the following conditions:

- a) not to be exercised or used to intervene in the administration of the company's activity;
- b) to be transferred within one year from the date of acquisition.

Article 24: Rejection of the application for the granting of the operating permit

(1) A.S.F. rejects the request for granting the operating authorization if:

- a) the conditions set out in Article 21 are not met;
- b) It is apparent from the information submitted in accordance with Article 21(2) that the company's management is not guaranteed as a result of the quality of the shareholders or partners.

(2) A.S.F. thoroughly motivates the decision to reject the granting of the operating authorization, which it sends to the companies.

(3) If the FSA rejects the granting of the operating permit or, within 6 months from the date of receipt of the request, the FSA does not communicate to the companies any decision regarding the received request, the companies may file a complaint with the Bucharest Court of Appeal, Administrative and Tax Litigation Section.

CHAPTER IV: Carrying out the activity

SECTION 1: General provisions

Article 25: General provisions

(1) The management of the companies is responsible for complying with all the legal provisions in force.

(2) The management of the companies has the responsibilities provided for in letters a)-c) and, if the companies opt for the use of an internal model, it also has the responsibilities provided for in letters d) to f), as follows:

- a) coordinates the process of developing written policies, approves and orders their implementation;
- b) approves the report on solvency and financial statement, published in accordance with Section 4;
- c) establishes the actions and measures to be taken to streamline the activity, based on the

findings and recommendations of the internal audit function;

d) approves the submission to the headquarters of the A.S.F. of the application for the use of an internal model, according to the provisions of Article 82, and the submission of subsequent applications regarding major changes to the respective model;

e) orders the establishment of systems to ensure the proper and continuous functioning of the internal model;

f) ensure that the structure and functioning of the internal model are at all times adequate so as to reflect the risk profile.

(3) The companies shall submit to the A.S.F. the changes in the documents on the basis of which the operating authorization was granted, including in the situations mentioned in Article 20(13)(a).

(4) The insurers open and maintain a register of the petitions received.

(5) The companies use the emblem, logo, acronym or other identification elements only in the official documents and contracts issued or in the advertising materials used by their operational units.

(6) The companies process the personal data, including health data and tax identification code, of contractors, beneficiaries or, as the case may be, of injured third parties only for the purpose of carrying out the insurance activity, in compliance with Regulation (EU) no. 679/2016 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) and national legislation applicable to the field of data protection; The processing of personal health data shall be carried out under the conditions provided for in Article 9 of the aforementioned Regulation.

(7) Companies request the approval of the FSA if they intend to underwrite risks or assume commitments in third countries.

(8) A.S.F. can issue recommendations regarding the development of the companies' activity.

(9) The refusal to apply the recommendations provided for in paragraph (8) shall be documented and transmitted to the FSA by the date provided in the respective recommendations.

SECTION 2: Governance system

Article 26: Governance system

(1) In order to properly and prudently manage the business, companies shall establish and

apply a functional and efficient governance system so that:

- a) be established in accordance with the principle of proportionality;
- b) to represent an appropriate transparent organisational structure in which responsibilities are clearly assigned;
- c) be based on internal procedures for the efficient transmission of all information;
- d) to be regularly subject to internal control;
- e) be determined in accordance with this section;
- f) be based on critical functions, at least the actuarial, risk management, compliance and internal audit functions, which are considered key functions.

(2) Companies develop and implement written policies regarding:

- a) risk management, including for the criteria for applying the volatility premium if it requests the approval of the FSA according to the provisions of Article 166(1)(i);
- b) internal control;
- c) internal audit;
- d) outsourcing, where relevant;
- e) other written policies regarding the proper conduct of the activity.

(3) The written policies referred to in paragraph 2 shall be reviewed at least annually, adapted in the light of significant changes in the governance system and shall be subject to management approval.

(4) The companies adopt the necessary measures to ensure the continuity of the activity, as follows:

- a) develops plans for emergency situations;
- b) use appropriate and proportionate systems, resources and procedures;
- b¹) establishes and manages IT systems and networks in accordance with the provisions of Regulation (EU) 2022/2.554 of the European Parliament and of the Council of 14 December 2022 on the digital operational resilience of the financial sector and amending Regulations (EC) no. 1.060/2009, (EU) no. 648/2012, (EU) no. 600/2014, (EU) no. 909/2014 and (EU) 2016/1.011;
- c) identify emerging risks that may affect their financial stability;
- d) optimises and strengthens the governance system in order to ensure that the requirements of this section are complied with at all costs.

(5) Companies shall submit to the FSA the information referred to in paragraphs 1 to 4 so that it can assess the governance system and verify the extent to which the requirements mentioned in

this section are met.

(6)The FSA may issue recommendations on how to comply with the requirements set forth in this section and how to apply the adopted written policies.

(7)The refusal to apply the recommendations provided in paragraph (6) shall be documented and transmitted to the FSA by the date provided in the respective recommendations.

Article 27: Requirements of professional competence and moral probity

(1)Companies have the obligation to ensure that the persons who effectively run the company, those who hold key or other critical functions meet the following requirements at all times regarding:

- a)professional competence: training, qualifications and experience are compatible with the correct and prudent management of the company;
- b)moral probity: good reputation and moral integrity.

(2)The companies ask the A.S.F. for the approval of the persons who are part of the management.

(3)The companies shall notify the FSA about the change of persons referred to in paragraph (1) and shall transmit the information on the basis of which the newly appointed persons are assessed, regarding the fulfillment of the requirements of professional competence and moral probity.

(4)Companies shall notify the FSA if the replacement of one of the persons referred to in paragraph (1) is carried out because the person no longer meets the requirements of professional competence and moral probity.

(5)The FSA requires the persons mentioned in paragraph (1), Romanian citizens, to prove moral probity and the fact that the bankruptcy of some entities is not attributable to them, by presenting the criminal record and the tax record.

(6)In the case of citizens residing in the other Member States, the proof referred to in paragraph 5 may be one of the following:

- a)extract from the criminal record;
- b)an equivalent document issued by a competent judicial or administrative authority of the Member State or the State of origin of the person concerned;
- c)declaration under oath or solemn declaration given before an authority or a notary, attested by a certificate;
- d)declaration under oath or solemn declaration given before an association, professional or

commercial body of the Member State concerned.

(7) The documents mentioned in paragraph (6) shall be submitted to the FSA within 3 months from the date of their issue.

Article 28: Risk management

(1) Companies establish a functional and efficient risk management system, as an important tool in the decision-making process, so that:

- a) include reporting strategies, processes and procedures;
- b) to facilitate the identification, assessment, monitoring, management and reporting of risks faced by companies or potential risks and interdependencies between them;
- c) to be properly integrated into the organisational structure;
- d) to provide well-defined standards for the persons who actually conduct the activity, hold key or other critical functions.

(2) The risk management system shall take into account the risks to be included in the calculation of the CRS, the risks partially included or excluded and shall cover the following activities:

- a) subscription and calculation of technical reserves;
- b) asset-obligation management;
- c) investment strategy, in particular with regard to derivatives and similar commitments;
- d) liquidity and concentration risk management;
- e) operational risk management;
- f) reinsurance and other risk minimization techniques.

(3) Companies shall develop written policies that include procedures on the risk management of all activities referred to in paragraph 2 and, for investment risk, demonstrate that they comply with the 'prudent person' principle set out in Article 97.

(4) Companies establish the risk management function, structured in such a way as to facilitate the functional and efficient implementation of the risk management system.

(5) Where companies apply the balancing premium referred to in Article 55(2) to (6) or the volatility premium referred to in Article 55(8) to (16), they shall establish a liquidity plan that includes projections of inflows and outflows related to assets and obligations, to which those premiums apply.

(6) As regards the asset-obligation management, companies periodically assess:

- a) extrapolation of the timeframe of the risk-free interest rate referred to in Article 55(1), the

sensitivity of technical reserves and eligible own funds to the underlying assumptions;

b) where it applies the balancing premium provided for in Article 55(2) to (6):

1. (i) the sensitivity of technical reserves and eligible own funds to the assumptions underlying the calculation of the balancing premium, including the calculation of the historical credit spread referred to in point (b) of Article 55(6), and the possible effect of a forced sale of assets on eligible own funds;
2. (ii) the sensitivity of the technical reserves and eligible own funds to changes in the structure of the allocated asset portfolio;
3. (iii) the impact of the reduction of the balancing premium to zero;

c) where it applies the volatility premium provided for in Article 55(8) to (16):

1. (i) the sensitivity of technical reserves and eligible own funds to the assumptions underlying the calculation of the volatility premium and the possible effect of a forced sale of assets on eligible own funds;
2. (ii) the impact of reducing the volatility premium to zero.

(7) Where companies take into account external credit assessments for the purpose of calculating technical provisions and SCRs, they shall assess their adequacy by using additional assessments whenever possible.

(8) Where companies use an internal model, approved in accordance with Articles 82 and 83, the risk management function is responsible for the following tasks related to the internal model:

- a) design and implementation;
- b) testing and validation;
- c) documentation, including post-approval changes;
- d) analysis of the functioning and elaboration of the synthesis report;
- e) informing management about the operation of the model, the components that require optimization and how to remedy the previously determined deficiencies.

Article 29: Self-assessment of risks and solvency

(1) Within the risk management system, companies carry out the risk and solvency self-assessment, hereinafter referred to as the ORSA, by which they determine at least:

- a) the general solvency needs, depending on the specific risk profile, the approved risk tolerance limits and the strategy adopted;
- b) the permanent compliance with the SCR, the RCM and the requirements regarding the

technical reserves provided for in chap. V, section 2;

c) the degree of significance of the deviation of the risk profile from the assumptions underlying the calculation of the CRS.

(2) For the purposes of paragraph 1(a), companies shall establish processes for the identification and assessment, by means of documented methods, of known or potential risks, in accordance with the principle of proportionality.

(3) Companies shall assess compliance with the SCR and MCR both if the chosen method is taken into account and if it is not taken into account if they apply one of the following methods:

a) the balancing premium provided for in Article 55(2) to (6);

b) the volatility premium referred to in Article 55(8) to (16);

c) transitional measures provided for in Articles 167 and 168.

(4) If the company uses an internal model, the assessment in accordance with paragraph 1(c) shall be carried out with the recalibration, which converts the values calculated by the internal model into the risk measure, and the corresponding SCR calibration.

(5) The ORSA is carried out regularly, at least annually and whenever the risk profile is significantly modified, and its results are an integral part of the business strategy and represent an important tool in the decision-making process.

(6) The ORSA is not used for the calculation of capital requirements.

Article 30: Internal control system

(1) Companies shall establish an internal control system that includes:

a) general control framework;

b) compliance function;

c) administrative and accounting procedures;

d) reporting procedures at all levels.

(2) The responsibilities of the compliance function set out in paragraph 1(b) include:

a) advising the management on how to apply the legal provisions;

b) identification and assessment of the risk of non-compliance;

c) assessing the impact that changes to the legislative framework may have on the activity.

Article 31: Internal audit

Companies establish an internal audit function, objective and independent of operational

functions, having the following responsibilities:

- a) assessing the adequacy and functionality of the internal control system and other elements of the governance system;
- b) transmitting findings and recommendations to management;
- c) monitoring the implementation of the actions established by the management following the findings and recommendations submitted.

Article 32: Actuarial function

(1) Companies shall establish a functional actuarial function with the following responsibilities:

a) coordinating the process of calculating technical reserves by:

1. (i) the use of appropriate methodologies, models and assumptions;
2. (ii) assessing the adequacy of the data used quantitatively and qualitatively;
3. (iii) supervising the calculation of technical reserves in accordance with Article 59(2);

b) comparing the results of the best estimate with previous results;

c) informing the management about the accuracy and adequacy of the calculation of the technical reserves;

d) expressing a point of view regarding the general underwriting policy and the adequacy of the reinsurance contracts;

e) effective implementation of the risk management system described in Article 28, in particular by contributing to the modelling of the risks underlying the calculation of the SCR, RCM and ORSA.

(2) The duties of the actuarial function are performed by persons who possess sufficient knowledge of actuarial mathematics, financial mathematics and relevant experience, both in relation to professional standards and other applicable standards.

Article 33: Outsourcing

(1) If they outsource activities or functions, companies remain responsible for complying with the legal provisions.

(2) The outsourcing of critical or significant operational functions or activities shall be carried out in such a way as not to determine:

- a) significant deterioration in the quality of the governance system;
- b) significant increase in operational risk;

- c)the inability of the FSA to monitor the way in which companies comply with their obligations;
 - d)discontinuities in the provision of quality services to contractors.
- (3)Companies notify A.S.F. of the intention to outsource critical or significant functions or activities and the significant developments of those functions or activities.

SECTION 3:Supervisory process

Article 34: Principles

- (1)A.S.F. permanently analyzes and evaluates the written policies, processes and reporting procedures established by the companies according to the legal provisions.
- (2)The FSA analyzes and evaluates the way in which companies comply with the requirements regarding the following:**
- a)the governance system;
 - b)the manner of carrying out the ORSA and using its results;
 - c)the ability of companies to estimate risks according to the environment in which they operate;
 - d)known or potential risks;
 - e)The technical reservations provided for in chap. V, section 2;
 - f)SCR and MCR;
 - g)investments, according to Article 97;
 - h)the quality and quantity of the own funds provided for in chap. V, section 3;
 - i)The internal model provided for in chap. V, section 4, subsection 4.3;
 - j)the manner in which non-life insurance and life insurance activities are administered separately in accordance with Article 49;
 - k)other elements established by the legal provisions.
- (3)In the supervisory process, the FSA requires companies to remedy the financial situation if it finds its deterioration and to adopt the necessary measures to remedy other identified deficiencies; for the purpose of ascertaining and monitoring the evolution of the financial situation, the FSA may also use the information requested from external experts pursuant to Article 37(5) and may issue regulations by which it develops tools to identify the deterioration of the financial situation and to monitor the way in which the deterioration is remedied.
- (4)A.S.F. assesses the adequacy of the methods and practices developed by companies in order to identify potential events or changes in economic conditions with adverse effects on their overall financial situation; also, the FSA assesses the capacity of the companies to cope with the respective events or changes.

(5)The FSA shall establish the frequency and granularity of the analyses and evaluations referred to in paragraphs (1), (2) and (4), taking into account the principle of proportionality.

Article 35: Solvency capital increase

(1)Following the conclusions of the supervisory process, the FSA may impose and establish, by reasoned decision, a solvency capital increase, only in the following situations:

- a)the risk profile deviates significantly from the assumptions underlying the SCR calculated using the standard formula in accordance with Chap. V section 4, subsection 4.2, and the use of an internal model, in whole or in part, imposed by the FSA in accordance with Article 87, is considered inappropriate or has proven to be ineffective;
- b)during the period in which the companies develop an internal model, imposed by the FSA in accordance with Article 87;
- c)the risk profile deviates significantly from the assumptions underlying the SCR calculated with an internal model, in accordance with chap. V, Section 4, subsection 4.3, as certain quantifiable risks are not sufficiently captured and the internal model cannot be adapted, within an acceptable period of time, to adequately reflect the risk profile;
- d)The governance system deviates significantly from the requirements set out in chap. IV, Section 2, which prevents the company from properly identifying, measuring, monitoring, managing and reporting current and potential risks, and the application of other measures cannot sufficiently remedy the deficiencies within an acceptable period of time;
- e)companies shall apply the balancing premium set out in Articles 55(2) to (6), the volatility premium set out in Articles 55(8) to (16) or the transitional measures set out in Articles 167 and 168 and the risk profile deviates significantly from the assumptions underlying them.

(2)The Solvency Capital Increase shall be calculated in such a way that:

- a)companies to comply with the provisions of Article 72(2) to (4), in the cases referred to in paragraph (1)(a)-(c);
- b)be proportionate to the material risks arising from the identified deficiencies, in the case referred to in point (d) of paragraph 1;
- c)be proportionate to the material risks arising from the deviations recorded, in the case referred to in paragraph 1(e).

(3)In the cases referred to in paragraph (1)(c) and (d), the FSA shall monitor the way in which the companies remedy the deficiencies that led to the imposition of the Solvency Capital Increase.

(4) When the FSA imposes a solvency capital increase in accordance with paragraph (1), it shall verify at least annually whether the companies have remedied the identified deficiencies and shall adopt the necessary measures to eliminate it, where appropriate.

(5) The SCR that includes the Solvency Capital Increase required in accordance with paragraphs 1 and 2 shall replace the inadequate SCR.

(6) Without prejudice to paragraph 5, the Solvency Capital Increase required in the case referred to in point (d) of paragraph 1 shall not be included in the CRS for the purpose of calculating the risk margin referred to in Article 54(6).

Article 36: Outsourced functions and activities

Companies that outsource functions or activities according to the provisions of Article 33 impose the following conditions on the service provider:

- a) to cooperate with the A.S.F.;
- b) to allow companies, their auditors and FSA effective access to data on the outsourced function or activity;
- c) to allow the A.S.F. access to the premises where it carries out its activity;
- d) to create conditions for the A.S.F. to exercise its attributions.

Article 37: Information submitted to A.S.F. during the surveillance process

(1) The companies shall submit to the FSA the information necessary for the supervision process described in this section, based on which it performs the following activities:

a) Rating:

1. (i) the governance system in place;
2. (ii) the activities carried out;
3. (iii) the valuation principles applied with regard to solvency;
4. (iv) the risks and the risk management system;
5. (v) capital structure, capital requirements and capital management;

b) appropriate decisions as a result of the supervisory process.

(2) The companies shall submit annually to the FSA the evaluations provided for in Article 28(6), including an ORSA report.

(3) If the reduction of the balancing premium or the volatility premium to zero determines non-compliance with the SCR, the companies shall submit to the FSA the analysis of the measures

adopted to restore the level of eligible own funds covering the SCR or to reduce the risk profile so as to ensure compliance with the SCR again.

(4)The FSA shall establish the nature, granularity and format of the information referred to in paragraph (1), which the companies submit:

- a)at predefined time intervals;
- b)in case of predefined events;
- c)during the performance by the A.S.F. of assessments on the financial stability of companies.

(5)A.S.F. requests information on contracts concluded with intermediaries or third parties; also, the FSA asks external experts, such as auditors or actuaries, for information necessary for the supervisory process; The transmission of information does not constitute a breach of professional secrecy imposed by contractual clauses or by the provisions of national law and does not entail liability of audit firms or members of the audit team.

(6)The information referred to in paragraphs 1 to 5 shall include the following:

- a)quantitative and qualitative elements;
- b)historical, current or prospective elements;
- c)data from internal or external sources;
- d)an appropriate combination of the elements and data referred to in points (a) to (c).

(7)The information referred to in paragraphs 1 to 5:

- a)reflects the principle of proportionality applied to the activity carried out, in particular the risks inherent in it;
- b)are complete in all significant aspects, comparable and consistent over time;
- c)are submitted in an accessible format;
- d)are understandable and relevant.

(8)In order to comply with the requirements set out in paragraphs (1) and (4) to (7), companies shall establish written policies, systems and structures that ensure at all times that the information transmitted to the FSA is adequate.

(9)Without prejudice to the provisions of Article 96, if the interval at which the information is transmitted is less than one year, the FSA may limit its granularity, if:

- a)the process of transmitting information shall be onerous, under the conditions referred to in paragraph 13;
- b)This information shall be included in the annual reporting.

(10)The FSA may limit the transmission of information or exempt companies from

submitting all reporting indicators, if:

- a) the process of transmitting information shall be onerous under the conditions referred to in paragraph 13;
- b) the transmission of that information does not reduce the efficiency of the supervisory process;
- c) that exemption shall not affect the stability of financial systems at Member State level;
- d) They may transmit that information on an ad hoc basis.

(11) The provisions referred to in paragraphs 9 and 10 shall apply to companies belonging to a group only if they demonstrate that the transmission of information at intervals of less than one year is inappropriate in relation to the principle of proportionality applied to the risks of the group's activity.

(12) The limitations and exemptions referred to in paragraphs 9 and 10 shall be granted, in ascending order, to companies representing up to 20% of the non-life insurance market share, calculated on the basis of PBS, respectively up to 20% of the life insurance market share, calculated on the basis of gross technical provisions.

(13) The FSA assesses whether the process of transmitting information is onerous in relation to the principle of proportionality, taking into account the following:

- a) the volume of premiums, technical reserves and assets;
- b) the volatility of the damages and benefits covered by the company;
- c) market risk generated by investments;
- d) level of risk concentration;
- e) the total number of life and general insurance classes authorized;
- f) the possible effects of asset management on financial stability;
- g) the elements referred to in paragraph 8;
- h) the adequacy of the governance system;
- i) the level of own funds covering SCR and MCR;
- j) the fact that they are captive societies;
- k) other aspects provided by the legal provisions.

Article 38: Portfolio transfer

(1) A.S.F. approves the transfer of all or part of the portfolio of contracts of companies, concluded including on the basis of the right of establishment or the freedom to provide services, to assignee companies with headquarters on the territory of Romania only if they, after taking over the portfolio, have eligible own funds to cover SCR.

(2) The FSA approves the transfer of all or part of the portfolio of contracts of companies, concluded including on the basis of the right of establishment or the freedom to provide services, to transferee companies established in other Member States.

(3) The portfolio transfer referred to in paragraph (2) shall be approved by the FSA only if:

- a) the supervisor in the Member State of the transferee companies certifies that they, after taking over the portfolio, have eligible own funds to cover the SCR;
- b) supervisors in the Member States of the branches of the transferor companies or in the Member States where the companies operate on the basis of the freedom to provide services give their consent to that transfer.

(4) At the request of a supervisor in a Member State, in the event of a transfer in whole or in part of the portfolio of contracts, concluded including on the basis of the right of establishment or the freedom to provide services, of a ceding company with its head office in the Member State, respectively, the FSA, within 3 months:

- a) if the transferee company is established on the territory of Romania, certifies that the transferee company, after taking over the portfolio, has or does not have eligible own funds to cover the SCR, unless it is in the situations provided for in Article 99(2) and (3) and Article 100(2);
- b) expresses its agreement or disagreement that the transfer includes the portfolio of branches established on the territory of Romania or the contracts concluded by the transferor companies on the territory of Romania based on the freedom to provide services.

(4¹) The absence of a response from the supervisors consulted within 3 months is considered tacit agreement.

(5) The portfolio transfer approved according to this Article shall be notified by the transferee company to the contractors and other persons who have rights and obligations from the transferred contracts within the term established by the decision approving the portfolio transfer, the contractors having the right to terminate the contracts and to request the refund of the premiums paid in advance and related to the unexpired period of validity.

SECTION 4: Financial Statement and Solvency Report

Article 39: Content

(1) Companies, taking into account the provisions of Article 37 (6) and (7), shall publish an annual report on solvency and financial situation, which shall include the information in full or make references to equivalent information published pursuant to other legal provisions.

(2)The report referred to in paragraph 1 shall include information on:

- a)activity and performance;
- b)the governance system and the assessment of its adequacy to the risk profile;
- c)sensitivity and exposure to risks, their minimization and concentration, each of which is broken down by risk categories;
- d)the bases and methods used for the valuation of assets, technical provisions and other obligations, separately for each of them, together with explanations in case there are major differences between them and those used for the valuation of assets, technical provisions and other obligations in the financial statements;
- e)**capital management, in relation to the following:**
 - 1. (i) the structure, value and quality of own funds;
 - 2. (ii) the value of the SCR and the RCM;
 - 3. (iii) the main differences between the assumptions underlying the standard formula and those on which the internal model used for the calculation of the SCR is based;
 - 4. (iv) the significant amount with which the SCR was not complied with and the amount with which the MCR was not complied with during the reporting period, even if the situation has been remedied.

(3)The data referred to in paragraph (2)(e)(iv) shall be accompanied by explanations of the causes and consequences of non-compliance with the RCS and RCM, as well as the remedial measures adopted.

(4)Where the balancing premium is used in accordance with Article 55(2) to (6), the information referred to in point (d) of paragraph 2 shall include:

- a)description of the balancing premium;
- b)the portfolio of obligations and assets allocated to which it is applied;
- c)quantifying the impact of the reduction of the balancing premium to zero on the financial statement.

(5)Where the volatility premium is used in accordance with Article 55(8) to (16), the information referred to in point (d) of paragraph 2 shall include:

- a)the declaration on its use;
- b)quantifying the impact of the reduction of the volatility premium to zero on the financial statement.

(6)The information referred to in paragraph 2(e)(i) shall include the analysis of material changes

compared to the previous reporting period, an explanation of major differences in the value of own funds items in the financial statements and a brief description of the transferability of capital.

(7)The information on CRS and RCM referred to in paragraph (2)(e)(ii) shall separately highlight:

- a)calculated according to the standard formula or internal model;
- b)the amount of the Solvency Capital Increase, if applicable;
- c)the impact of the specific parameters used following the decision of the FSA issued under Article 81 and concise explanations on how the FSA motivated its decision.

(8)The information on the SCR is accompanied, if applicable, by the mention that its final value is being evaluated by the A.S.F.

(9)Insurers offering insurance-based investment products comply with the applicable provisions of Regulation (EU) no. 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability disclosures in the financial services sector.

Article 40: Applicable principles

(1)The FSA allows companies not to publish certain information, except for those provided for in Article 39(2)(e), when:

- a)the publication of that information infringes the principle of competition;
- b)There are certain obligations towards contractors or certain relationships with counterparties, which oblige them to respect confidentiality.

(2)The FSA allows companies to refer to information already published in accordance with other legal provisions, as long as it is equivalent, in nature and granularity, to the information provided for in Article 39.

(3)If the FSA allows the non-publication of certain information in accordance with paragraph (1), the companies shall provide for this in the report and explain the reasons.

Article 41: Further information and report update

(1)Companies shall additionally disclose information on the nature and effects of material changes affecting the relevance of the information disclosed in accordance with Articles 39 and 40.

(2)Significant changes within the meaning of paragraph 1 shall be considered to be one of the following situations:

a) if the RCM is no longer complied with, and the FSA considers that the companies cannot present a realistic short-term financing plan or they do not submit it to the FSA within one month from the date of finding the non-compliance with the RCM;

b) if the degree of significance of the non-compliance with the CRS is high, the companies do not submit to the FSA a realistic recovery plan within two months from the date of finding the non-compliance with the CRS.

(3) In the situations referred to in paragraph (2), the companies shall immediately publish:

a) the value with which the SCR is not respected and explanations regarding its causes and consequences;

b) the value with which the RCM is not complied with and explanations regarding its causes and consequences;

c) remedial measures adopted.

(4) If the deficiency referred to in paragraph 2(a) is not remedied within 3 months and the deficiency referred to in paragraph 2(b) within 6 months and those plans prove ineffective at the end of those periods, the companies shall publish this, including the new remedial measures planned.

(5) In addition to the requirements set out in Articles 39 and 40, companies may also publish other information on solvency and financial situation.

Article 42: Strategy and approval

(1) Companies shall put in place appropriate systems and structures to ensure compliance with the requirements set out in Articles 39 to 41 and shall adopt strategies for the continuous adequacy of that information.

(2) The report on solvency and financial situation is published only after it is approved by the management of the companies.

SECTION 5: Qualifying Holdings

Article 43: Procurement

(1) Potential purchasers submit to A.S.F. the acquisition project drawn up in accordance with the legal provisions, indicating the size of the stake to be held.

(2) Shareholders who intend to transfer, directly or indirectly, a qualifying participation shall notify A.S.F. of that intention, mentioning the share of the participation held following the transfer.

(3)The notification referred to in paragraph (2) shall also be made if the shareholders reduce their qualified shareholding in a company, so that:

- a)voting rights or capital held falls below 20%, 33% or 50%;
- b)the company ceases to be their subsidiary.

Article 44: Evaluation deadline

(1)The FSA shall send to the potential buyer, within two working days, a confirmation of receipt of the procurement project or of the information referred to in paragraphs (2) and (3), in which it mentions the expiry date of the project evaluation period.

(2)During the evaluation period, but no later than the 50th working day, the FSA may request the potential buyer to submit, within 20 working days, additional documents and information necessary for the completion of the evaluation of the procurement project.

(3)The evaluation period shall be interrupted between the date of the written request for the additional information referred to in paragraph 2 and the date of receipt thereof; In case of subsequent requests, the evaluation deadline is no longer interrupted.

(4)The period of interruption of the valuation period may be extended up to a maximum of 30 working days if the potential acquirer is established and regulated in a third country or is not supervised by a competent authority in the field of finance in a Member State.

(5)The decision approving the procurement project issued by the FSA may mention a deadline for its completion, which may be extended by the FSA when necessary.

(6)If, following the evaluation, the FSA does not approve the procurement project, it communicates to the potential buyer the well-reasoned decision, within two working days from its adoption; A.S.F. publishes that decision when it deems it necessary.

(7)The procurement project shall be considered approved if the FSA does not communicate to the potential purchaser, within the evaluation period, the decision referred to in paragraph (6).

(8)The decision referred to in paragraph 6 may be challenged in accordance with the provisions of Article 165.

Article 45: Evaluation

(1)A.S.F. assesses the impact of the potential acquirer on the correct and prudent management of the company targeted by the acquisition project, based on the following criteria, cumulatively:

- a)the moral probity of the potential buyer;

- b) the financial stability of the potential acquirer, in particular in relation to the activity carried out by the company at the time and the activity described in the acquisition project;
- c) the moral probity and professional experience of the persons who are to have management responsibilities as a result of the procurement project;
- d) the company's ability to comply with the legal provisions and national legislation on the additional supervision of insurance groups and financial conglomerates, according to the Government Emergency Ordinance no. 98/2006, approved with amendments and completions by Law no. 152/2007, with subsequent amendments and completions;
- e) the existence of reasonable grounds to suspect, in relation to the proposed acquisition, that a money laundering or terrorist financing operation is ongoing, has taken place or is being attempted to be committed, or that the proposed acquisition could increase the risk in relation to them, within the meaning of Law no. 656/2002 for the prevention and sanctioning of money laundering, as well as for the establishment of measures to prevent and combat the financing of terrorism, republished, with subsequent amendments.

(2) The FSA may refuse to approve the procurement project only if there are reasonable grounds to do so, in accordance with the criteria set out in paragraph (1), or if the information provided by the potential buyer is incomplete.

(3) The procurement project is drawn up according to the list of information necessary for its evaluation, published by A.S.F. on its website in accordance with Article 8(2)(a); this information is relevant and proportionate to the nature of the potential buyer and the acquisition project and is sent to the FSA together with the notification according to Article 43.

(4) Without prejudice to the provisions of Article 44(1) to (4), the FSA shall evaluate in a non-discriminatory manner the acquisition projects notified by several potential purchasers for the same company.

(5) In the process of evaluating the acquisition project, in the case of companies listed on the capital market, the voting rights of the shareholders are evaluated in accordance with the provisions of the specific legislation in Romania.

Article 46: Acquisitions made by regulated financial entities

The decision issued by the FSA on a procurement project in the cases referred to in Article 10(10) shall state the point of view or reservations expressed by the supervisory authority of the potential purchaser.

Article 47: Information submitted by companies

(1) The companies inform the A.S.F. in connection with the acquisition or disposal of shareholdings that lead to the modification of the participation thresholds of 20%, 33% or 50% of the shareholders or associates.

(2) The companies shall communicate to the A.S.F., at least annually:

a) the identity of the shareholders or associates holding qualifying shareholdings;

b) the amount of the participations held, in accordance with:

1. (i) the register of shareholders;
2. (ii) the specific legislation applicable to companies listed on the capital market.

Article 48: The measures adopted by the A.S.F.

The FSA shall adopt the measures provided for in Article 163(6), (7), (9) and (10), second sentence, if it considers that the influence exerted by the persons referred to in Article 43 is likely to prejudice the correct and prudent management of the company, or if they have not submitted the acquisition project to the FSA or have not notified the FSA of the intention to acquire or transfer.

SECTION 6: Simultaneous performance of non-life insurance and life insurance activity

Article 49: Separate management of activities

(1) Composite insurers and those who have obtained authorisation following the request referred to in Article 20(5):

a) administers the non-life insurance and life insurance activity separately, so that the contractors' rights are respected;

b) organizes and manages accounting records separately for the two insurance categories;

c) directly highlights the assets and liabilities, income and expenses on the two insurance categories;

d) uses substantiated distribution keys, in compliance with the specific legislation applicable to assets and liabilities, income and expenses that cannot be directly highlighted;

e) have procedures, approved by the management, regarding the allocation of assets and liabilities, income and expenses and the principles underlying the determination of the distribution keys for those elements that cannot be allocated directly;

f) the distribution keys approved by the management are notified and approved by the FSA and are maintained at least during one financial year.

(2) Without prejudice to Articles 72(1) and 95(1), the insurers referred to in paragraph 1

shall calculate, on the basis of separate records:

- a) notional MCR for life insurance activity;
- b) Notional MCR for non-life insurance activity.

(3) The insurers referred to in paragraph 1 shall at all times hold basic own funds items to cover the notional RCMs referred to in paragraph 2 and may not use basic own funds items related to one activity to cover the RCMs of the other activity.

(4) The insurers referred to in paragraph 1 may use items from the surplus of eligible own funds related to one activity to cover the SCR of the other activity, under the following conditions:

- a) Notional RCMs are respected;
- b) asks for the approval of the A.S.F. in this regard.

(5) On the basis of the accounting records, the insurers referred to in paragraph 1 shall determine the items to be classified, for each notional RCM, into Common Equity Tier 1 and Tier 2 in accordance with Article 71(4).

(6) If the value of the eligible basic equity items related to one of the activities is insufficient to cover the respective notional RCM, the FSA shall impose measures to remedy the situation of the deficient activity, in accordance with the legal provisions, regardless of the results of the other activity, as if that activity were carried out by a separate entity; by way of exception to the prohibition on not using core capital items related to one activity to cover the RCM of the other activity, set out in paragraph 3, such measures may include the approval by the FSA of an explicit transfer of eligible core capital items from one activity to another.

Article 50: Specific provisions

(1) Insurers authorised following the request referred to in Article 20(5) shall comply with the accounting regulations relating to life insurance for all activities carried out.

(2) Insurers who practice non-life insurance and have financial, commercial and administrative links with life insurance insurers do not conclude contracts or other agreements with them that have a negative impact on their financial situation.

SECTION 7: External auditors

Article 51: Duties of external auditors

(1) Companies submit the financial statements or consolidated financial statements to a statutory audit carried out by financial audit firms that are members of the Chamber of Financial Auditors

of Romania, with the approval of A.S.F.

(2)The FSA may require companies to carry out an audit for a purpose other than that provided for in paragraph (1) and may establish the standards applicable in that situation.

(3)Financial audit firms shall have adequate experience and independence and their employees shall comply with the requirements referred to in Article 27.

(4)The audit team referred to in paragraph 1 shall include at least one actuary who meets the conditions described in Article 32(2) and who has not concluded a contract with another company or entity that is part of the same group as the audited company.

(5)During the performance of the statutory audit mission of the companies, the audit team has the obligation to inform the A.S.F. at the time of ascertaining the significant aspects that may have one of the following consequences:

a)violation by companies of the legal provisions regarding the conditions of authorization and carrying out the activity;

b)potential risks of discontinuity in the performance of the activity;

c)affecting the patrimonial situation;

d)expressing a qualified opinion on the financial statements or refusing to provide an opinion;

e)non-compliance with the SCR;

f)non-compliance with the MCR.

(6)The financial auditors, during the exercise of their duties in an entity that has close links with a company of which they carry out the statutory audit, inform the FSA about the aspects related to the audited company, at the request of the FSA or at the time of ascertaining these facts.

(7)The information referred to in paragraphs 5 and 6 shall be transmitted by the financial auditors and to the management of the audited companies, unless there are good reasons compelling them not to do so.

(8)The transmission of the information referred to in paragraphs 5 and 6 shall not constitute a breach of professional secrecy required by contractual clauses or by the provisions of national law and shall not entail the liability of audit firms or members of the audit team.

(9)A.S.F. may request from the audit team details, clarifications or explanations regarding the financial statements of the audited companies or the audit activity carried out, as well as the documents prepared by it if the clarifications are considered insufficient.

(10)A.S.F. informs the Chamber of Financial Auditors of Romania about the non-compliance by the financial auditors with the provisions of paragraphs (5) and (6), in order to adopt the

necessary measures to remedy the situation.

CHAPTER V: Solvency

SECTION 1: Valuation of assets and obligations

Article 52: Valuation of assets and obligations

Companies value their assets and liabilities as follows:

- a) assets, at the value at which they could be traded between counterparties in an objective transaction;
- b) obligations, at the amount at which they could be transferred or settled between counterparties in an objective transaction, without an adjustment for credit deterioration.

SECTION 2: Technical reserves

Article 53: General provisions

- (1) The companies constitute technical reserves to cover all their obligations towards the contractors and the beneficiaries of the contracts.
- (2) The value of the technical reserves corresponds to the current amount that companies would pay to other companies if they were to immediately transfer their obligations to them.
- (3) The calculation of technical provisions, carried out prudently, reliably and objectively, is based on the information provided by the financial markets and generally available data on underwriting risk, according to the realistic approach.
- (4) Companies shall calculate technical reserves in accordance with Article 54 in accordance with the conditions laid down in paragraphs 2 and 3 and 52.

Article 54: Calculation of technical reserves

- (1) The value of the technical reserves shall be equal to the sum of the best estimate and the risk margin set out in paragraphs 2 to 5 and 6 respectively.
- (2) The best estimate corresponds to the probability-weighted average of future cash flows, taking into account the time value of money and using the relevant time structure of the risk-free interest rate; The time value of money is understood as the estimated present value of future cash flows.
- (3) The calculation of the best estimate shall be carried out by relevant and appropriate actuarial and statistical methods, on the basis of credible and up-to-date information and on the basis of

realistic assumptions.

(4)The cash flow projection used to calculate the best estimate takes into account all the inflows and outflows necessary to cover the obligations over their lifetime.

(5)The best estimate is calculated at gross value, without the deduction of receivables from reinsurance or investment vehicles that are calculated separately, according to the provisions of Article 58.

(6)The risk margin is calculated in such a way as to guarantee a sufficient amount of technical reserves, which companies would need to be able to assume and cover their obligations.

(7)The best estimate and the risk margin shall be calculated separately, unless the cash flows associated with the bonds can be adequately replicated through the use of financial instruments with an observable and reliable market value, so that the value of the technical reserves is calculated on the basis of the market value of those instruments.

(8)If the risk margin is calculated separately, it is based on the cost of capital equal to the SCR required to cover the obligations over their lifetime.

(9)The rate used by companies to determine the cost of capital referred to in paragraph 8 shall be the additional, periodically revised rate to the relevant risk-free interest rate necessary to maintain eligible own funds covering SCRs.

Article 55: Long-term guarantees

(1)The relevant timeframe of the risk-free interest rate is derived from financial instruments and bonds whose maturities materialize in a diversified, liquid and transparent market; otherwise, that structure shall be extrapolated as follows:

- a)on the basis of the forward rates of the longest maturities for financial instruments and bonds observable in a diversified, liquid and transparent market, which emerge uniformly from a set of forward rates and converge towards the last forward rate;
- b)based on adjusted risk-free interest rates.

(2)Companies may, under the conditions referred to in point (h) of Article 166(1), apply a balancing premium to the relevant risk-free interest rate time structure in order to calculate the best estimate for a portfolio of life insurance or reinsurance obligations, including annuities arising from insurance or non-life reinsurance, and under the following conditions:

- a)companies allocate an asset portfolio consisting of bonds and other assets with similar characteristics in terms of cash flows to cover the best estimate of the portfolio of insurance or

reinsurance obligations and to maintain that allocation throughout the life of the obligations, except for the purpose of maintaining the equivalence of the estimated cash flows, related to assets and obligations, if the cash flows have undergone significant changes;

b) the portfolios of assets and insurance or reinsurance obligations referred to in point (a) shall be identified, organised and managed separately from other activities of the company, and the portfolio of assets may not be used to cover losses arising from other activities;

c) the assets are held in the same currency in which the insurance or reinsurance obligations they cover are recorded and the inconsistencies that may arise do not give rise to significant risks added to the risks inherent in the activity to which the balancing premium is applied;

d) the contracts that form the portfolio of insurance or reinsurance obligations do not generate future premium payments;

e) the only underwriting risks related to the portfolio of insurance or reinsurance obligations are mortality risk, expense risk, revision risk and longevity risk;

f) in the case of mortality risk, the best estimate shall be increased by up to 5% under stress conditions, the calibration being in accordance with the provisions of Article 72(2) to (4);

g) the contracts that form the portfolio of insurance or reinsurance obligations do not include options for the contractors or only include the redemption option with a value up to the value of the assets related to that obligation at the time of redemption;

h) the cash flows related to the assets are fixed and cannot be changed by issuers or third parties;

i) The portfolio of insurance or reinsurance obligations includes all obligations related to the covered contracts, which cannot be divided.

(3) Without prejudice to point (h) of paragraph 2, companies applying a balancing premium may use assets with variable cash flows:

a) whether they are inflation-dependent in a similar way to bonds;

b) If the issuer or counterparty changes cash flows, the compensation received by companies allows them to reinvest in assets eligible to cover the bond portfolio and with equivalent or higher credit quality.

(4) Companies applying a balancing premium may not use any other method, and if the conditions referred to in paragraph (2) are no longer met, they shall immediately inform the FSA of the measures taken to remedy the situation within a maximum of two months from the date of the finding, and if this is not possible, they shall no longer use a balancing premium for a period of 24 months.

(5) Companies shall not use a balancing premium if they apply the volatility premium referred to

in paragraphs 8 to 16 or the transitional measure referred to in Article 167.

(6) For each currency, companies calculate the balancing premium in accordance with the following principles:

a) The balancing premium is strictly equal to the difference between the following elements:

1. (i) the accumulated annual rate, calculated as a single discount rate, which, when applied to the cash flows of the bond portfolio, results in a value equal to the value of the allocated asset portfolio;
2. (ii) the accumulated annual rate, calculated as a single discount rate which, when applied to the cash flows of the bond portfolio, results in a value equal to the best estimate that takes into account the value over time of money using the relevant timeframe of the risk-free interest rate;

b) the balancing premium does not include the historical credit margin that reflects the risks retained by the companies;

c) without prejudice to point (a), the historical credit margin shall be increased where necessary so that the balancing premium applied to assets with a lower credit quality does not exceed the balancing premium applied to assets with a higher credit quality, both asset classes having the same duration and being classified in the same class;

d) The use of external credit assessments for the calculation of the balancing premium shall be carried out in accordance with the legal provisions.

(7) The historical credit margin referred to in paragraph 6(c):

a) is equal to the sum of the following:

1. (i) the credit spread that corresponds to the probability of default of receivables on assets determined on the basis of long-term statistical data on assets with the same duration, credit quality and classified in the same class;
2. (ii) the credit margin that corresponds to the estimated loss due to the impairment of the quality of the assets;

b) in the case of exposures to Member States' governments and central banks, it is equal to at least 30% of the long-term average credit spread above the risk-free interest rate on assets of the same duration, credit quality and in the same class, observable in the financial markets;

c) in the case of assets other than the exposures referred to in point (b), is equal to at least 35% of the long-term average of the credit spread above the risk-free interest rate of assets of the same duration, credit quality and in the same class, observable in the financial markets;

d) corresponds to the percentages referred to in points (b) and (c) if a credible credit margin cannot be determined from the statistical data referred to in point (a)(i).

(8) The volatility premium applied to the relevant risk-free interest rate time structure for the purpose of calculating the best estimate, in accordance with point (i) of Article 166(1), shall be determined on the basis of the margin between the interest rate generated by the assets in a reference portfolio and the rates of the relevant risk-free interest rate time frame for each currency.

(9) The portfolio of assets referred to in paragraph 8 shall be representative of each currency and of the assets denominated in that currency and in which companies invest in order to cover the best estimate of the obligations held in the same currency.

(10) The amount of the volatility premium referred to in paragraph 8 shall be 65% of the risk-adjusted currency margin calculated as the difference between the margin referred to in paragraph 8 and the percentage of that margin attributed to the realistic assessment of estimated losses, unexpected credit risk or other risks inherent in the assets.

(11) The volatility premium referred to in paragraph 8 shall apply only to the interest rate points for which the extrapolation referred to in paragraph 1 does not apply; The extrapolation is made on the basis of the adjusted interest points.

(12) The increase referred to in paragraph 13 shall be made before the 65% referred to in paragraph 10 is applied.

(13) For each relevant jurisdiction, the volatility premium is increased by the difference between the risk-adjusted margin of jurisdiction and twice the risk-adjusted currency margin, if that difference is positive and the risk-adjusted margin of jurisdiction exceeds 85 basis points.

(14) The increased volatility premium in accordance with paragraph 13 shall apply only to products marketed in that jurisdiction.

(15) The risk-adjusted margin of jurisdiction shall be calculated in the same way as the risk-adjusted currency margin as per paragraph 10, with the benchmark pool being representative of assets that are denominated in the currency of that jurisdiction and that cover the best estimate of obligations related to products marketed in the jurisdiction concerned.

(16) As an exception to the provisions of Article 72, the SCR does not cover the losses recorded by the basic own funds following changes in the volatility premium.

(17) The companies shall use the following technical information published quarterly by EIOPA and requested by the European Commission, for each relevant currency:

- a) the relevant timeframe of the risk-free interest rate;
- b) the historical credit spread for the duration, credit quality and relevant asset classes;
- c) the volatility premium for each relevant national insurance market; Companies can apply the volatility premium only in respect of the national currencies and markets for which the directly applicable normative acts issued by the European Commission provide for it.

Article 56: Other elements for the calculation of technical reserves

(1) In the calculation of technical reserves, in addition to the elements provided for in Article 54, the following shall also be taken into account:

- a) all expenses related to the administration of insurance and reinsurance obligations;
- b) inflation, including for expenses and damages;
- c) payments to contractors and beneficiaries, including estimated, contractually guaranteed or non-contractual future discretionary benefits, unless payments fall under Article 66;
- d) the value of the financial guarantees and all contractual options included in the insurance and reinsurance contracts;
- e) the likelihood of contractors exercising contractual options.

(2) The assumptions used to determine the likelihood referred to in point (e) of paragraph 1 shall be realistic, shall be based on credible and up-to-date information and shall be established taking into account, explicitly or implicitly, the impact that any changes in financial and non-financial conditions may have on the exercise of those options.

Article 57: Segmentation

In order to calculate the technical reserves, companies segment the insurance and reinsurance obligations into homogeneous risk groups and, at least, by business lines.

Article 58: Receivables from reinsurance or investment vehicles

(1) Companies shall calculate receivables from reinsurance or investment vehicles in accordance with the provisions of Articles 53-57 and taking into account the interval between the moment of direct payment and the moment of actual recovery of those receivables.

(2) The result obtained in accordance with paragraph 1 shall be adjusted on the basis of the assessment of the probability of non-collection of receivables and the average losses thus resulted.

Article 59: Data quality and approximations used

(1) Companies shall establish procedures and processes in their application to ensure the adequacy, completeness and accuracy of the data used to calculate the technical reserves.

(2) Companies may use appropriate approximations to calculate the best estimate where they do not have sufficient data of adequate quality to apply an appropriate actuarial method to sets or subsets of insurance and reinsurance obligations or receivables from reinsurance or investment vehicles.

Article 60: Results obtained and previous experience

Companies shall establish procedures and processes in their application that allow the values of the best estimate and the assumptions established to be permanently compared with those obtained and previously established and, in the event of systematic differences, make adjustments to the actuarial methods used and/or to the assumptions established.

Article 61: Adequacy and increase of technical reserves

(1) **The FSA asks companies to document:**

- a) adequacy of the level of technical reserves;
- b) the adequacy and relevance of the statistical methods and data used.

(2) If, when calculating the technical reserves, the provisions of Articles 53-60 are not complied with, the FSA shall ask the companies to increase their value up to the minimum level accepted in order to comply with the respective provisions.

SECTION 3: Own funds

SUBSECTION 1:3.1 Determination of own funds

Article 62: General provisions

Own funds shall be the sum of the basic own funds referred to in Article 63 and the ancillary own funds referred to in Article 64.

Article 63: Basic own funds

Basic own funds shall include the following items:

- a) the excess of assets over the obligations, measured in accordance with Article 52, minus the value of own shares held;
- b) subordinated debts.

Article 64: Ancillary own funds

(1) Ancillary own funds include items other than basic own funds that can be called upon to cover losses, such as:

- a) the initial share capital or fund, unpaid and unappealed;
- b) letters of credit and guarantees;
- c) other contractually binding instruments available to companies.

(2) In the case of mutual societies with variable contributions, the ancillary own funds may include additional capital requests from members made in the next 12 months.

(3) If an item of ancillary own funds is paid or called, then it is treated as an asset item and is no longer an item of ancillary own funds.

Article 65: Approval of ancillary own funds

(1) The FSA approves, in accordance with Article 166(1)(a), the value of the items of ancillary own funds, included in the total value of own funds.

(2) The value of ancillary own funds items shall be determined using conservative and realistic estimates, and if the items have a fixed nominal value, this shall be taken into account only to the extent that they adequately reflect the ability of those items to cover losses.

(3) The FSA approves one of the following:

- a) the monetary value of each item of ancillary own funds;
- b) the method of calculating the value of each item of ancillary own funds for a given period of time.

(4) For the purpose of the approval referred to in paragraph (3), the FSA shall assess, for each item of the auxiliary own funds, the following aspects:

- a) the ability and willingness of counterparties to honour obligations;
- b) the recoverability of the ancillary own funds, depending on the legal form and all the conditions that determine the impossibility of paying or calling the respective elements;
- c) all information on previous calls, if it facilitates the evaluation of the outcome of future calls.

Article 66: Surplus funds

Surplus funds represent accumulated profits not distributed to contractors and beneficiaries and are not considered insurance and reinsurance obligations if they meet the criteria set out in Article 68.

SUBSECTION 2:3.2 Classification of own funds

Article 67: Features

(1) In the classification of own funds items, in accordance with the provisions of Article 68, the following characteristics shall be taken into account:

- a) the item is available or can be called upon to fully cover the losses, so as to ensure the continuation of the activity;
- b) In the event of liquidation of the companies, the item is fully available to cover losses, the reimbursement to its holders being made only after the settlement of all obligations, including insurance or reinsurance.

(2) In order to assess the extent to which the elements of own funds meet the characteristics referred to in paragraph 1, the following aspects shall be taken into account:

- a) lifespan;
- b) relative life compared to the duration of insurance and reinsurance obligations, if there is a maturity;
- c) are not subject to obligations or incentives to repay the nominal value;
- d) are not subject to mandatory fixed administration fees;
- e) are free of charges.

Article 68: Main criteria for classification by rank

The items of own funds are classified into 3 ranks, as follows:

- a) Tier 1: basic own funds items, if they largely have the characteristics set out in Article 67;
- b) **Rank 2:**
 - 1. (i) basic own funds items, if they largely have the characteristics set out in points (b) and (2) of Article 67(1);
 - 2. (ii) items of ancillary own funds, where they largely have the characteristics set out in Article 67;
- c) Rank 3: all items of basic and ancillary own funds not covered by points (a) and (b).

Article 69: Classification by ranks

(1) Companies shall classify the items of own funds taking into account the criteria referred to in Article 68 and the list of items of own funds contained in the legal provisions.

(2) If there are items of own funds that are not provided for in the list of items provided for in

paragraph (1), companies shall request the FSA, in accordance with Article 166(1)(b), to approve their valuation and classification carried out in accordance with Article 68.

Article 70: Classification of insurance-specific own funds

Without prejudice to the provisions of Article 68, insurance-specific own funds shall be classified as follows:

a)rank 1: surplus funds, referred to in Article 66;

b)Rank 2:

1. (i) letters of credit and guarantees, in the custody of an independent trustee for the benefit of the contractors and provided by credit institutions authorized according to the Government Emergency Ordinance no. 99/2006, approved with amendments and completions by Law no. 227/2007, as subsequently amended and supplemented;
2. (ii) requests for additional contributions, in the next 12 months, of mutual reinsurance companies covering risks in classes 6, 12, 17 of Annex no. 1 section A;
3. (iii) requests for additional contributions, in the next 12 months, of mutual reinsurance companies covering risks other than those referred to in point (ii).

SUBSECTION 3:3.3 Eligibility of own funds

Article 71: Eligibility of elements and limits on ranks

(1)The companies hold items of own funds eligible for compliance with the SCR, as follows:

- a)Tier 1 items: more than one third of the total amount of eligible own funds;
- b)Rank 2 elements: according to the quantitative limits mentioned by the legal provisions;
- c)Tier 3 items: according to the quantitative limits mentioned by the legal provisions and less than one third of the total value of eligible own funds.

(2)The value of the eligible items of own funds covering the SCR shall be equal to the sum of the value of the Tier 1 items and the value of the Tier 2 and 3 eligible items referred to in paragraph 1.

(3)The companies hold basic equity items eligible for compliance with the MCR, as follows:

- a)Tier 1 items: more than half of the total amount of eligible basic capital;
- b)Rank 2 elements: according to the quantitative limits mentioned by the legal provisions.

(4) The amount of eligible items of basic own funds covering the RCM shall be equal to the sum of the value of the Tier 1 items and the value of the Tier 2 eligible items referred to in paragraph 3.

SECTION 4: Solvency capital requirement

SUBSECTION 1:4.1 General provisions

Article 72: SCR calculation

(1) Companies are required to hold eligible own funds to cover the SCR, calculated using the standard formula or an internal model, in accordance with subsection 4.2 and subsection 4.3 respectively.

(2) The SCR is calculated taking into account the principle of business continuity of companies and is calibrated in such a way as to take into account all the quantifiable risks to which they are exposed.

(3) When carrying out the calibration provided for in paragraph (2), unforeseen losses from current activities and all new contracts to be signed in the next 12 months shall be taken into account.

(4) The calibration referred to in paragraph 2 shall be based on the value at risk of the basic own funds at a confidence level of 99,5 % over a period of one year.

(5) SCR covers at least the following risks:

a) the underwriting risk for the non-life insurance activity;

b) underwriting risk for life insurance activity;

c) underwriting risk for health insurance activity;

d) market risk;

e) credit risk;

f) operational risk, which includes legal risk, but excludes reputational risk and decision-making risk.

(6) When calculating the CRS, companies shall take into account the effect of risk minimisation techniques, provided that the credit risk and other risks associated with these techniques are properly reflected in the CRS.

(7) The SCR may only be adjusted in accordance with Articles 35, 79, 150 to 152 and 155(1) and (2).

Article 73: Frequency of calculation

(1)The companies calculate the SCR at least once a year and submit the result obtained to the FSA.

(2)The companies have eligible own funds that cover the reported SCR and monitor their value and the level of the SCR.

(3)If the risk profile of a company deviates significantly from the assumptions underlying the calculation of the reported SCR, the SCR is recalculated and the result obtained is transmitted to the A.S.F.

(4)The FSA asks companies to recalculate the SCR, if their risk profile changes significantly since the date of the last report.

SUBSECTION 2:4.2 Calculating SCR with the Standard Formula

Article 74: Standard formula structure

The SCR calculated with the standard formula is equal to the sum of the following elements:

- a)the basic SCR referred to in Article 75;
- b)the capital requirement for operational risk set out in Article 78;
- c)the adjustment according to the capacity of technical reserves and deferred taxes to cover losses, provided for in Article 79.

Article 75: Basic SCR structure

(1)The basic SCR consists of individual risk modules, aggregated according to Annex no. 2, and includes at least the following:

- a)the underwriting risk for the non-life insurance activity;
- b)underwriting risk for life insurance activity;
- c)underwriting risk for health insurance activity;
- d)market risk;
- e)counterparty risk.

(2)In the case of modules referred to in points (a) to (c) of paragraph 1, insurance and reinsurance operations shall be allocated to the module that best reflects the technical nature of the risks captured.

(3)The overall SCR shall be determined in accordance with Article 72 by calibrating the capital requirements for each risk module and aggregating those modules by correlation

coefficients.

(4) The risk modules referred to in paragraph 1 shall be calibrated in accordance with Article 72(2) to (4) and, where appropriate, the structure of each module shall take into account the effects of diversification.

(5) The structure and specifications of the risk modules shall be used for both the calculation of the basic SCR and for the simplified calculations referred to in Article 80.

(6) For the catastrophe risk of the modules referred to in paragraph 1(a) to (c), geographical specifications shall be used, where appropriate.

(7) For the modules referred to in paragraph 1(a) to (c), under the conditions specified by the legal provisions and Article 166(1)(c), companies may use specific parameters instead of a subset of parameters in the structure of the standard formula, calibrated by standardised methods and on the basis of internal data or those with direct relevance to the operations carried out.

(8) In order to use the specific parameters, the companies request the approval of the A.S.F., which verifies the completeness, accuracy and adequacy of the respective data.

Article 76: Basic SCR calculation

(1) The non-life insurance underwriting risk module reflects the risk arising from non-life insurance obligations, depending on:

- a) insured events;
- b) the way in which the activity is carried out;
- c) the uncertainty of the results of the activity in relation to the related obligations;
- d) new contracts, expected to be signed in the next 12 months.

(2) The non-life insurance underwriting risk module is calculated in accordance with Annex no. 2, as a combination of capital requirements, at least for the risks of loss or unfavorable change in the value of the insurance obligations, resulting as follows:

- a) for the sub-module risk of premiums and reserves, following the fluctuations recorded between the time of occurrence, the frequency and severity of the insured events and the value of the claims and the time of their payment;
- b) for the catastrophe risk sub-module, following the recording of a significant level of uncertainty of the assumptions used in setting the tariffs and the amount of reserves for extreme or exceptional events.

(3) The life insurance underwriting risk module reflects the risk arising from the life insurance

obligations, depending on the insured events and the way in which the activity is carried out.

(4)The life insurance underwriting risk module is calculated in accordance with Annex no. 2, as a combination of capital requirements, at least for the risks of loss or unfavorable change in the value of the insurance obligations, resulting as follows:

- a)for the mortality risk sub-module, following the variation in the level, trends or volatility of the mortality rate, if an increase in it generates an increase in the value of the obligations;
- b)for the longevity risk sub-module, following the variation in the level, trends or volatility of the mortality rate, if a decrease in it generates an increase in the value of the bonds;
- c)for the sub-module disability risk - morbidity, following the variation in the level, trends or volatility of the rates of disability, disease or morbidity;
- d)for the sub-module risk of life insurance expenses, following the variation in the level, trends or volatility of expenses related to the administration of contracts;
- e)for the revision risk submodule, following the variation in the level, trends or volatility of the annuity revision rate, caused by changes in the legal framework or in the health status of the insured;
- f)for the termination risk sub-module, following the variation in the level or volatility of the rates of termination, renewal or redemption of insurance policies;
- g)for the catastrophe risk sub-module, following the significant degree of uncertainty of the assumptions used to establish the tariffs and the amount of reserves for extreme or irregular events.

(5)The health insurance underwriting risk module reflects the risk arising from health insurance obligations, regardless of whether or not the underwriting is carried out on technical bases similar to those of life insurance, depending on the insured events and the way in which the activity is carried out.

(6)The health insurance underwriting risk module includes, at least, the risks of loss or unfavorable change in the value of the insurance obligations, resulting as follows:

- a)for the sub-module risk of health insurance expenses, following the variation in the level, trends or volatility of contract administration expenses;
- b)for the sub-module risk of premiums and reserves, following fluctuations, at the establishment of reserves, between the time of occurrence, the frequency and severity of insured events and the time of payment and the value of the claims;
- c)for the catastrophe risk sub-module, depending on the significant degree of uncertainty of the assumptions used in setting tariffs and the amount of reserves for epidemic events and the

accumulation of risks.

(7)The market risk module reflects the risk arising from the volatility of the market prices of financial instruments, which influences the value of companies' assets and obligations, and also adequately reflects the structural mismatch between assets and obligations, in particular in terms of their lifetime.

(8)The market risk module is calculated in accordance with Annex no. 2, as a combination of capital requirements, at least for the risks posed by the sensitivity of the value of assets, liabilities and financial instruments to the following elements:

- a)for the interest rate risk sub-module, changes in the timeframe of the risk-free interest rate or changes in interest rate volatility;
- b)for the sub-module risk of devaluation of shares, at variations in the level or volatility of market prices of shares;
- c)for the real estate investment risk sub-module, to variations in the level or volatility of market prices of real estate;
- d)for the credit margin risk sub-module, changes in the level or volatility of credit spreads that exceed the timeframe of the risk-free interest rate;
- e)for the foreign exchange rate risk sub-module, at changes in the level or volatility of foreign exchange rates.

(9)In addition to the sub-modules referred to in paragraph 8, the market risk module shall also include the market risk concentration risk sub-module, which covers additional risks arising either from insufficient diversification of the asset portfolio or from significant exposure to counterparty risk through a major investment in the securities of a single issuer or group of affiliated issuers.

(10)The counterparty risk module reflects the possible losses caused by:

- a)the inability to pay the counterparties and debtors of the companies;
- b)deterioration of the credit of counterparties and debtors in the following year.

(11)The counterparty risk module includes:

- a)risk minimisation contracts, such as reinsurance contracts, securitisations and derivatives;
- b)receivables from intermediaries;
- c)exposures not covered by the credit spread risk sub-module;
- d)real or other guarantees held by or on behalf of companies and the risks associated with them;
- e)the overall exposure to counterparty risk, irrespective of the legal form of the counterparties'

contractual obligations.

(12) Insurers that underwrite life insurance require FSA approval to calculate the SCR for the share devaluation risk sub-module depending on the duration if they also carry out one of the following activities:

- a) occupational pensions in accordance with Law no. 1/2020 on occupational pensions, with subsequent additions;
- b) the provision of pension benefits, paid with reference to reaching retirement age or the hope of reaching retirement age, if the legislation in force provides for the tax deduction of premiums.

(13) The activities referred to in paragraph (12) shall be carried out under the following conditions:

- a) the related assets and obligations are dedicated funds, managed and organized separately, without the possibility of transfer;
- b) are carried out only in Romania;
- c) The average duration of the bonds is more than 12 years.

(14) The calculation of the SCR for the sub-module referred to in paragraph 12 shall be calibrated for the items referred to in paragraph 13(a) with the value at risk for a period corresponding to the usual period for equity insurers, at a 99,5% confidence level, which shall ensure an adequate level of protection for contractors and beneficiaries.

(15) The elements referred to in paragraph 13(a) shall be fully taken into account for the assessment of the effects of diversification, without prejudice to respect for the interests of contractors and beneficiaries in other Member States.

(16) The calculation of the SCR for the sub-module referred to in paragraph 12 shall only be carried out if the liquidity and solvency position, strategies, processes and reporting procedures in relation to asset and obligation management ensure the holding of equity investments for a period corresponding to the normal period for insurers to hold those investments.

(17) The insurers shall document to the FSA the compliance with the provisions of paragraphs (13)-(16).

(18) Insurers shall request the approval of the FSA in order to return to the calculation of the SCR in accordance with paragraphs (1) to (11), only in documented circumstances.

Article 77: Calculation of the equity devaluation risk sub-module: symmetric adjustment

mechanism

(1) The share impairment risk sub-module calculated using the standard formula includes a symmetrical adjustment to the cost of capital related to equity investments, calibrated in accordance with Article 72(4), applied to hedge the risks arising from changes in share prices.

(2) The adjustment referred to in paragraph 1 to the standard cost of capital shall be based on a function of the current level of an appropriate equity index and the weighted average of that index, calculated over an appropriate period of time, identical for all companies.

(3) As a result of the adjustment referred to in paragraph 1, the cost of capital obtained shall not exceed 10 percentage points of the standard cost of capital, either upwards or downwards.

Article 78: SCR for operational risk

(1) The capital requirement for operational risk shall reflect risks that have not been included in the risk modules set out in Article 75 and shall be calibrated in accordance with Article 72(2) to (4).

(2) When calculating the SCR for the operational risk related to life insurance contracts for which the investment risk is borne by the contractors, the value of the annual expenses related to the respective insurance obligations shall be taken into account.

(3) When calculating the SCR for the operational risk related to the insurance and reinsurance activity, other than that referred to in paragraph 2, account shall be taken of the volume of premiums earned, the technical reserves held for the respective insurance and reinsurance obligations and the fact that that requirement has a maximum limit of 30% of the basic SCR related to that activity.

Article 79: Adjustment for the capacity of technical reserves and deferred taxes to cover losses

(1) The adjustment reflects the possible compensation of unforeseen losses through the simultaneous reduction of technical provisions, deferred taxes or both, taking into account the risk-minimising effect associated with future discretionary benefits included in the insurance contracts, if the companies can demonstrate that the reduction covers the unforeseen losses; The risk-minimising effect associated with future discretionary benefits shall not exceed the amount of technical reserves and deferred taxes related to those benefits.

(2) For the purposes of paragraph 1, the amount of future discretionary benefits in adverse circumstances shall be compared with the value of the same benefits according to the

assumptions on the basis of which the best estimate is calculated.

Article 80: Simplifications of the standard formula

Companies may perform, in accordance with the legal provisions and the principle of proportionality, simplified calculations for specific risk modules or sub-modules, calibrated in accordance with the provisions of Article 72(2) to (4).

Article 81: Using specific parameters

If the risk profile of companies deviates significantly from the assumptions underlying the calculation of the SCR with the standard formula, the FSA shall ask them, by reasoned decision, to replace a subset of parameters with specific parameters calibrated in accordance with Article 75(7) and (8) and to use them in such a way as to comply with the provisions of Article 72(2) to (4).

SUBSECTION 3:4.3 Calculation of the SCR with full internal model and partial internal model

Article 82: General provisions regarding the approval process

(1) Companies that intend to use an internal model, in whole or in part, may request the FSA to start a prior analysis process.

(2) Companies may use an internal model in whole or in part, subject to the approval of the FSA according to Article 166 paragraph (1) letter d), for the calculation of the following elements:

- a) one or more of the modules or submodules referred to in Articles 75 and 76;
- b) the SCR for operational risk in accordance with Article 78;
- c) the adjustment provided for in Article 79.

(3) Companies may use a partial internal model for the entire business or only for one or more major business units.

(4) The application for approval of the internal model shall include documentation demonstrating compliance with the requirements set out in Articles 88, 89 and subsection 4.4; In the case of a partial internal model, the documentation is adapted to the scope of the respective model.

(5) The FSA decides on the approval or rejection of the application for the use of an internal model within 6 months from the receipt of the complete documentation.

(6) The FSA shall approve the use of an internal model provided that the documentation submitted by the companies shows that the systems for identifying, measuring, monitoring, managing and reporting risks are adequate and, in particular, that the internal model complies with the requirements referred to in paragraph (4).

(7) If it does not approve the application for the use of the internal model, the FSA sends the companies a well-reasoned decision.

(8) After approving the use of an internal model, the FSA may request companies, by reasoned decision, to calculate the SCR and by the standard formula provided for in subsection 4.2.

Article 83: Specific provisions regarding the partial internal model approval process

(1) The FSA approves the companies' request to use a partial internal model under the conditions provided for in Article 82 and in compliance with the following:

- a) companies adequately demonstrate the limited scope of that model;
- b) the SCR value obtained by using the respective model, in compliance with the principles set out in subsection 4.1, better reflects the risk profile;
- c) the structure of the SCR obtained complies with the principles set out in subsection 4.1, which allows the full integration of the respective model into the standard formula.

(2) The FSA asks companies wishing to use a partial internal model to submit a realistic transitional plan explaining how they intend to extend the scope of the model to other risk sub-modules and/or major business units for a given module, so that the model covers a predominant part of the insurance operations in relation to that risk module.

Article 84: Policy on changing the internal model

(1) As part of the initial approval process of the internal model, the companies submit to the FSA the adopted policy regarding major or minor changes to the internal model, which must be followed later.

(2) Major changes to the internal model and changes to the modification policy provided for in paragraph (1) shall be subject to the approval of the FSA, in accordance with Article 82; minor changes are not subject to the approval of the FSA, as long as they are made in accordance with the adopted policy.

Article 85: Reuse of standard formula

Companies shall return to the full or partial calculation of the SCR with the standard formula, after the approval required in accordance with Article 82, only in documented circumstances

and only with the approval of the A.S.F.

Article 86: Failure to comply with internal model requirements

(1) If, after the approval requested in accordance with Article 82, the requirements set out in Article 88, 89 and subsection 4.4 are no longer complied with, companies shall immediately submit to the FSA a plan to restore compliance with those requirements within a reasonable period of time or demonstrate that non-compliance with them does not have significant effects.

(2) If, by applying the plan mentioned in paragraph (1), the companies do not remedy the situation, the FSA asks them to calculate the SCR with the standard formula.

Article 87: Significant deviations in the risk profile

If the calculation of the SCR with the standard formula is inadequate, because the risk profile of the companies deviates significantly from the assumptions underlying the standard formula, the FSA asks those companies, by reasoned decision, to use an internal model in whole or in part.

Article 88: Usage Test

(1) **Companies shall document the importance and extent of use of the internal model in the governance system, in particular in:**

- a) decision-making;
- b) the risk management system;
- c) the processes of valuation and allocation of economic capital and solvency;
- d) BEAR.

(2) The companies shall document that the establishment of the frequency of the calculation of the SCR with the internal model is in accordance with the frequency of its use in accordance with the provisions of paragraph (1).

Article 89: Attribution of profits and losses

With regard to the attribution of profits and losses, companies:

- a) analyzes, at least annually, their sources and causes, by major operational units;
- b) demonstrate how the risk classification used in the internal model explains the sources and causes referred to in point (a);
- c) classifies risks and assigns profits and losses to reflect the risk profile.

Article 90: External data and models

The provisions of Articles 88, 89 and subsection 4.4 shall also apply in the case of the use of a model or data obtained from third parties.

SUBSECTION 4:4.4 Quality standards applicable to the internal model

Article 91: Statistical data

(1) The methods used in the calculation of the probability distribution forecast are compatible with the methods used in the calculation of technical reserves and are based on:

- a) appropriate, applicable and relevant actuarial and statistical techniques;
- b) realistic assumptions;
- c) credible and up-to-date information.

(2) The companies justify in a documented way before the A.S.F. the way of establishing the hypotheses that are the basis of the internal model.

(3) The data used by the internal model shall be comprehensive, accurate and adequate, and the data series used in the calculation of the probability distribution forecast shall be updated at least annually.

(4) Regardless of the method of calculating the probability distribution forecast, the ability of the internal model to rank risks is sufficient to comply with the provisions of Article 88.

(5) The internal model shall cover all material risks to which companies are exposed, but at least the risks set out in Article 72(5).

(6) Companies can take into account in the internal model:

- a) the effects of diversification given by the dependencies between the different categories of risks and between the risks within each category, only if the FSA considers that the system used to measure those effects is adequate;
- b) the effect of risk minimisation techniques, where credit risk and risks arising from the use of such techniques are adequately reflected in the internal model;
- c) future management actions carried out in special circumstances and the period necessary for their implementation;
- d) estimated payments to contractors and beneficiaries, contractually guaranteed or not.

(7) Companies shall adequately assess in the internal model, when they are material, the risks related to the financial guarantees, the options offered to contractors and their own contractual options, taking into account the impact of any changes in financial and non-financial

conditions on the exercise of those options.

Article 92: Calibration

(1) Companies may use a period or risk measure other than that provided for in Article 72(4) if the calculations of the internal model result in an amount of the SCR that provides contractors and beneficiaries with the same level of protection as that referred to in Article 72.

(2) To the extent possible, companies shall deduct the CRS directly from the forecast of the probability distribution generated by the internal model, based on the risk value set out in Article 72(4); if this is not possible, the FSA allows the use of approximations in the calculation of the SCR, as long as the companies document the provision of the same level of protection as that provided for in Article 72.

(3) The FSA may require companies to apply the internal model to reference portfolios, using assumptions established more on the basis of external data than on the basis of internal data, so as to verify the calibration of the internal model and whether the technical specifications correspond to generally accepted market practices.

Article 93: Validation

(1) The companies periodically validate the internal model, pursuing:

- a) monitoring its proper functioning;
- b) review of the technical specifications of the model so that they are suitable at all times;
- c) comparison of model results with historical data.

(2) As part of the internal model validation process, companies include:

a) application of effective statistical methods for:

- 1. (i) demonstrate that the amount of capital requirements obtained is adequate;
- 2. (ii) to test the adequacy of the probability distribution forecast, both in relation to historical data and in relation to relevant, current and significant data and information;

b) analysing the stability of the model, in particular testing the sensitivity of the results to changes in important assumptions;

c) assessing the completeness, accuracy and adequacy of the data used.

Article 94: Documentation

The companies shall prepare the documentation related to the internal model demonstrating compliance with the provisions of this subsection, of articles 88 and 89 and present in detail:

- a) the structure and functionality of the internal model;
- b) the theories, hypotheses and mathematical and empirical bases that underpin the internal model;
- c) the possible circumstances in which the internal model does not work adequately and efficiently;
- d) significant changes to the internal model in accordance with Article 84.

SECTION 5: Minimum Capital Requirement (MCR)

Article 95: Calculation of the MCR

(1) The companies have eligible basic own funds to cover the MCR calculated as follows:

- a) clearly, simply and to ensure that the calculation is audited;
- b) correspond to a minimum amount of eligible basic own funds so that contractors and beneficiaries are not exposed to an unacceptable risk;
- c) the linear function referred to in paragraph 2 shall be calibrated according to the value at risk of the basic own funds at a confidence level of 85% for a period of one year;
- d) **have an absolute threshold of:**

1. (i) the RON equivalent of EUR 2,500,000, for insurers that practice general insurance, including captive ones;
2. (ii) the RON equivalent of EUR 3,700,000, for insurers who practice non-life insurance, including captive ones, who subscribe, in whole or in part, to risks of classes 10-15 provided for in Annex no. 1 section A;
3. (iii) the RON equivalent of EUR 3,700,000, for life insurance insurers, including captive ones;
4. (iv) the RON equivalent of EUR 6,200,000, for composite insurers;
5. (v) the RON equivalent of EUR 7,400,000, for composition insurers that subscribe, in whole or in part, to risks of classes 10-15 provided in Annex no. 1 section A;
6. (vi) the RON equivalent of EUR 3,600,000 for reinsurers;
7. (vii) the RON equivalent of EUR 1,200,000 for captive reinsurers.

(2) Without prejudice to paragraph 3, the RCM shall be calculated as a linear function of a set or subset of the following variables, net of reinsurance:

- a) technical reserves;
- b) premiums subscribed;

- c) venture capital;
- d) deferred taxes;
- e) administrative expenses.

(3) Without prejudice to paragraph 1(d), the RCM shall not fall below 25% of the CRS and shall not exceed 45% of the CRS, which may include a possible increase in Solvency capital; until 31 December 2017, the RCM complies with the percentage range provided for in the SCR calculated with the standard formula.

Article 96: Information sent to A.S.F.

- (1) The companies transmit to the A.S.F. the value of the MCR, at least quarterly.
- (2) If the RCM reaches one of the percentage limits referred to in Article 95(3), the companies shall submit to the FSA information on the reasons that led to this situation.

SECTION 6: Investments

Article 97: The prudent person principle

- (1) Companies invest only in assets and instruments whose risks can be adequately identified, measured, monitored, managed, controlled and reported, and which can be taken into account to cover the overall solvency needs determined according to the ORSA.
- (2) All investments, in particular those that constitute assets covering SCR and MCR, are made in such a way as to ensure the safety, quality, liquidity, profitability and accessibility of the entire investment portfolio.
- (3) Investments that represent assets covering technical reserves are made by the companies or entities that manage their investment portfolio, corresponding to the nature and duration of the obligations and in the interest of the contractors and beneficiaries, according to the contractual conditions, including in the event of a conflict of interest.
- (4) **Without prejudice to the provisions of paragraphs (1) to (3), with regard to investments that constitute assets corresponding to the life insurance activity in which the investment risk is assumed by the contractors, the following shall be taken into account:**
 - a) the technical reserves corresponding to the benefits of contracts providing for benefits directly linked to the value of the units of a collective investment undertaking in transferable securities or to the value of an internal fund divided into units shall be represented as accurately as possible by those units or, where the units are not established, the technical reserves shall be represented by the value of that fund;

b) technical reserves, related to contracts that provide for benefits directly linked to a share index or other reference value other than those referred to in point (a), shall be represented as accurately as possible by the units representing that reference or, where units are not established, technical reserves shall be represented by the value of assets with marketability and safety as close as possible to those on which the value of reference.

(5) Without prejudice to paragraphs 1 to 3, where the benefits referred to in point (b) of paragraph 4 include investment performance guarantees or other guaranteed benefits, the following shall be taken into account:

- a) the use of derivatives shall be carried out to the extent that they contribute to the reduction of risks or facilitate effective management of the investment portfolio;
- b) investments and assets that are not admitted to trading on a regulated financial market are maintained at a prudent level;
- c) investments are sufficiently diversified to avoid excessive dependence on a particular asset, issuer, group of companies or geographical area and to avoid excessive accumulation of risks in the portfolio as a whole;
- d) Investments in assets issued by the same entity or entities belonging to the same group shall be made in such a way as to avoid excessive concentration of risk.

(6) Assets corresponding to reinsurance claims from companies authorised in a third State whose solvency regime is not considered equivalent according to the legal provisions are located in a Member State.

CHAPTER VI: Insurers in difficulty

Article 98: Identification and notification of deterioration of the financial situation

(1) At the time of ascertaining the deterioration of the financial situation, identified according to the established procedures, the companies notify the FSA of this.

(2) In the procedures referred to in paragraph 1, companies shall also take into account the indicators and the risk of occurrence of the events referred to in Article 101(4).

(3) The companies shall submit to the A.S.F. the procedures provided in paragraph (1), as well as any updated version thereof, according to the regulations issued by the A.S.F.

Article 98¹: Preventive remediation plan

(1) Companies that hold a significant share in the national insurance market shall develop preventive remediation plans, in accordance with the provisions of this Article and Article 98².

(2) A company is considered to have a significant share in the national insurance market if it meets any of the following conditions:

- a) the value of the company's gross technical reserves exceeds 5% of the total value of gross technical reserves at market level;
- b) It has a market share of at least 5%.

(3) The market share of the companies that hold a significant share in the national insurance market is determined by taking into account the life insurance activity separately from the non-life insurance activity, as follows:

- a) for life insurance, by relating the value of the company's gross technical reserves to the total gross technical reserves of all companies that underwrite life insurance;
- b) for non-life insurance, by relating the value of the gross written premiums of the company to the total value of the gross written premiums of all the companies that underwrite non-life insurance.

(4) The companies referred to in paragraph (1) shall draw up preventive remediation plans every 3 years and submit them to the FSA for evaluation.

(5) The FSA shall annually establish the list of companies that fall under the provisions of paragraph (1), based on the annual financial statements submitted by the companies for the financial year prior to the year in which the list is drawn up.

(6) A.S.F. shall notify the companies regarding the inclusion in the list provided for in paragraph (5), as well as the situation in which they are no longer included in the list.

(7) The companies shall submit to the FSA the preventive remediation plan provided for in paragraph (4) within a maximum of 120 days from the date of communication of the notification provided for in paragraph (6).

(8) By exception to the provisions of paragraph (4), the FSA may, by decision, request the companies referred to in paragraph (5) to develop and submit the preventive remediation plan annually or once every 2 years, depending on the nature, extent and complexity of their activity and risks and the aspects found by the FSA in the exercise of its legal powers and powers.

(9) In the situation provided for in paragraph (8), the companies shall submit to the FSA the first preventive remediation plan within 120 days from the date of communication of the decision and, subsequently, according to the frequency established by the decision.

(10) Companies shall include in the preventive remediation plan at least the following information:

- a) a summary of the most important elements of the plan and a presentation of the company's

- overall capacity to remedy the financial situation and governance system;
- b)the summary of the significant changes that occurred in the company's situation since the last preventive remediation plan submitted;
- c)a framework of own indicators that identify the situations in which actions can be taken and the mechanisms provided for in the plan triggered; the indicators are quantitative and qualitative and refer at least to the situation of capital, liquidity, assets and own funds, as well as to profitability, market and macroeconomic conditions;
- d)the actions and mechanisms envisaged to remedy the situation;
- e)the estimated timetable for the implementation of the planned actions and mechanisms;
- f)a detailed description of the significant obstacles to the effective and timely implementation of the plan;
- g)other elements established by the legal provisions.

(11)The companies justify to the A.S.F. the approval of the plan by the management.

(12)When drawing up the preventive remediation plan, companies do not rely in any way on access to public financial support, as defined in Article 2 point 41 of Law no. 246/2015 on the recovery and resolution of insurers, with subsequent amendments.

(13)The companies update the preventive remediation plan and submit it to the FSA whenever changes occur that may have a significant impact on the plan or would require its modification, in terms of:

- a)the company's governance system, activity and/or financial situation;
- b)the actions or mechanisms provided for in the submitted preventive remediation plan.

(14)The provisions of paragraph (11) as well as of Article 98² shall also apply with regard to the preventive remediation plan updated according to the provisions of paragraph (13).

(15)By exception to the provisions of paragraphs (7) and (10), at the reasoned request of a company, the FSA may approve, by decision:

- a)simplified requirements regarding the content and level of detail of the information in the preventive remediation plan developed by the company;
- b)a deadline for submitting the plan to the FSA of maximum 150 days from the date of communication of the notification provided for in paragraph (6).

(16)The FSA may approve the request provided for in paragraph (15) if it considers that a potential state of difficulty of the company would not have a significant impact on the insurance market, on other companies and on the national economy as a whole, taking into account the principles of

proportionality and qualified reasoning.

(17) The FSA may at any time, by decision, order the transition of the company applying simplified requirements to the full application of the requirements provided for in paragraph (10), with the establishment and communication to the company of the deadline for its compliance with the mentioned requirements.

(18) The application of the simplified requirements shall not affect the powers of the FSA to order the measures to directly remove the deficiencies of the plan or the obstacles to its implementation, provided for in Article 98² paragraph (3), and/or the preventive and corrective measures provided for in Article 101.

Article 98²: Evaluation of the preventive remediation plan and measures to remove deficiencies or obstacles

(1) The FSA assesses whether the preventive remediation plan:

a) contain the information referred to in Article 98¹(10) or (15)(a), as appropriate;

b) comply with the following requirements:

(i) the implementation of the actions proposed in the plan is reasonably likely to ensure the maintenance of the viability and the remedy of the company's financial situation, also taking into account the previous actions that it has taken or planned to take;

(ii) the implementation of the plan and the remediation possibilities identified therein is reasonably likely to be carried out quickly and efficiently, avoiding as much as possible the significant negative effects on the insurance market, including in the scenario in which other companies should also implement their own preventive remediation plans during the same period.

(2) When evaluating the plan, the FSA takes into account the degree to which the level and quality of the company's own funds, as well as the level of solvency and/or liquidity of the company, correspond to the nature, scale and complexity of its activity and its risks.

(3) If the FSA considers that the preventive remediation plan presents major deficiencies or that there are significant obstacles to its implementation, it asks the company for explanations, and, after analyzing them, communicates the result of the evaluation and, if necessary, asks it to present a modified plan containing solutions to remove the deficiencies or obstacles in question.

(4) The Company shall submit the amended plan within 45 days from the date of communication of the FSA's request, in due compliance with the provisions of Article 98¹ paragraph (11).

(5) At the request of the company and for good reasons, the FSA may extend the term referred to in

paragraph (4) by a maximum of 30 days.

(6) In the event that it considers that the deficiencies or obstacles have not been removed by the amended plan, the FSA may require the company to make specific changes to the plan in order to remove or reduce them as much as possible and establishes the term in which the company makes the changes, which cannot be less than 20 days.

(7) If the company does not submit an amended preventive remediation plan or the FSA determines that the amended plan still has deficiencies or obstacles and that it is not possible to remove or reduce them as much as possible by imposing specific changes to the plan, the FSA asks the company to identify the changes it will make to its activity and the proposed period for their implementation in order to remove those deficiencies or obstacles from the implementation of the plan; The Company establishes the implementation period in a reasonable manner, respectively in accordance with the proposed changes and taking into account the nature, scale and complexity of its activity and its own risks.

(8) The Company shall communicate the information requested pursuant to paragraph (7) within the term established by the FSA depending on the nature, extent and complexity of the Company's activity and risks.

(9) If the company does not identify such changes within the deadline set in paragraph (8) or the FSA considers that the changes proposed by it would not adequately address the deficiencies or obstacles or the company defectively fulfills the commitments to make changes to its activity assumed in accordance with paragraph (8), the FSA may impose on the company, by decision, apply one or more of the following measures:

- a) changing the risk profile;
- b) the application of capitalisation measures;
- c) business strategy review;
- d) modification of the governance system;
- e) measures for the adequacy of technical reserves;
- f) any other measure that the FSA deems necessary and appropriate in order to remove such deficiencies or obstacles.

(10) For the purpose of exercising the competence provided for in paragraph (9), the FSA shall take into account that the measures imposed shall be proportionate to the seriousness of the deficiencies or the extent of the obstacles identified.

Article 99: SCR non-compliance

(1)The companies inform A.S.F., at the time of the finding, that the SCR is no longer complied with or that there is a risk that it will not be complied with in the next 3 months.

(2)Within two months from the date of ascertainment of the situation referred to in paragraph (1), the companies shall submit to the FSA for approval a recovery plan, with measures to restore the level of eligible own funds covering the SCR or to modify the risk profile, so that within 6 months the SCR is again complied with.

(3)The FSA may approve the extension of the application of the measures of the recovery plan referred to in paragraph (2) by a maximum of 3 months.

(4)If EIOPA declares the existence of adverse situations affecting companies representing a significant market share or a significant percentage of the affected business lines, the FSA may extend the period provided for in paragraph (3) by a maximum of 7 years, taking into account all relevant factors, including the average duration of technical reserves; in this case, the FSA may consult with the European Systemic Risk Board.

(5)The companies in the situations provided for in paragraph (4) shall submit to the FSA, once every 3 months, an activity report and the progress made in complying with the measures of the recovery plan and if the report shows that the companies have not made progress, the FSA shall withdraw the extension of the 7-year period.

(6)In exceptional circumstances, if the FSA considers that the financial situation of the companies referred to in paragraph (2) is going to worsen, the FSA shall apply the measures provided for in Article 13(1) and (3) and Article 14(5).

Article 100: Non-compliance with the RCM

(1)The companies inform A.S.F., at the time of the finding, that the RCM is no longer complied with or that there is a risk that it will not be complied with in the next 3 months.

(2)Within one month from the date of ascertainment of the situation referred to in paragraph (1), the companies shall submit to the FSA for approval a short-term financing plan for the restoration of the level of eligible basic own funds covering the MCR or for the modification of the risk profile, so that, within 3 months, the MCR is again complied with; At the same time, the FSA may apply the measures provided for in Article 13(1) and (3) and Article 14(5).

Article 101: Measures taken in case of deterioration of the financial situation

(1)If a company violates or is likely to violate, in the near future, the requirements provided by the normative acts applicable to the insurance field, as a result of a deterioration of the

financial situation or the governance system, the FSA may order, by decision, one or more of the following preventive and corrective measures:

a) to request the management of the company to implement one or more of the actions established in the preventive remediation plan provided for in Article 98¹, to update the plan in the event that the circumstances in which the company finds itself at the time of ordering the measures provided for in this article differ from the hypotheses envisaged in its elaboration and to implement one or more of the actions established in the updated plan;

b) to ask the management of the company that does not have a preventive remediation plan to examine the deterioration situation, to identify its causes and the measures to solve the problems found and to develop a calendar for the implementation of the measures;

c) to request the management of the company to convene a general meeting of the shareholders or members of the company or, if the management fails to comply with this requirement, to convene the meeting directly and, in both cases, to set the agenda and request that certain issues be taken into account for adoption at the meeting;

d) in case of significant, rapid and/or continuous deterioration of the company's financial situation, of the governance system or if the company or the company's management seriously violates the normative acts specific to the insurance field or does not implement the measures ordered according to the provisions of this article, A.S.F. has the competence:

(i) to request the company to partially or fully replace the management; and/or

(ii) appoint, in the company, one or more temporary administrators, as defined in Article 1(2)(2)³, in compliance with paragraphs 7 to 19;

e) to request the company's management to make changes to the company's business strategy and/or governance system;

f) to require the company to comply with additional reporting requirements, in terms of the content of the information and/or the frequency of its transmission;

g) to request the company's management to suspend the payment of the variable remunerations due according to the remuneration policy or, by derogation from the provisions of Article 67 paragraph (2) of Law no. 31/1990, republished, with subsequent amendments and completions, the suspension of the payment of dividends approved to be distributed to shareholders and/or the limitation of the level of such subsequent payments;

h) to request the company's management to apply the main mechanisms for absorbing losses related to equity items, to suspend the redemption or redemption of equity items and/or to cancel or, as the case may be, to postpone the distribution of such items, to the extent that the equity items covered

by this measure have such characteristics or particularities, in accordance with the legal provisions on the classification by rank of the items of own funds;

i)to prohibit the total or partial distribution of the profit on destinations other than those mandatory according to the law;

j)to request the company to submit the necessary information for updating the resolution plan and for preparing a possible resolution of it, as well as for carrying out a valuation of the company's assets, liabilities and equity, in accordance with the provisions of Law no. 246/2015, as subsequently amended; the information can also be obtained by the A.S.F. through control at the company's headquarters carried out in accordance with the provisions of the normative acts applicable in the field of insurance, in the event that the information communicated by the company is not sufficient;

k)to instruct the company to request capital infusions from shareholders in the form of share capital, subordinated loans or other forms of capital, in order to strengthen the level of own funds available to cover solvency requirements;

l)apply the measure provided for in Article 51(2).

(2)The FSA may order the preventive and corrective measures provided for in paragraph (1) as a result of the notifications sent by the companies in accordance with the provisions of Article 98 or its own findings made in the supervisory process in accordance with the provisions of Article 8(3) and Article 34(3).

(3)For each of the measures provided for in paragraph (1), the FSA shall establish by the individual act an appropriate deadline for implementation; The FSA may extend the deadlines for implementing the measures according to the principle of qualified reasoning.

(4)For the purposes of paragraph (1), the deterioration of the company's financial situation includes one or more of the following situations:

a)Damage:

(i) the degree of coverage of the SCR and/or MCR with eligible own funds, including due to the inadequacy of the calculation of the SCR and/or MCR according to the legal provisions;

(ii) the liquidity situation;

b)inadequacy of the calculation of technical reserves, including those recorded in the accounting records;

c)inadequacy of the investment policy;

d)other elements established by the regulations issued by the A.S.F. in application of this law.

(5) For the purposes of paragraph 1, the deterioration of the governance system includes one or more of the following situations:

- a) vacancy, in a short period of time, of several positions held by persons who effectively run the company or who hold key or other critical functions, which significantly affects the decision-making process at the level of the company;
- b) Failure to clearly assign responsibilities;
- c) significant increase in operational risk, including outsourcing of functions or activities;
- d) non-compliance with the requirements regarding key functions, professional competence and moral probity, self-assessment of risks and solvency and those regarding the efficient transmission of all information within the company, provided by the normative acts applicable to the insurance field;
- e) other elements established by the regulations issued by the A.S.F. in application of this law.

(6) Without prejudice to the provisions of Articles 99 and 100, if the solvency of the companies continues to deteriorate, the FSA adopts measures to protect the contractors or the execution of the obligations resulting from the reinsurance contracts, proportional to the level and duration of the deterioration, in accordance with the legal provisions; in this case, the FSA may also adopt the measures provided for in paragraph (1) letters c)-i), k) and l) and in Article 177⁵ paragraph (1) letters a), b), q), s) and t).

(7) The temporary directors appointed to the company according to the provisions of paragraph (1) letter d) item (ii) shall perform one of the following powers:

- a) works temporarily with the management of the company;
- b) temporarily exercises management and administration powers of the company:**
 - (i) in the event of partial or complete replacement of its management;
 - (ii) in case of completing or ensuring the management of the company, in the event that it does not comply with the legal provisions regarding the management of the activity by persons approved by the A.S.F.

(8) The FSA shall specify the powers and duties of the temporary administrator in the decision to appoint him, depending on the given circumstances, in accordance with the provisions of this article.

(9) All expenses related to temporary administration are borne by the company to which the temporary administrator has been appointed; the temporary administrator's fee is established by the A.S.F., without exceeding the remuneration granted to the company's management.

(10)The period of appointment of a temporary administrator does not exceed one year, with the possibility of its extension exceptionally if the financial situation of the company is not yet remedied or until the date of approval by the FSA of a new management.

(11)The FSA is the only authority competent to establish the circumstances of maintaining a temporary administrator.

(12)A.S.F. publishes in the Official Gazette of Romania the decision to appoint the temporary administrator who has the competence to legally represent the company and, if applicable, to extend the period for which he is appointed, as well as the decision to terminate his mandate.

(13)When appointing the temporary administrator, the FSA takes into account that he/she has the capacity, qualifications and knowledge necessary for the exercise of his/her powers and duties and that he/she is not in a conflict of interest.

(14)The temporary administrator shall be civilly liable for the failure or omission to perform, in bad faith or gross negligence, the powers and duties conferred.

(15)The powers of the temporary administrator referred to in paragraph 8 may include some or all of the legal or statutory powers of the management of the company, including the power to exercise some or all of the administrative functions of the management.

(16)The temporary administrator may exercise, in any situation, the power to convene the general meeting of shareholders or members of the company, in the case of mutual companies, and to establish its agenda, in order to carry out the measures ordered by the A.S.F., to discuss other aspects likely to influence the financial situation or the governance system of the company or for which the meeting of the general meeting is mandatory according to the law; the temporary administrator notifies A.S.F. of the convening of the general meeting and the proposed agenda, within a maximum of 3 days from the date of the convocation, the A.S.F. having the power to order the modification of the agenda in the situation in which it considers that the submitted proposals may affect the financial situation of the company.

(17)In the case provided for in paragraph (7) letter a), the decision to appoint the temporary administrator of the FSA shall also establish the requirements for the management of the company, to consult with the temporary administrator and/or to obtain his agreement before taking certain decisions or undertaking certain actions; The management of the company complies with the requirements established by the decision against it.

(18)The duties of the temporary administrator established in accordance with paragraph (8) may include:

- a) evaluation of the company's financial situation;
- b) managing the company's activity or part of its activity in order to maintain or remedy its financial situation;
- c) adopting measures to restore the sound and prudent management of the company's activity;
- d) preparing reports on the financial situation of the company and the actions taken during its mandate, both at time intervals established by the A.S.F. and at the end of the mandate, and, subsequently, sending them to the A.S.F.;
- e) other attributions established by the A.S.F. depending on the given circumstances, as well as the nature, structure, magnitude and complexity of the activity and risks related to the company.

(19) The FSA may establish, by the appointment decision, that certain acts of the temporary administrator shall be subject to its prior approval.

(20) In the event that the A.S.F. requests the company that certain decisions be taken into account in order to be adopted by the general meeting of shareholders or members, the company's management shall send for publication or send the convocation, according to the legal provisions, within a maximum of 5 days from the date of communication of the A.S.F. decision on this measure; companies notify A.S.F. of the decision adopted by the general meeting within 2 working days from the date of its meeting.

Article 102: Recovery plan and financing plan

(1) The recovery plan referred to in Article 99(2) and the financing plan referred to in Article 100(2) shall reflect the following:

- a) estimating administrative costs, in particular current overheads and fees;
- b) estimation of income and expenses related to direct activity, acceptances and assignments in reinsurance;
- c) a forecast balance sheet;
- d) estimating the financial resources to cover the technical reserves, SCR and RCM;
- e) reinsurance policy;
- f) other elements established by the legal provisions.

(2) If the situation of non-compliance with the SCR and/or MCR is found by the FSA in the supervisory process, it shall issue a reasoned decision in this regard, and the date of the finding of the situation, referred to in Article 99(2) and Article 100(2), from which the deadline for submitting the recovery plan and/or the short-term financing plan to the FSA begins to run is the date of communication to the FSA of that decision.

(3)The FSA rejects the recovery plan and/or the financing plan, by reasoned decision, if it considers that there are no reasonable prospects that its implementation will result in the sustainable restoration of the situation of compliance with the SCR or, as the case may be, the MCR or if the estimates, information and/or measures presented are unrealistic, incomplete or insufficiently documented and thus the plan is inadequate.

(4)In the event that the FSA rejects the plan, the companies may request the approval of a new plan, provided that it is submitted within the 2-month period provided for in Article 99(2), respectively within the one-month period provided for in Article 100(2), as the case may be; The provisions of paragraphs (1) and (3) shall apply accordingly with regard to the new plan.

(5)A.S.F. shall issue regulations in application of the provisions of this chapter.

CHAPTER VII:Applicable law and conditions of direct insurance contracts

Article 103: General provisions

Insurance contracts are concluded in compliance with the applicable national legislation.

Article 104: Related obligations in the case of compulsory insurance

(1)Insurers may offer and conclude compulsory insurance contracts only under the conditions of compliance with the provisions of the specific legislation.

(2)The FSA shall send the following information to the European Commission for each type of compulsory insurance:

- a)the provisions of the specific legislation;
- b)the elements specified by the attestation that is proof that the insurance has been concluded.

Article 105: Contractual conditions and rates for non-life insurance

The FSA may request the insurers to submit the specific conditions of the contracts or forms used in relation to the contractors, as a measure of control of compliance with the provisions of the national legislation on insurance contracts.

Article 106: Contractual conditions and rates for life insurance

The FSA may request insurers to transmit the conditions of the insurance contracts and to systematically transmit the technical bases used in the calculation of premiums and technical reserves, as a measure to control compliance with actuarial principles.

Article 107: Information presented to potential contractors - non-life insurance

(1) Before concluding a non-life insurance contract, insurers inform potential contractors, natural persons, of the following:

a) the law applicable to the contract if the parties do not have the freedom of choice; the fact that the parties are free to choose the applicable law, as well as, in this case, the law that the insurer intends to choose;

b) the manner of solving petitions, including on the right to address the FSA, without prejudice to the right to notify the competent courts.

(2) A.S.F. issues its own regulations establishing the modalities of application of the provisions of paragraph (1).

(3) If insurers offer non-life insurance on the basis of the right of establishment or the freedom to provide services, they shall communicate to potential contractors and include in the documents issued, including in the insurance offer, the following information:

a) the address of the head office and the contact details of the branch or other secondary offices that issue the insurance contract;

b) the name and address of the claims representatives in the Member States designated pursuant to Article 21(1)(g).

(4) The disclosure of the information referred to in paragraph 3(a) shall not be mandatory in the case of underwriting major risks.

Article 108: Information presented to potential policyholders - life insurance

(1) Before concluding an insurance contract, the insurer shall communicate to potential contractors at least the following:

a) its name, legal form, address of the head office and contact details of the branch or other secondary offices that issue the insurance contract;

b) the method of accessing the report on solvency and financial stability referred to in Article 39, which allows the insurance policyholder easy access to this information.

(2) As regards the insurance contract, the insurer communicates the following to potential contractors:

a) description of each contractual option and benefit;

b) duration of the contract;

c) the modalities of termination of the contract;

d) the methods and terms of payment of premiums;

e) the method of calculating and distributing benefits;

- f) the total redemption value of the reduced insured amounts and the level up to which they are guaranteed;
- g) information about premiums related to main or additional benefits;
- h) for unit-linked contracts, the definition of the units underlying the benefits and information on the nature of the assets covering them;
- i) the modalities of application of the clause on the termination of the contract without penalties;
- j) general information on the tax regime applicable to the type of contract in question;
- k) the manner of solving petitions, including on the right to address the A.S.F., without prejudice to the right to refer the matter to the competent courts;
- l) the law applicable to the contract if the parties do not have the freedom of choice; the fact that the parties are free to choose the applicable law, as well as, in this case, the law that the insurer intends to choose;
- m) specific information for the proper understanding of the risks included in the insurance contract and that potential contractors would assume.

(3) Throughout the term of the contract, the insurer shall communicate to the contractors any change regarding the following information:

- a) name, legal form, address of the head office and contact details of the branch or agency issuing the insurance contract;
- b) the general and specific conditions of the contract;
- c) the information referred to in paragraph 2(d)-(i), if the legislation applicable to the contract or the insurance conditions are amended;
- d) information on the status of benefits.

(4) In the case of the submission of an offer or the conclusion of a contract, accompanied by figures on the value of any additional payments, different from those guaranteed by the contract, insurers:

- a) presents a simulation of the calculation of the value of the respective payments on the due dates, starting from 3 different interest rates for the calculation basis of the premiums;
- b) provides clear and complete information so that potential contractors understand the following:**

1. (i) the calculation simulation referred to in point (a) represents the application of a model based on notional assumptions;
2. (ii) the results of that calculation do not constitute a contractual right.

(5) Insurers shall be exempt from the obligations laid down in paragraph 4 in the event of the

submission of an offer or the conclusion of a life insurance contract without an accumulation component.

(6) In the case of profit-sharing contracts, the contractors are informed annually, in writing, by the insurer about:

- a) the situation of their rights and profit sharing;
- b) the difference between the forecasts and the actual evolution, if, at the conclusion of the contract, they were presented with figures on the evolution of the respective participation.

(7) The information provided for in paragraph (2) to (6) shall be drafted in Romanian with clarity and accuracy and transmitted to the contractors; The information may be sent to them in another language if they so request.

(8) The FSA issues its own regulations regarding the application of paragraphs (2) to (7) and the transmission of additional information, if they contribute to the understanding of the essential elements of the contract.

Article 109: Ways to Terminate the Contract - Life Insurance

(1) The clause on the withdrawal of the contract without penalties provides for a period of 20 days from the date on which the contractor is informed of the conclusion of the contract, during which he may submit a notice of withdrawal from the contract, at which time any future obligation provided for in the contract ceases.

(2) In the situation mentioned in paragraph (1), the conditions of withdrawal provided by the law applicable to the contract shall be observed.

(3) The provisions referred to in paragraph (1) shall not apply if the contract has a duration of up to 6 months.

CHAPTER VIII: Withdrawal of authorisation

Article 110: Withdrawal of authorisation

(1) A.S.F. may withdraw the operating authorization granted to companies, by means of a detailed reasoned decision, if they:

- a) does not carry out insurance activity for 12 consecutive months from the date of obtaining the authorization;
- b) requests the withdrawal of the authorisation;
- c) ceases to carry out insurance activity for a period of more than 6 consecutive months;
- d) no longer complies with the conditions of authorization;

e) seriously violates the obligations arising from the legal provisions.

(2) The FSA withdraws the operating authorization granted to the companies, by a detailed reasoned decision, if they do not comply with the RCM, and the FSA considers that the financing plan presented is obviously inadequate or the company in question does not comply with the approved plan within 3 months from the date of finding the non-compliance with the RCM.

(2¹) A.S.F. also withdraws the operating authorization of the companies in the following situations:

a) if it grants them the prior approval for dissolution and voluntary liquidation according to the provisions of Article 177¹²;

b) at the closure of the special financial recovery procedure in accordance with Article 177⁹(4).

(2²) In the situation provided for in paragraph (2) and paragraph (2¹) letter b), by decision to withdraw the authorization, the FSA may:

a) finds the existence of indications of the company's state of insolvency, as defined in Law no. 85/2014 on insolvency prevention and insolvency procedures, as subsequently amended and supplemented; or

b) orders the company to enter the dissolution and liquidation procedure.

(2³) In the situation provided for in paragraph (2²) letter a), the FSA shall submit the request for the opening of the bankruptcy procedure against the company, according to the provisions of Law no. 85/2014, as subsequently amended and supplemented.

(2⁴) In the situations provided for in paragraph (2²), by decision to withdraw the operating authorization, A.S.F. shall also appoint an interim administrator of the company, who shall exercise his duties according to the provisions of Article 110¹ and shall order the company to prohibit the right to freely dispose of assets during his term of office.

(2⁵) From the date of withdrawal of the operating authorization, the companies that are in the situations provided for in paragraph (2¹) letter a) or paragraph (2²) letter b) remain under the supervision of the FSA until the completion of the liquidation according to the law, in order to ensure the protection of contractors and beneficiaries; The FSA shall issue regulations applicable to the companies mentioned in this paragraph which include provisions regarding the form and content of periodic reports, the specific supervisory process exercised by the FSA over them, the portfolio transfer, as well as other aspects regarding the performance of the activity permitted under the provisions of paragraphs (2⁶) and (2⁷).

(2⁶) The companies referred to in paragraph (2⁵) may carry out insurance activity, except

for the following operations which are prohibited from them:

- a) concluding new insurance and receiving reinsurance contracts;
- b) renewal of insurance and reception contracts in reinsurance in force or application of automatic renewal clauses, even tacitly;
- c) modification of the insurance and receipt contracts in reinsurance in terms of the insured amount, the limits of liability, the risks covered, the period of validity, the territorial limits of validity;
- d) the reinstatement of the suspended insurance and reception in reinsurance contracts.

(2⁷) By exception to the provisions of paragraph (2⁶), the modification of insurance contracts in terms of the period of validity is allowed for contracts classified in class 15 of Annex no. 1 section A.

(2⁸) After the withdrawal of the operating authorization and during the liquidation procedure, the companies continue to keep the accounts according to the specific accounting regulations applicable until the date of withdrawal of the authorization and comply with the regulations issued by the FSA regarding the activity carried out by them.

(2⁹) The acts concluded in breach of the provisions of paragraph (2⁶) after the publication in the Official Gazette of Romania of the decision to withdraw the operating authorization are null and void.

(2¹⁰) In the event that, within 90 days from the date of communication of the decision provided for in paragraph (2²) letter b), the company does not comply with the measure ordered by the FSA regarding the entry into dissolution and liquidation, the FSA shall submit the request for dissolution and liquidation of the company to the competent court; The dissolution and liquidation procedure shall be carried out in accordance with the provisions of Articles 177¹²-177¹⁴.

(3) The decision to withdraw the operating permit shall be communicated to the company concerned.

Article 110¹: Interim administrator

(1) The interim administrator ensures the administration and management of the company whose operating authorization has been withdrawn and adopts measures to prevent the decrease of the company's assets and the increase of liabilities, while preserving its assets.

(2) The term of office of interim administrator shall automatically terminate on the date of appointment of the liquidator.

(3) From the date of communication of the decision to appoint the interim administrator and until the end of his mandate, the duties of the company's management shall be suspended by operation

of law, except for the task of bringing the action provided for in Article 250 paragraph (2) of Law no. 85/2014, as subsequently amended and supplemented, and the task of handing over the records according to the provisions of Article 12² of Law no. 213/2015, with subsequent amendments and completions, for the fulfillment of which the company's management remains responsible.

(4) The expenses related to the interim administration are borne by the company to which he was appointed; the administrator's fee is established by the A.S.F. through the appointment decision, without exceeding the remuneration granted to the company's management.

(5) For sound reasons, the FSA may issue a decision to replace the interim administrator or to terminate the mandate granted.

(6) The interim administrator shall provide the FSA, upon request, with any relevant information and documents regarding the exercise of the mandate and shall carry out any other measures ordered by the FSA necessary to ensure the protection of the rights and legitimate interests of the contractors and beneficiaries.

CHAPTER IX: Right of establishment and freedom to provide services

SECTION 1: Right of establishment

Article 111: Branch incorporation

(1) Insurers intending to establish a branch on the territory of another Member State shall notify the FSA in advance of the following:

- a) the name of the host Member State;
- b) the business plan, which includes at least the types of activity it intends to carry out and the organizational structure of the branch;
- c) the address of the branch office and the name of the representative;
- d) proof that he/she is a member of the National Motor Vehicle Bureau or of the National Protection Fund of the host Member State, if he/she intends to practice class 10, excluding the liability of the carrier, provided in Annex no. 1 section A.

(2) Insurers shall notify the FSA and the supervisor of the host Member State, at least one month before the changes in the information communicated to the FSA in accordance with paragraph (1)(b)-(d).

(3) The insurers referred to in paragraph (1) shall comply with the provisions referred to in Article 8(14), with the avoidance of double taxation.

Article 112: Notification and communication of information

(1) Within 3 months of the submission of the documentation provided for in Article 111(1), the FSA shall transmit that information to the supervisor of the host Member State, also informing the insurer concerned, unless it finds that the governance system and financial situation of the insurers or the professional skills and moral probity of the trustee are not adequate to the business plan.

(2) The information referred to in paragraph 1 shall be accompanied by confirmation that insurers comply with the SCR and MCR.

(3) If the FSA does not communicate the information received in accordance with Article 111(1) to the supervisors of the host Member States, the FSA shall give a thorough reason to the insurers concerned, within 3 months from the date of receipt of that information; in this case, the insurers may notify the Bucharest Court of Appeal, Administrative and Tax Litigation Section.

(4) If the FSA is notified by a supervisor from a Member State of origin of the intention of an insurer authorised in that Member State to establish a branch on the territory of Romania, the FSA shall communicate to the supervisor concerned, within two months, the legislation relating to the protection of the general interest, which must be complied with in the exercise of the activity.

(5) If notified by a supervisor in a host Member State of the legislation to be complied with in the exercise of its activity by the branch which an insurer intends to establish in that Member State, the FSA shall communicate that information to the insurer concerned.

(6) Insurers may establish a branch in the territory of another Member State and may commence business from the date on which the FSA receives the information referred to in paragraph 5 or on the expiry of a period of two months from the date on which the FSA has informed the supervisor of the host Member State, if no information is received on the legislation to be complied with in order to carry out the activity in the territory of that State.

(7) Insurers operating in the territory of other Member States on the basis of the right of establishment shall report to the FSA, in accordance with the legal provisions, the volume of premiums, claims and commissions without deduction of reinsurance, separately for non-life insurance and life insurance and broken down by business lines and by Member State.

(8) For class 10 provided for in Annex no. 1 section A, excluding the liability of the carrier, the reports referred to in paragraph 7 shall also include the frequency and average cost of damages.

SECTION 2: Freedom to provide services

Article 113: Notification and communication of information

(1) An insurer intending to carry out activities directly in another Member State for the first time shall notify the FSA thereof, indicating at the same time the nature of the risks it intends to underwrite and the commitments it intends to assume.

(2) Within one month from the date of receipt of the notification referred to in paragraph (1), the FSA shall communicate to the supervisor of the Member State in which the insurer intends to carry out its activity directly with the following information:

- a) proof of the insurer's compliance with the SCR and MCR;
- b) the classes of insurance it is authorised to practise;
- c) the nature of the risks it intends to undertake and the commitments it intends to undertake in that Member State.

(3) The FSA shall inform the insurer of the transmission of the information referred to in paragraph 2 at the same time as it notifies the supervisor of the host Member State, the insurer being able to start its activity from the date of receipt of this information.

(4) If it does not communicate the information referred to in paragraph (2), the FSA shall provide a thorough reason to the respective insurer, within one month from the date of receipt of the notification referred to in paragraph (1); in this case, the insurer may notify the Bucharest Court of Appeal, Administrative and Tax Litigation Section.

(5) The procedure described in paragraphs (1) to (4) shall also be observed if the insurer makes changes to the risks and commitments subscribed or assumed.

(6) If the FSA is notified of the intention of an insurer in a Member State to directly subscribe to class 10 risks mentioned in Annex no. 1 section A, excluding the liability of the carrier, A.S.F. requests the following from the respective insurer:

- a) the name and address of the representative referred to in Article 21(1)(g);
- b) a statement confirming that he became a member of the BAAR and the FPVS.

(7) Insurers operating in the territory of other Member States on the basis of the freedom to provide services report to the FSA, in accordance with the legal provisions, the volume of premiums, claims and commissions without deduction of reinsurance, separately for non-life insurance and life insurance and broken down by business lines and by Member State.

(8) Insurers operating in the territory of other Member States on the basis of the freedom to provide services shall comply with the provisions of Article 8(14).

Article 114: Mandatory motor liability insurance

(1) The financial contribution to the BAAR and FPVS of the insurer referred to in Article 113(6) shall be calculated on the basis of the gross premiums received or the number of risks covered on the territory of Romania, by the same method used by insurers operating under the right of establishment.

(2) The insurer referred to in Article 113(6) shall treat claims for payment of damages in the same way as it would treat them if it were operating on the territory of Romania on the basis of the right of establishment.

(3) The insurer referred to in Article 113(6) shall appoint a compensation representative residing or established on the territory of Romania, with the following attributions:

- a) collects all necessary information regarding claims files;
- b) has the competence to represent the insurer in relation to the persons who have suffered a damage and could request compensation, including for their payment;
- c) represents or takes the necessary steps for the insurer to be represented before the courts and authorities of Romania, in terms of compensation;
- d) represents the insurer before the A.S.F. regarding the verification of the existence and validity of the insurance policies;
- e) exercises only the attributions mentioned in letters a)-d), A.S.F. or other authorities not having the competence to request him to undertake other activities on behalf of the insurer.

(4) The appointment of the representative referred to in paragraph 3 cannot be treated as the establishment of a branch within the meaning of Article 111, and if the insurer does not appoint a representative, then the representative responsible for settling claims shall be appointed in accordance with the provisions of the specific legislation of the home Member State.

(5) For class 10 provided for in Annex no. 1 section A, excluding the liability of the carrier, the reports referred to in Article 112(7) shall also include the frequency and average cost of damages.

CHAPTER X: Branches of companies in third countries

Article 115: Authorization process

(1) For the purposes of this chapter, a branch means the permanent presence on the territory of Romania of a company from a third country, authorized by the FSA to carry out activity in Romania, or the similar situation in the other Member States.

(1¹) For the purposes of this Chapter and Article 163, a third-country company means a third-country insurer operating in Romania through a branch or a similar situation in the other Member States.

(2) The FSA authorizes the branches of companies in a third country if those companies meet the following conditions:

- a) are authorised in the third State to carry out insurance and/or reinsurance activities;
- b) undertakes to keep the accounting records at the branch headquarters, corresponding to the activity he intends to carry out, and keeps all the documents related to the activity;
- c) appoints a general representative, authorized by the A.S.F.;
- d) holds on the territory of Romania a volume of assets equal to at least 50% of the absolute threshold provided for in Article 95(1)(d) and constitutes as collateral a deposit of 25% thereof;
- e) documents that it can comply with the SCR and MCR;
- f) communicate the name and address of the compensation representative in other Member States, if he subscribes to Class 10 risks set out in Annex no. 1 section A, except for the liability of the carrier;
- g) submit a business plan, under the conditions provided for in Article 116;
- h) complies with the governance requirements set out in chap. IV, Section 2.

Article 116: Business plan

(1) The business plan referred to in Article 115(2)(g) shall contain the following information:

- a) the nature of the risks it intends to subscribe to or the commitments it intends to assume;
- b) the guiding principles on reinsurance;
- c) estimates of the SCR and MCR values and the methods used to determine them;
- d) the elements of eligible own funds and basic own funds covering the SCR and the RCM, respectively;
- e) estimates regarding the costs of initiating administrative services and ensuring a favorable framework for carrying out the activity and the financial resources for covering them, and if the risks are part of class 18 of Annex no. 1 section A, the means at its disposal to provide assistance;
- f) information on the structure of the governance system.

(2) In addition to the elements set out in paragraph (1), for the first 3 financial years, the plan shall contain the following:

- a) a forecast balance sheet;
- b) estimates of the financial resources to cover the technical reserves, SCR and MCR;

c)for non-life insurance:

1. (i) estimates of administrative expenditure other than those referred to in point (e) of paragraph 1, in particular of current overheads and fees;
2. (ii) estimates regarding the volume of premiums or contributions, as the case may be, and the volume of claims;

d)for life insurance, detailed estimates of income and expenses related to direct activity, acceptances and assignments in reinsurance.

(3)Insurers who subscribe to life insurance shall present, at the request of the A.S.F., the technical bases used for calculating the tariffs and technical reserves; This requirement is not a prerequisite for carrying out the activity.

Article 117: Portfolio transfer

(1)A.S.F. approves the transfer of the portfolio of the branches, in whole or in part, to an assignee company established in Romania only if, after taking over the respective portfolio, the transferee company has its own funds eligible for SCR coverage.

(2)The FSA shall approve the transfer of the portfolio of the branches, in whole or in part, to companies established in another Member State, only if the supervisor of the respective Member State certifies, within 3 months from the date of receipt of the request, that the transferee company, after taking over the portfolio, has its own funds eligible to cover the SCR.

(3)If a branch transfers the portfolio, in whole or in part, to a branch established in another Member State, the FSA shall approve the transfer of the portfolio only if the supervisor in the Member State of the branch of the transferee company or the supervisor in the Member State referred to in Article 119 certifies, within 3 months from the date of receipt of the request, the following:

- a)the transferee company, after accepting the portfolio, has its own funds eligible to cover the SCR;
- b)the law of the Member State of the transferee company allows the transfer;
- c)agrees to the transfer.

(4)If the branch of the transferee company is established in Romania and takes over, in whole or in part, the portfolio of contracts of a branch established in another Member State, the FSA shall issue, within 3 months from the date of receipt of the request, the following certifications:

- a)the transferee company, after accepting the portfolio, has or does not own funds eligible for

coverage of the SCR;

b) national law allows such a transfer;

c) A.S.F. agrees or disagrees with the transfer of the respective portfolio.

(5) If the risk is located in another Member State or the commitment is also assumed in another Member State, the FSA shall approve the portfolio transfer referred to in paragraphs 1 and 3 after obtaining the consent of the supervisor in the Member State where the risk is located or in the Member State of the commitment.

(6) When the FSA is consulted on a portfolio transfer between two branches located in other Member States, and that portfolio covers risks and liabilities located in Romania, the FSA shall transmit its opinion or opinion to the requesting authorities within 3 months from the date of receipt of the request, the lack of a response being equivalent to tacit agreement.

(7) The decision on the portfolio transfer, approved under the conditions provided for in this article, shall be published according to the publication regime established by the FSA's own regulations, in the event that Romania is a member state of the commitment or a member state in which the risk is located.

(8) The portfolio transfer approved according to this Article shall be notified by the transferee company to the contractors and other persons who have rights and obligations from the transferred contracts within the term established by the decision approving the portfolio transfer, the contractors having the right to terminate the contracts and to request the refund of the premiums paid in advance and related to the unexpired period of validity.

Article 118: Solvency

(1) The branches of companies from third countries have the obligation to comply with the provisions of chap. V sections 1-5.

(2) For the calculation of the SCR and MCR, branches shall take into account only the activity carried out by them, both for non-life and life insurance, and shall hold the eligible own funds items in accordance with Article 71(3).

(3) The amount of basic own funds eligible to cover the RCM, which may not be less than 50% of the absolute threshold referred to in Article 95(1)(d), shall be determined in accordance with the provisions of Article 71(4) and the deposit constituted in Romania in accordance with Article 115(2)(d) shall be eligible to cover the RCM.

(4) The assets covering the SCR up to the level of the RCM are located on the territory of Romania, and the surplus assets in any of the other Member States.

Article 119: Advantages of authorisation in more than one Member State

(1) Companies with headquarters in third countries that have branches in Member States, including Romania, may apply to the FSA for the cumulative granting of the following advantages:

a) the SCR is calculated for the activity carried out by all authorised branches in the Member States;

b) the deposit referred to in point (d) of Article 115(2) is constituted in one of the Member States concerned;

c) the assets covering the RCM are located in any of the Member States in which they operate.

(2) In the request referred to in paragraph 1, the companies concerned shall duly justify the designation of the FSA as supervisor responsible for monitoring the solvency of the entire activity of its branches in the Member States.

(3) The FSA shall work with the supervisors of the Member States to reach an agreement on the granting of the advantages referred to in paragraph 1.

(4) If the FSA is designated as the responsible supervisor, according to paragraph (2), it:

a) inform the supervisors concerned that he or she is the designated supervisor on the date on which the said benefits take effect;

b) requires that the deposit referred to in paragraph (1)(b) be set up in Romania;

c) ask the supervisors concerned for the information necessary to fulfil their obligations as designated supervisor;

d) If the company referred to in paragraph 1 is in difficulty, it shall apply the provisions of Article 13(1), Article 99 and Article 100 to it.

e) issue, where appropriate, the necessary certifications for situations similar to those referred to in Article 117(3) and (4).

(5) If he is not a designated supervisor, the A.S.F.:

a) grant the advantages referred to in paragraph 1 from the date on which it is informed of the assumption of responsibility by the designated supervisor for the monitoring of the solvency of the entire activity of the branches;

b) transmits to the designated supervisor the information requested by him.

(6) The application of the advantages granted under this Article shall be revoked simultaneously by all Member States at the initiative of the FSA or other supervisor concerned.

Article 120: Branches in difficulty

The provisions of Article 8, Article 13(1) and (3), Article 14(5) and Article 101 shall apply to the branches covered by this Chapter.

Article 121: Separation of activity

(1) Branches established on the territory of Romania cannot simultaneously carry out life and general insurance activities.

(2) Branches that practiced both activities simultaneously on January 1, 2007, as well as on the date of entry into force of this law, may continue their activity provided that they comply with the provisions of Article 49.

(3) If companies from third countries carry out both activities simultaneously and, on 1 January 2007, as well as on the date of entry into force of this law, subscribed or subscribe on the territory of Romania only life insurance through branches and intend to carry out non-life insurance activity on the territory of Romania, they may continue to subscribe to life insurance only through subsidiaries.

Article 122: Withdrawal of authorisation

(1) Without prejudice to the provisions of Article 110, the FSA may withdraw the operating authorization granted to the branches even if they do not comply with the provisions of this chapter.

(2) If, as a designated supervisor, the FSA withdraws the authorization of the branch established on the territory of Romania, then the FSA notifies the other authorities concerned.

(3) In the event that the FSA is not a designated supervisor and is notified of the withdrawal of the authorisation of a branch in another Member State:

- a) ensures the supervision of the branch;
- b) withdraws the authorisation of the Romanian branch if the decision of the appointed supervisor is motivated by the violation of the global solvency requirements.

Article 123: Reinsurance

Where the supervisory regime in a third State is declared equivalent, permanent or temporary by the European Commission, reinsurance contracts concluded with insurers and reinsurers headquartered in that third State shall be treated as if they were concluded with insurers and reinsurers headquartered in the Member States.

CHAPTER XI: Specific provisions

Article 124: Non-life insurance

(1) The insurance contracts do not provide in the general and specific conditions for particular situations of manifestation of the subscribed risk.

(2) Insurers underwriting class 10 risks mentioned in Annex no. 1 section A, except for the liability of the carrier, have the obligation to be members of the BAAR and FPVS.

(3) The insurers shall join the BAAR within 30 days from the receipt of the authorization to underwrite class 10 risks mentioned in Annex no. 1 section A, with the exception of the carrier's liability, and have the obligation to constitute the Green Card Common Fund, from the date of affiliation.

Article 125: Community co-insurance

(1) Insurers may participate in a Community co-insurance contract only under the conditions provided for in this Article.

(2) Co-insurance operations which do not fulfil the conditions referred to in paragraph 3 shall not be considered as Community co-insurance operations.

(3) Community co-insurance operations cover risks in classes 3 to 16 of Annex no. 1 section A, under the following conditions:

a) are major risks;

b) they are risks covered by a single contract, for a global premium and for the same period, concluded with at least 2 insurers, as co-insurers, one of which is considered the main co-insurer;

c) are risks located in the Member States;

d) for the purposes of hedging, the lead co-insurer is treated as if it fully covered those risks;

e) if the insurer, having the capacity of main co-insurer, is authorised by the FSA, at least one of the other co-insurers participates in the contract through the head office or a branch located in another Member State;

f) The lead co-insurer sets the terms, conditions and contractual rates.

(4) The provisions of Article 113(1) to (6) and Article 114 shall apply only to the main co-insurer.

(5) Insurers that are parties to a co-insurance contract have the obligation to establish and maintain technical reserves at the level of the subscribed share of the insured risk, according to the legislation in force, but at least equal to those established by the main co-insurer, according to the legislation of its home Member State.

(6) If the insurer, as the main co-insurer, is authorized by the FSA, the level of technical reserves constituted and maintained by each co-insurer is established by it, according to the legislation in force.

(7) The co-insurers keep track of statistical data on:

- a) the scale of the Community co-insurance operations in which it participates;
- b) Member States where the subscribed risk is located.

(8) In the event of liquidation of insurers participating in a Community co-insurance contract, the obligations arising from that contract shall be honoured in the same way as the obligations relating to other insurance contracts, irrespective of the nationality or nationality of the contractors and beneficiaries.

Article 126: Activities similar to tourist assistance

Activities of assistance to persons in difficulty in circumstances other than those referred to in Article 2(2)(f) and (5) shall be subject to the provisions of this Part and shall be treated as activities in Class 18 of Annex No. 1 section A.

Article 127: Legal protection insurance

(1) This article applies to insurers who conclude legal protection insurance contracts, having as object:

- a) covering the costs of legal proceedings;
- b) provision of other services directly related to the coverage given by the insurance:**
 - 1. (i) to repair the damage suffered by the contractors as a result of mediation, civil or criminal procedures;
 - 2. (ii) to cover legal costs incurred by contractors in civil, administrative or criminal proceedings or in the event of a complaint against them.

(2) Legal protection insurance is granted through a separate contract from those concluded for other classes of insurance or, in the case of a single policy, through a contract in which the nature of the coverage and the amount of the related premium are specified in a separate section.

(3) Insurers who carry out legal protection insurance opt for one of the following methods of claims management:

- a) insurers shall ensure that the personnel who manage claims or provide advice in this regard do not carry out the same type of activity at another insurer with which they have financial, commercial or administrative ties, and in the case of composition insurers, the respective personnel

are dedicated only to this class of insurance;

b) insurers shall outsource claims management or legal advice in relation to claims management to an entity named in the contract or in the separate section referred to in paragraph 2, which shall assign that task to specially designated personnel; both these personnel and the management of the respective entity may not carry out similar activities in parallel with another insurer with which the respective entity has links;

c) The contract or separate section referred to in paragraph 2 shall stipulate the right of the contractor to choose a lawyer or mediator in accordance with national law.

(4) The contractor has the right to choose a lawyer or mediator to defend, represent its interests in legal proceedings or in the event of a conflict of interest.

(5) The provisions of paragraph (4) shall not apply if the following conditions are cumulatively met:

a) the insurance is limited to the cases resulting from the use of road vehicles on the territory of Romania;

b) the insurance is associated with an assistance contract in the event of an accident or breakdown of a road vehicle;

c) the insurer providing the legal protection and the one providing the assistance do not subscribe to classes of civil liability insurance;

d) The insurer adopts measures according to which the legal advice and representation of each party in dispute is carried out by independent lawyers, if both parties are insured for legal protection by the same insurer.

(6) The provisions of paragraph (3) shall also apply in the case of the exemptions referred to in paragraph (5).

(7) In the legal protection insurance contract, the parties stipulate the procedure for resolving disputes between them, through mediation or arbitration, as well as the right of the insured to resort to such procedures, without prejudice to his right to notify the competent courts, according to the law.

(8) This Article shall not apply in the following cases:

a) the insurance covers disputes or risks related to the use of seagoing vessels;

b) the activity carried out by an insurer providing civil liability cover for the purpose of defending or representing the contractor in an investigation or trial if it is carried out simultaneously in the insurer's own interest, within the framework of that coverage;

c) Legal protection is provided by an insurer that provides protection in accordance with

Class 18 of Annex no. 1 section A, subject to the following conditions:

1. (i) it is granted in a Member State other than that in which the contractor's habitual residence is located, with the contract clearly stating that this and that legal protection is ancillary to the assistance;
2. (ii) is granted in a contract for the insurance of assistance to persons in difficulty during travel and during absences from home or habitual residence.

(9) In the event of a conflict of interest or in the absence of an agreement on the resolution of a dispute, the insurer or the personnel handling the claims shall inform the contractor of the rights arising from paragraphs 4 and 7.

Article 128: Health insurance

(1) If the insurance contracts covering the risks in class 2 of Annex no. 1 section A may partially or fully substitute the health insurance provided by the social insurance system, they are concluded in compliance with the legislation regarding the protection of the general interest and provided that the insurers submit in advance to the FSA the general and special conditions of this type of insurance.

(2) The insurers submit to the FSA the technical bases used for calculating the premiums before offering the products, which are similar to those related to life insurance if the following conditions are cumulatively met:

- a) insurance premiums shall be calculated on the basis of morbidity tables and other relevant statistical data in accordance with the actuarial mathematical methods used in insurance and shall be sufficient for the settlement of obligations;
- b) insurers constitute a maturity reserve;
- c) insurers may terminate the health insurance contract within 20 days from the date of notification to the contractor;
- d) insurance contracts provide that premiums can be increased or payments reduced even for contracts in force;
- e) insurance contracts shall provide for the right of contractors to conclude a new contract in accordance with paragraph 1, offered by the same insurer or the same branch and taking into account the rights they have acquired; The conclusion of the new contract takes into account the maturity reserve, and a new medical examination can only be requested in the event of an extension of coverage.

(3) The FSA publishes the morbidity tables and other relevant statistical data and transmits them to

the supervisory authorities of the Member State of origin.

Article 129: Occupational accident insurance

Insurers who offer, at their own risk, compulsory insurance against accidents at work on the basis of the right of establishment and the freedom to provide services comply with the special provisions laid down in the national law of the host Member State for this type of insurance.

Article 130: Life insurance

Insurers shall set the level of premiums for new products on the basis of reasonable actuarial assumptions so that these premiums are sufficient to cover obligations and, in particular, to build up technical reserves; To this end, insurers shall take into account all financial aspects, without the contribution from resources other than premiums and the income resulting from them being, systematically and permanently, of such a nature as to affect their long-term solvency.

Article 131: Finite reinsurance

(1) Insurers concluding finite reinsurance contracts and reinsurers carrying out finite reinsurance activities shall have procedures in place for identifying, measuring, monitoring, managing, controlling and reporting, in an appropriate manner, the risks arising from those activities.

(2) For the purposes of paragraph 1, finite reinsurance is reinsurance in which the maximum potential loss, expressed as the maximum economic risk ceded, arising from a significant transfer of underwriting risk and timing risk, is greater than the reinsurance premium for the entire contract, by a limited but significant amount, taking into account at least one of the following characteristics:

- a) the time value of the money due for the services provided is actually and explicitly defined;
- b) The contractual provisions balance the economic balance of the relations between the parties over time, so that the transfer of risk reaches the level set

Article 132: Investment vehicles

(1) The establishment of investment vehicles is carried out only following the authorization granted by the FSA, according to Article 166 paragraph (1) letter e), and under the conditions of the legal provisions.

(2) Investment vehicles authorised before 31 December 2015 are subject to specific national legislation.

TITLE II: Groups

CHAPTER I: Scope

Article 133: Cases of application of surveillance at group level

(1) For the purposes of this Title, the term "company" means a company belonging to a group, authorised either in Romania or in other Member States.

(2) The provisions of Title I shall also apply accordingly to companies which are part of a group, unless otherwise provided in this Title.

(3) Group-level supervision shall apply:

- a) participatory companies of at least one company from Member States or from third countries;
- b) companies whose parent companies are insurance holding companies or mixed financial holding companies with their head office in a Member State;
- c) companies whose parent companies are companies, insurance holding companies or mixed financial holdings of third countries;
- d) companies whose parent companies are mixed insurance holdings.

(4) A.S.F. supervises companies from third countries, insurance holdings, mixed insurance holdings and mixed financial holdings only at group level, and in the case of insurance holdings or mixed financial holdings, the provisions of Article 27 are also applicable.

(5) The FSA decides, on a case-by-case basis, to exclude a company from group supervision if:

- a) is established in a third State where there are legal restrictions on the exchange of information, without prejudice to Article 148;
- b) its exclusion does not significantly influence the achievement of the objectives of supervision at group level;
- c) its inclusion is inappropriate or would lead to erroneous conclusions about the objectives of group surveillance.

(6) The FSA shall include, in group supervision, the companies referred to in paragraph 5(b) if, considered collectively, they have a significant impact on the achievement of the objectives of group supervision.

Article 134: Highest ranking parent company

(1) The provisions of Articles 15 to 18 and 137 to 161 shall apply at the level of the parent company, the insurance holding company or the highest-ranking mixed financial holding company having its head office in a Member State, where:

- a) the participatory companies referred to in point (a) of Article 133(3) are subsidiaries of

companies with their head office in a Member State;

b) An insurance holding company or mixed financial holding referred to in point (b) of Article 133(3) shall be the subsidiary of another insurance holding company or another mixed financial holding company having its head office in a Member State.

(2) If a parent company, an insurance parent holding company or a senior mixed financial parent holding company is a subsidiary of an entity subject to additional supervision, within the meaning of Government Emergency Ordinance no. 98/2006, approved with amendments and completions by Law no. 152/2007, as subsequently amended and supplemented, the FSA may decide, after consulting the other supervisors involved, not to supervise either the concentration of risks referred to in Article 157 or the intra-group transactions referred to in Article 158, or none of these elements.

Article 135: The parent company of the highest rank at national level

(1) For the entities referred to in Article 133(3)(a) and (b) having their head office in Romania and the highest-ranking parent company having their head office in the Member States, the FSA, after consulting the coordinating supervisor and the parent company of the highest rank at the level of the Member States, may decide to subject the parent company of the highest rank at national level to group supervision, motivating its decision to the coordinating supervisor and the highest ranking parent company at Member State level.

(2) In the case referred to in paragraph 1, the provisions of Articles 15 to 18 and 137 to 161 shall be applied accordingly, in accordance with the provisions of paragraphs 3 to 9.

(3) The FSA may limit the group-level supervision of the parent company of the highest ranking at national level to:

- a) The provisions of chap. II;
- b) the provisions of Articles 157 and 158;
- c) the provisions of Article 159;
- d) a combination of the provisions referred to in points (a) to (c).

(4) If the FSA decides to apply the provisions of chap. II, the decision of the coordinating supervisor on the method chosen by the coordinating supervisor for the parent company of the highest rank at the level of the Member States, according to Article 139, is final and is also applied by the A.S.F.

(5) If the FSA decides to apply the provisions of chap. II to the parent company of the highest rank at national level, but the parent company of the highest rank at the level of the Member States

receives permission to calculate the SCR by internal model, both at the level of the group and at the level of the component companies of the group, the decision of the coordinating supervisor is final and is also applied by the A.S.F.

(6) In the case referred to in paragraph (5), if the FSA considers that the risk profile of the parent company of the highest rank at national level deviates significantly from the internal model approved at the level of the Member States and that company does not remedy the situation, the FSA may:

- a) impose a Solvency Capital Increase over SCR resulting from the use of that model;
- b) to impose the calculation of the SCR at group level with the standard formula if the increase referred to in point (a) proves to be inadequate.

(7) A.S.F. motivates the decision adopted for the situation provided for in paragraph (6), both in relation to the coordinating supervisor and to the parent company of the highest rank at national level.

(8) If the FSA decides to apply the provisions of chap. II, the subsidiaries of the parent company of the highest rank at national level are not subject to the provisions of Article 155, even if the conditions provided for in Article 154 or 156 are met.

(9) The provisions of paragraph 1 shall not apply where the parent company of the highest rank at Member State level has obtained approval to calculate with the internal model the SCR and MCR at group level for its subsidiaries in accordance with Article 16(9).

Article 136: Sub-group supervision

(1) In the event of the application of the provisions referred to in Article 135, the FSA may conclude an agreement with the authorities of the Member States in which there is a subsidiary of the group treated as the parent company of the highest rank at national level, with the aim of achieving group supervision at the level of a sub-group located in several Member States.

(2) The FSA may not apply the supervision referred to in Article 135 to a subsidiary of a group if other authorities conclude an agreement within the meaning of paragraph (1) for other subsidiaries of that group.

(3) For the situation referred to in paragraph 1, the provisions of Article 135(2) to (9) shall apply accordingly.

CHAPTER II: Group-level solvency

SECTION 1: Own funds and calculation of solvency at group level

Article 137: General provisions

(1)The holding company referred to in Article 133(3)(a) or the holding company referred to in Article 133(3)(b) shall at all times ensure that the group has eligible own funds at least equal to the group-wide SCR calculated in accordance with the provisions of Articles 139 to 152 and Article 153 respectively.

(2)If it is informed by the participatory company that the SCR at group level is no longer complied with or that there is a risk of non-compliance with it in the next 3 months, the FSA informs the other authorities within the college of supervisors in order to adopt appropriate measures.

Article 138: Frequency of calculation

(1)Participating companies, insurance holding companies or mixed financial holding companies shall determine at least annually the level of eligible own funds referred to in Article 137(1).

(2)The relevant data on the basis of which the own funds and the results of the determination are determined are transmitted to the FSA by the holding company, the insurance holding company, the mixed financial holding company or the group company designated by the FSA after consulting the group and the supervisory authorities involved.

(3)Participatory companies, insurance holdings or mixed financial holdings permanently monitor the SCR at group level and recalculate the respective requirement, transmitting the results to the FSA, if since the last report:

- a)the risk profile deviates significantly from the assumptions underlying the calculation;
- b)the risk profile is significantly modified.

Article 139: Choosing the calculation method

(1)The calculation of solvency at group level for participatory companies shall be carried out according to the provisions mentioned in Articles 140-148 and according to method no. 1 provided for in Article 149.

(2)If the use of method no. 1 is not appropriate, the FSA may approve, after consulting the college of supervisors and the respective group, the use of method no. 2 provided for in Article 150 or the use of a combination of the two methods.

Article 140: Inclusion of proportional quota

(1)The calculation of solvency at group level takes into account the proportional share held

by the participating company in the affiliated entities, a share that includes:

- a) the percentages used for the preparation of the consolidated accounts, in case of applying method no. 1;
- b) the proportion of the subscribed capital held directly or indirectly, in case of applying method no. 2.

(2) If the affiliated entity is a subsidiary and does not have sufficient eligible own funds to cover its own SCR, regardless of the method applied, the total solvency deficit of the subsidiary is taken into account in the calculation of the SCR at group level, and if the FSA and the College of Supervisors consider that the company's liability is strictly limited to the proportion of capital held, may approve that deficit being taken into account on a proportionate basis.

(3) The proportional quota is determined by the A.S.F., after consulting the college of supervisors, and is taken into account when:

- a) there are no capital links between some entities of the group;
- b) one of the supervisors considers that direct or indirect ownership of capital or voting rights in an entity qualifies as a shareholding because it actually exercises significant influence over that entity;
- c) One of the supervisors considers one entity to be the parent company of another entity because it effectively exercises a dominant influence over the latter.

Rule 141: Dual use of own funds

(1) Companies within a group may not use the eligible own funds of another group company to cover their SCR.

(2) When calculating the SCR at group level, and unless otherwise provided for in Articles 149 to 152, the following values shall be excluded:

- a) the value of the assets held by the participating companies, considered as elements of the eligible own funds covering the SCR of one of the affiliated companies;
- b) the value of the assets held by an affiliated company and considered as items of eligible own funds covering the SCR of the holding company or other companies affiliated to it.

(3) Without prejudice to paragraph 1, the following values may be included in the calculation of the CRS at group level, only to the extent that they are eligible for CRS coverage of affiliated entities:

- a) the surplus funds referred to in Article 66, registered by life insurance companies affiliated to the holding company for which the solvency at group level is calculated;

b) the subscribed and unpaid share capital of the companies affiliated to the participatory company for which the solvency at group level is calculated.

(4) Without prejudice to paragraph 3, the following values shall be excluded from the calculation of the SCR at group level:

a) the subscribed and unpaid share capital that represents a potential obligation on behalf of the participating company;

b) the subscribed and unpaid share capital of the participatory company that represents a potential obligation on behalf of an affiliated company;

c) the subscribed and unpaid share capital of an affiliated company that represents a potential obligation on behalf of another affiliated company.

(5) If the FSA considers that certain own funds eligible for the SCR of affiliated companies, other than those referred to in paragraph (3), are not actually available to cover the SCR of the participating company at group level, then those funds shall be taken into account only to the extent that they are eligible to cover the SCR of affiliated companies.

(6) The value of the own funds referred to in paragraphs (3) and (5) shall not exceed the SCR of the affiliated company.

(7) The eligible ancillary own funds of companies affiliated to a participating company for which group solvency is calculated are included in the calculation of the group-level SCR after prior approval by the authority responsible for the supervision of that affiliated company or after the prior approval of the FSA in accordance with Article 65, in the case of affiliated companies located on the territory of Romania.

Article 142: Intra-group capital

(1) If a company or its affiliated companies hold shares or grant loans to another entity, which directly or indirectly holds own funds eligible for the SCR coverage of the first company, this is considered mutual financing.

(2) The calculation of solvency at group level shall not take into account the eligible own funds arising from the mutual financing between the participatory company and:

a) affiliated entities;

b) participatory entities;

c) other entities affiliated with its participating entities.

(3) When calculating solvency at group level, the own funds covering the SCR of a company affiliated to a participatory company for which the SCR is calculated at group level shall not be

taken into account, if they come from mutual financing with a company affiliated to that participatory company.

Article 143: Evaluation

The valuation of assets and obligations shall be carried out in accordance with the provisions of Article 52.

Article 144: Calculation method for affiliated companies

(1) If companies have more than one affiliate, group-level solvency is calculated by including all affiliated companies.

(2) Where a company affiliated to a company for which group solvency is calculated has its head office in a Member State other than this one, the calculation of the SCR and the valuation of the own funds for the affiliated company shall be carried out in accordance with the law of that Member State.

Article 145: Calculation method for intermediate holding companies

(1) When calculating the solvency at group level for a company that holds shareholdings in affiliated companies in Member States or in companies in third countries by means of an insurance holding company or a mixed financial holding company, the situation of that holding company, called an intermediary holding company, shall also be taken into account, exclusively for the purpose of this calculation, the intermediate holding company shall be treated as a regulated company in accordance with the provisions of Title I, chap. V Sections 3 and 4 regarding eligible own funds and SCR.

(2) If the intermediate holding company referred to in paragraph 1 holds subordinated loans or other eligible own funds to which the limits set out in Article 71 apply, they shall be recognised only up to the amount resulting from applying those limits to the total eligible own funds at group level compared to the group-wide SCR; ancillary own funds may be taken into account in the calculation of solvency at group level only after the approval of the FSA in accordance with the provisions of Articles 65 and 166(1)(f).

Article 146: Calculation method for affiliated companies in third countries

(1) When calculating solvency at group level using method no. 2 For a company which has shareholdings in a company of a third State, the latter is treated, for that purpose alone, as an affiliated company.

(2) If the third State referred to in paragraph 1 provides for the authorisation of companies in national law and applies a solvency regime at least equivalent to that provided for in Title I, chap. V, the eligible own funds and SCR of the company concerned shall be in accordance with the law of the third State in which it has its headquarters.

Article 147: Calculation method for affiliated institutions such as credit institutions, investment firms or other financial institutions

(1) Companies participating in financial, credit institutions or investment companies may apply, consistently over time, method no. 1 or method no. 2 for calculating solvency at group level; in the case of choosing the first method, it applies only if the FSA finds compliance with the requirements regarding integrated management and internal control for the inclusion of entities in the consolidation area.

(2) At the request of the participatory companies or on its own initiative, the FSA shall approve the deduction of the participations referred to in paragraph (1) from the own funds eligible for SCR at the group level of the participatory companies.

Article 148: Lack of information

If the FSA does not have the necessary information on an affiliated company with its head office in another Member State or in a third State, for the calculation of the group-level solvency of the companies, the carrying amount of the shareholding in that entity shall be deducted from the value of the eligible own funds covering solvency at group level, and the latent capital gain of this holding is not recognized as own funds covering solvency at group level.

Article 149: Calculation method no. 1

(1) The calculation of the solvency at group level of a holding company is carried out on the basis of consolidated accounts.

(2) The solvency at group level of a participatory company is the difference between the following:

a) eligible own funds covering SCR, determined in accordance with the provisions of Title I chap. V, section 3;

b) SCR at group level, calculated according to the provisions of Title I chap. V, Section 4.

(3) The group-level SCR based on consolidated data, also called the consolidated SCR, shall be calculated in accordance with the provisions of Title I chap. V, Section 4.

(4) The consolidated CRS, covered by eligible own funds in accordance with Article 71(4),

shall be at least the amount of:

- a) RCM of the participatory society;
- b) proportional shares of the RCM of the affiliated companies.

Article 150: Calculation method no. 2

(1) The solvency at group level of a holding company is calculated as the difference between:

- a) the eligible own funds aggregated at group level referred to in paragraph 2;
- b) the value of the shareholdings held by the holding company and the aggregated SCR at group level referred to in paragraph (3).

(2) Group-aggregated eligible own funds are the sum of:

- a) the own funds eligible for the SCR of the participatory company;
- b) the proportional shares of the participating company from the own funds eligible for SCR of the affiliated companies.

(3) The aggregate SCR at group level is given by the sum of:

- a) SCR of the participatory society;
- b) the proportional shares of the SCR of the affiliated companies.

(4) Where the shareholding in the affiliated companies consists of an indirect holding, in whole or in part, the value of that shareholding shall also include the value of the indirect holding, depending on the relevant successive interests, the proportional shares referred to in paragraph 2(b) and paragraph 3(b) being amended accordingly.

(5) In order to determine the adequacy of the group-level aggregated SCRs to the group-level risk profile, the FSA and the other supervisors shall take into account all the specific risks existing at group level that may be insufficiently covered because they are difficult to quantify, and in case of a significant deviation of the group-level risk profile from the assumptions underlying the group-level aggregated SCRs, may require a Solvency Capital Increase in accordance with Article 35.

Article 151: Internal group model

(1) The request submitted to A.S.F., for approval according to Article 166(1)(g), by a company and its affiliated entities, by an insurance holding company or a mixed financial holding company and their affiliated entities in order to obtain approval to calculate the aggregate SCR at group level and the SCR of the companies within the group based on an internal model, is

accompanied by the complete documentation.

(2)The FSA shall send to the applicants referred to in paragraph (1) the decision on the approval or rejection of the use of the internal model at group level, accompanied by the related motivation.

(3)If the FSA finds that the risk profile of a company calculating the SCR with the internal model of the group deviates from the assumptions underlying that model, the FSA may impose a solvency capital increase in accordance with the provisions of Article 35 or, if the company does not remedy the situation, calculating the SCR with the standard formula.

(4)The FSA may impose a solvency capital increase according to the provisions of paragraph (3) also if the SCR of a company is calculated with the standard formula.

(5)The reasoned decision on the increase in solvency capital, adopted in the cases referred to in paragraphs 3 and 4, shall be communicated to the respective company and to the college of supervisors.

Article 152: Solvency capital increase at group level

(1)In order to determine whether the CRS at group level reflects the risk profile of the group, the FSA shall consider the situations referred to in Article 35(1)(a) to (d) that may occur at group level, in particular if:

- a)there are specific risks at group level that are not sufficiently captured by the standard formula or the internal model, as they are difficult to quantify;
- b)the other supervisors imposed a solvency capital increase on the affiliated companies.

(2)If the SCR at group level does not reflect the risk profile of the group, the FSA imposes a solvency capital increase.

Article 153: Group-level solvency of an insurance holding company or a mixed financial holding company

In the case of an insurance holding company or a mixed financial holding company, the calculation of solvency at group level is carried out at the level of the respective holding, with the application of the provisions of Articles 139-152, which is treated as a company that complies with the provisions regarding own funds and SCR, according to Title I chap. V, sections 3 and 4.

SECTION 2:Group-level solvency for groups with centralised risk management

Article 154: Conditions

(1) The provisions of Article 155 (1) to (3) shall apply to companies that are subsidiaries of a parent company, insurer or reinsurer, if the following conditions are cumulatively met:

- a) the subsidiary is included in the supervision at group level, under the conditions of this title;
- b) the risk management processes and internal control mechanisms of the parent company cover the subsidiary and are considered by the authorities involved to be appropriate for the exercise of prudent management of the subsidiary;
- c) the parent company has received the approval referred to in Article 159(5);
- d) the parent company has received the approval referred to in Article 16(24);
- e) the parent company submits an application for the application of the centralized risk management system and the FSA approves the application, following the applicable procedure provided for in Articles 15-18.

(2) The parent company shall have the obligation to ensure that the conditions referred to in paragraph (1)(b)-(d) are complied with at all times; if they are no longer complied with, the parent company immediately informs the FSA and the subsidiary about this, sending a plan to remedy the situation.

(3) If the FSA finds that the conditions set out in paragraph (1)(b)-d have not been complied with, the parent company shall submit a plan whereby, within a reasonable time, those conditions are met again.

Article 155: Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR)

(1) If the SCR of the subsidiaries authorised by the FSA included in the group supervision is calculated in accordance with the provisions of Article 151(1) and the risk profile deviates significantly from the assumptions underlying the respective model, the FSA may impose the measures provided for in Article 151(3).

(2) In the situation where the SCR of the subsidiaries is calculated with the standard formula and the risk profile deviates significantly from the assumptions underlying it and if the subsidiaries do not remedy the situation, the FSA may impose on them, by a well-reasoned decision:

- a) to replace in the standard formula subsets of parameters with subsidiary-specific parameters for the risk modules of underwriting non-life insurance, life insurance and health insurance, according to the provisions of Article 81;

b) increase the solvency capital in accordance with the provisions of Article 35.

(3) If the SCR or MCR is not complied with, the subsidiaries are subject to the provisions of Article 99 or 100, as the case may be.

(4) The provisions of paragraphs (1) to (3) cease to apply in the following situations:

a) the conditions referred to in Article 154(1)(a), (c) and (d) are no longer met;

b) The conditions referred to in point (b) of Article 154(1) are no longer fulfilled and the group shall not take the necessary measures to ensure that those conditions are fulfilled again within a reasonable time.

(5) Paragraphs 1 to 3 shall again apply if the parent company so requests and receives approval in accordance with the applicable procedure laid down in Articles 15 to 18.

Article 156: Subsidiaries of an insurance holding company or a mixed financial holding company

The provisions of Articles 154 and 155 shall apply accordingly to companies which are subsidiaries of an insurance holding company or a mixed financial holding company.

CHAPTER III: Overseeing group-level risk concentration, intra-group transactions and governance system

Article 157: Supervision of risk concentration

(1) Within the supervisory process exercised by the FSA, the supervision of the concentration of risks at group level shall also be carried out in accordance with the applicable procedure provided for in Articles 15-18 and the provisions of Article 159.

(2) The coordinating companies of the groups or, where appropriate, the insurance holding companies or the mixed financial holdings shall submit to the FSA, at least annually, a report on the significant concentration of risks at group level, identified in accordance with Article 16(21) and (22).

Article 158: Supervision of intra-group transactions

(1) Within the supervision process exercised by the FSA, the supervision of intra-group transactions shall be carried out in accordance with the applicable procedure provided for in Articles 15-18 and with the provisions of Article 159.

(2) The coordinating companies of the groups or, where applicable, the insurance holding companies or the mixed financial holdings shall submit to the FSA, at least annually, a report on

all significant intra-group transactions carried out by the companies, including with natural persons who have close links with any entity within the group, identified in accordance with Article 16(21); The report on high-significance intra-group transactions shall be submitted as soon as possible.

Article 159: Oversight of the governance system

(1) Without prejudice to the requirements provided in Title I, chap. Section IV, Section 2, the reporting procedures and the risk management and internal control systems shall be developed and applied consistently by all companies included in group supervision in accordance with Article 133(3)(a) and (b) so that they can be controlled at group level.

(2) The internal control system includes the following:

- a) appropriate solvency procedures at group level so that all material risks are identified and quantified and the eligible own funds necessary to cover them are allocated;
- b) accounting and reporting procedures for monitoring and managing intra-group transactions and risk concentration;
- c) general internal control framework.

(3) Participatory companies, insurance holdings or mixed financial holdings carry out the ORSA at group level, in accordance with the provisions of Article 29, which is subject to the supervision process by the FSA as coordinating supervisor.

(4) If participatory companies, insurance holding companies or mixed financial holdings decide to calculate solvency at group level with method no. 1, mentioned in Article 149, they demonstrate to the FSA that the difference between the SCR amount of all affiliated companies and the aggregate amount at group level is correct.

(5) Participatory companies, insurance holdings or mixed financial holdings request the approval of the FSA to carry out the ORSA at the group level and at the branch level at the same time and to submit a single report to the FSA and the supervisory authorities of the respective subsidiaries.

(6) The exercise by the group of the option referred to in paragraph 5 shall not exempt subsidiaries from compliance with the provisions of Article 29.

CHAPTER IV: Public report

Article 160: Group-level solvency

(1) Participatory companies, insurance holdings or mixed financial holdings shall publish annually a report on the solvency and financial situation at group level, in compliance with the provisions of

Articles 39-42.

(2) If the participating companies, insurance holdings or mixed financial holdings request the approval of the FSA regarding the publication of a single report on solvency and financial situation, it shall contain the information provided for in Articles 39-42, as follows:

- a) at group level;
- b) at the level of subsidiaries, so that their situation is easily identified.

Article 161: Group structure

Companies, insurance holding companies or mixed financial holding companies shall publish annually group-level information on their legal structure, governance and organisational structure, including a description of subsidiaries, a description of branches and significant related entities.

CHAPTER V: Parent companies with their head office in third countries

Article 162: Lack of equivalence of the supervisory regime

(1) If the supervisory regime in a third State is not declared equivalent, including temporarily, or if the FSA decides not to rely on the third State in the situation referred to in Article 16(32), the FSA shall apply to companies in the third State any of the following provisions:

- a) Articles 137 to 153 and 157 to 160, in accordance with the applicable procedures laid down in Articles 15 to 18;
- b) one of the methods set out in Articles 16(34) and 17(17).

(2) Exclusively for the purpose of calculating solvency at group level, the parent company complies with the provisions of Title I chap. V section 3 and one of the following:

- a) SCR determined in accordance with the provisions of Article 145, if it is an insurance holding company or a mixed financial holding company;
- b) SCR determined in accordance with the principles set out in Article 146, if it is a third-country company.

TITLE III: Other provisions

CHAPTER I: Sanctions

Article 163: Sanctions

(1) The following facts constitute contraventions:

a) non-compliance by companies and persons who are part of their management or by those who hold key or other critical functions with the obligations provided by:

(i) this law;

(ii) delegated acts or regulations, regulatory and implementing technical standards, implementing acts and other acts issued by the European Commission or by the Council of the European Union and the European Parliament, with direct applicability in the Member States;

(iii) the regulations issued by the FSA in application of this law;

(iv) the accounting regulations specific to the insurance field issued by the A.S.F. according to the legislation in force;

b) failure by companies to comply with the provisions relating to the performance of the activity provided for in Article 25(3) to (5) and (7), Article 26(1)-(5), Article 28-33, Article 36, 49, 50 and Article 51(1), as well as by the branches of insurers from third countries established on the territory of Romania with the provisions of Article 121, Article 124(2) and (3), Article 127(3), Article 128(1) and Article 130 sentence I;

b¹) non-compliance by the persons who are part of the management of the companies with the provisions regarding the performance of the activity provided for in Article 25 (1) and (2);

c) the violation by companies and by the persons who are part of their management or by those who hold key or other critical functions of the provisions of Article 27;

d) violation by companies of the provisions of Article 21 (2) and (5¹);

e) failure by companies to comply with the provisions regarding the transmission:

(i) documents and information in accordance with Articles 8(4), 37, 39, 41, 42 and 47;

(ii) documents and reports in accordance with the legal provisions;

(iii) the documented refusal referred to in Articles 25(9) and 26(7);

f) Failure by companies to comply with the provisions of Section 2, chap. V regarding the constitution and calculation of technical reserves, of the provisions of section 3 of chap. V on own funds, of section 4, chap. V regarding the SCR, of section 5, chap. V regarding the RCM, of section 6, chap. V on investments under Title I of Part I, as well as by branches of companies from third countries of the provisions of Article 118;

g) failure by the transferee company to comply with the provisions of Article 38(5) and Article 117(8), as well as the transfer of portfolio without the approval of the FSA;

h) the failure of the companies to comply with the provisions of Article 20(15) and the failure of the companies to maintain the conditions provided for in Article 21(1)(a), (b), (h) and (i);

- i) the making by the companies or by the persons who are part of their management any changes to the documents and/or conditions on the basis of which the operating authorization was granted, without the approval of the A.S.F.;
- j) failure by companies to comply with the provisions of Article 99(1), (2) and (5) and Article 100;
- k) non-compliance by companies and branches of insurers from third countries established on the territory of Romania with the measures adopted by the FSA according to Article 101;
- l) failure by companies to comply with the provisions of Article 107(1) and (3) and Article 108(1)-(4), (6) and (7) regarding the information submitted to potential contractors;
- m) failure by insurers to comply with the provisions of Article 111, Article 112(7) and (8), Article 113(1), (7), (8) and Article 114;
- n) non-compliance by the companies defined in accordance with Article 133(1) of the provisions of Article 137(1), Article 138, Article 139(1), Article 140(1) and (3), Article 141-145, Article 146(2), Article 153, Article 154, Article 157(2), Article 158(2) and Article 159-161;
- n¹) non-compliance by companies and persons who are part of the management of companies with the obligations regarding the identification and notification of the deterioration of the financial situation provided for in Article 98, as well as with the obligations to elaborate, transmit and update the company's preventive remediation plan provided for in Article 981 (1) to (8), (12) and (13);
- n²) failure by companies and persons who are part of the management of companies to comply with the obligation to provide the FSA with the requested documents and information, according to the provisions of Article 177³ paragraph (2)-(4);
- n³) the non-application or improper application by the companies and the persons who are part of the management of the companies of the measures to remove the deficiencies of the preventive remedial plan or the obstacles to its implementation, of the preventive and corrective measures or of the recovery measures within the special financial recovery procedure ordered by the FSA by decisions according to the provisions of Article 98² paragraph (9), Articles 101, 177⁴-177⁵ and 177⁶ paragraphs 1 to (4);
- n⁴) non-compliance by the persons who are part of the management of the companies with the requirements established for them by the decision to appoint the temporary administrator according to the provisions of Article 101(17);
- n⁵) non-compliance by companies and persons who are part of the management of companies with the provisions of Article 177⁷ paragraph (3) regarding the granting of unrestricted access of the members of the monitoring committee to the documents, registers and technical-operative and accounting records of the company, to the meetings of the management and to the general

meetings of shareholders or members, as well as to provide, upon request, all the information necessary for the members of the commission in order to exercise of duties and competences;

n⁶) non-compliance by companies and persons who are part of the management of companies with the provisions on dissolution and liquidation, according to the provisions of Article 177¹²;

n⁷) non-compliance by the persons who are part of the management of companies with the provisions on the maintenance of special asset registers, according to the provisions of Article 177¹³;

o) the unjustified obstruction of the exercise of the rights conferred by the law of the FSA, as well as the unjustified refusal of any person to respond to the requests of the FSA in the exercise of the duties incumbent on him according to the law;

p) non-compliance by companies and persons who are part of their management with the measures established by the authorization, supervision, regulation and control acts or as a result thereof;

r) influence likely to undermine the correct and prudent management of the company by its management or by persons holding key or other critical functions within the company.

s) non-compliance by insurers that have the status of market participants within the meaning of Article 2(1)(a) of Regulation (EU) no. 2.088/2019 of the European Parliament and of the Council of 27 November 2019 on sustainability disclosures in the financial services sector, as subsequently amended and supplemented, to:

(i) the applicable provisions of Article 3 to 13 and Article 15 of the same Regulation;

(ii) the provisions of Article 5 to 7 of Regulation (EU) no. 852/2020 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2.088.

(2) The commission of the contraventions referred to in paragraph (1) by companies or by branches of companies from third countries shall be sanctioned, as the case may be, with:

a) written warning;

b) fine from 10,000 lei to 5,000,000 lei, by derogation from the provisions of Article 8 paragraph (2) of Government Ordinance no. 2/2001 on the legal regime of contraventions, approved with amendments and completions by Law no. 180/2002, with subsequent amendments and completions.

(3) In addition to the main contravention sanctions provided for in paragraph (2), depending on the nature and gravity of the act, the A.S.F. Council may apply to companies or branches of companies from third countries one or both of the following complementary contravention sanctions:

a) the temporary or definitive prohibition, total or partial, of the exercise of the insurance and/or reinsurance activity, for one or more classes of insurance, in compliance with the principle of proportionality;

b) withdrawal, in whole or for one or more classes of insurance, of the operating authorization.

(4) The commission of the contraventions provided for in paragraph (1) letter a), b¹), c), i), n¹)-n⁷), o), p) and r) by the management of the companies or persons holding key positions or other critical functions within them shall be sanctioned, as the case may be, with:

a) written warning;

b) fine from 10,000 lei to 1,000,000 lei, by derogation from the provisions of Article 8 paragraph (2) of Government Ordinance no. 2/2001, approved with amendments and completions by Law no. 180/2002, with subsequent amendments and completions.

(5) In addition to the main contravention sanctions provided for in paragraph (4), depending on the nature and seriousness of the act, the FSA Council may apply to the management of companies or persons holding key positions or other critical functions within them one or both of the following complementary contravention sanctions:

a) withdrawal of the approval granted by the A.S.F.;

b) the prohibition of the right to hold positions that require the approval of the FSA or to hold key positions or other critical positions for a period between one and 5 years from the communication of the sanctioning decision or on another date expressly mentioned therein.

(5¹) By way of derogation from the provisions of Article 10 paragraph (2) of Government Ordinance no. 2/2001, approved with amendments and completions by Law no. 180/2002, as subsequently amended and supplemented, in case of committing two or more contraventions, a sanction shall be applied for each contravention.

(6) Influence by shareholders or members of mutual societies, likely to harm a correct and prudent management of the company, shall be sanctioned by the FSA with the suspension of the exercise of voting rights expressed by the respective shareholders. In the event of non-compliance with the suspension decision, the FSA may request in court the annulment of the votes cast by the shareholders or by the members of the mutual societies during the suspension period.

(7) If the acquisition of a qualifying holding has been carried out in breach of the notification obligation provided for in Article 43, during the valuation provided for in Article 44 or without taking into account the opposition filed by the FSA in accordance with the provisions of Article 45(2), the related voting rights shall be null and void, and any votes already cast shall be cancelled accordingly.

(8) If the significant shareholders no longer meet the criteria set out in Article 45(1)(a)-d) and the requirements of the legal provisions regarding their approval, as well as if there are reasonable grounds to suspect, in relation to the proposed acquisition, that a money laundering or terrorist financing operation within the meaning of Law no. 656/2002, republished, with subsequent amendments, is in progress, has taken place or is being attempted to be committed, or that the acquisition project could increase the risk regarding them, the FSA may order the suspension of the voting rights related to the shares held by the respective shareholders or the withdrawal of the approval granted.

(9) A.S.F. shall order the shareholders referred to in paragraphs (7) and (8) to sell, within 3 months, the shares related to the participation in relation to which A.S.F. has not expressed its consent. These actions are taken into account when establishing the quorum necessary for the general meeting of shareholders. After the expiry of this term, if the shares have not been sold, A.S.F. orders the company to cancel the respective shares, to issue new shares bearing the same number and to sell them, and the price received from the sale will be recorded at the disposal of the initial acquirer, after deducting the expenses occasioned by the sale.

(10) The Board of Directors or, as the case may be, the members of the company's Executive Board are responsible for carrying out the necessary measures for the cancellation of the shares, according to the provisions of paragraph (9), and the sale of the newly issued shares. If the price obtained is not sufficient or due to the lack of buyers, the sale did not take place or only a partial sale of the newly issued shares was made, the company will immediately proceed to reduce the share capital, with the difference in value between the registered share capital and the one held by the shareholders with voting rights.

(11) When determining the type of sanction or sanctioning measure and the amount of the fine, for the acts referred to in paragraph (1), (3) and (5), the FSA Council shall take into account the principle of proportionality and qualified reasoning, as well as all the relevant circumstances of the act, including the following aspects, as the case may be:

- a) the nature and seriousness of the facts, including those that may generate systemic risk, within the meaning of Regulation (EU) no. 1.092/2010 of the European Parliament and of the Council of 24 November 2010 on macroprudential oversight at European Union level of the financial system and on the establishment of a European Systemic Risk Board;
- b) the form of guilt;
- c) the financial situation;
- d) financial stability;

- e) the amount of profits made or losses avoided, to the extent that they can be determined;
- f) damage caused to third parties, to the extent that they can be determined;
- g) the degree of cooperation with the A.S.F.;
- h) previously committed violations.

(12) The sanctioning decisions issued by the FSA include the factual and legal reasons, the mention that the sanctioned persons and entities have the right to challenge according to Article 165, the deadline within which the appeal can be filed, the court to which it can be addressed and are communicated to the respective persons and entities.

(13) The amount of the fines referred to in paragraph (2) letter b) and paragraph (4) letter b) shall be updated by the regulations of the A.S.F.

(14) The FSA shall publish the sanctioning measures provided for in paragraphs (3) and (5) in the Official Gazette of Romania, Part I.

(15) The application of sanctions and sanctioning measures does not remove material, civil or criminal liability, as the case may be.

(16) By derogation from the provisions of Article 8 (3) and (4) of Government Ordinance no. 2/2001, approved with amendments and completions by Law no. 180/2002, with subsequent amendments and completions, the contravention fines established by law and applied by the A.S.F. Council are paid to the state budget at a rate of 50%, and the difference of 50% is paid to the A.S.F. budget.

(16¹) In the case of sanctions applied for committing the contraventions provided for in paragraph (1), the sanctioned persons shall pay the contravention fine within 15 days from the date of communication by the FSA of the sanctioning decision, by derogation from the provisions of Article 16(1) and Article 28(1) of Government Ordinance no. 2/2001, approved with amendments and completions by Law no. 180/2002, with subsequent amendments and completions.

(17) By way of derogation from the provisions of Article 13 paragraph (1) of Government Ordinance no. 2/2001, approved with amendments and completions by Law no. 180/2002, as subsequently amended and supplemented, the application of the contravention sanctions provided by this law shall be prescribed within 3 years from the date of the commission of the act.

(18) The ascertainment of the contraventions provided for in paragraph (1) shall be made by the specialized structures within the FSA, and the application of the contravention sanctions provided for in paragraph (2) to (8) shall be carried out by the FSA Council, under the conditions of Article 21² of the Government Emergency Ordinance no. 93/2012, approved with amendments and

completions by Law no. 113/2013, with subsequent amendments and completions.

(18¹) A.S.F. notifies the companies and/or persons concerned about the non-compliance with the legal provisions, and they have the right to explain the reason for the non-compliance or to formulate objections within 7 working days from the receipt of the notification.

(18²) After the expiry of the term provided for in paragraph (18¹), the FSA may adopt appropriate measures to prevent or remedy any situations of non-compliance with the legal provisions found and/or may apply contravention sanctions.

(18³) The specialized structures within the A.S.F. with control attributions draw up a report, following the periodic or unannounced control at the headquarters of the companies; Companies may object to the minutes within the deadlines established by the legal provisions.

(18⁴) The provisions of paragraph (18¹) shall not apply if it is necessary for the FSA to adopt, as a matter of urgency, the measures provided for in Article 8(3), in order to ensure the protection of contractors and beneficiaries and to maintain the stability of the insurance market.

(19) To the extent that this law does not provide otherwise, the provisions of Government Ordinance no. 2/2001, approved with amendments and completions by Law no. 180/2002, with subsequent amendments and completions.

Article 164: Crimes

(1) Carrying out the insurance and reinsurance activity without an operating authorization issued by the FSA, carrying out the activity without being registered in the FSA registers or carrying out the activity related to classes and risks not covered by the operating authorization, except for the case provided for in Article 20 paragraph (11), constitutes a crime and is punishable by imprisonment from 6 months to 3 years or with a fine.

(2) Carrying out operations in violation of the provisions of Article 110 (2⁶) constitutes a crime and is punishable by imprisonment from 6 months to 3 years or a fine.

Rule 165: Appeals and rules of procedure

(1) The acts adopted by the A.S.F. according to the provisions of this law may be challenged at the Bucharest Court of Appeal, Administrative and Fiscal Litigation Section, within 30 days from the date of communication.

(2) The appeal addressed to the Bucharest Court of Appeal, Administrative and Fiscal Litigation Section does not suspend, during its resolution, the measures ordered by the A.S.F.

(3) A.S.F. does not have standing to sue and cannot be sued in lawsuits initiated against companies,

even if they are in financial recovery or bankruptcy proceedings and in lawsuits against the Insured Guarantee Fund, in order to answer for the non-fulfillment of the obligations assumed by them according to the law and/or international conventions.

(4)The act by which the payment obligation of the natural and legal persons sanctioned according to Article 163 is ascertained and individualized, drawn up or issued by the FSA bodies according to the law, constitutes a debt title.

(5)On the maturity date, the debt title becomes an enforceable title, based on which the A.S.F. initiates the forced execution procedure for the recovery of its debts, according to the provisions of Law no. 134/2010 on the Code of Civil Procedure, republished, with subsequent amendments and completions.

CHAPTER II: Provisions applicable in transitional stages

Rule 166: Competences of the A.S.F.

(1)Starting with the date of entry into force of this law according to the provisions of Article 182, A.S.F. approves:

- a)ancillary own funds, in accordance with the provisions of Article 65;
- b)the classification of the own funds items referred to in Article 69(2);
- c)specific parameters, in accordance with the provisions of Article 75(7);
- d)the internal model, in whole or in part, in accordance with the provisions of Article 82 and Article 83 respectively;
- e)setting up investment vehicles, in accordance with the provisions of Article 132;
- f)ancillary own funds of intermediary holding companies, in accordance with the provisions of Article 145(2);
- g)the internal group model, in accordance with the provisions of Article 151;
- h)the application of the balancing premium to the relevant timeframe of the risk-free interest rate, in accordance with the provisions of Article 55(2) to (7);
- i)the application of the volatility premium to the relevant timeframe of the risk-free interest rate in accordance with Articles 55(8) to (17);
- j)the application of the transitional measure in the case of the risk-free interest rate, in accordance with the provisions of Article 168;
- k)application of the transitional measure in the case of technical reserves, in accordance with the provisions of Article 169.

(2)Starting with the date of entry into force of this law according to the provisions of Article

182, A.S.F.:

- a) determines the level of supervision at group level and decides on the companies included in the scope of supervision at group level, in accordance with the provisions of Title II chap. I;
- b) participate, within the College of Supervisors, in the appointment of the coordinating supervisor in accordance with the criteria referred to in Article 16(1);
- c) participate in the establishment of colleges of supervisors in accordance with the provisions of Article 15(1) and (2).

(3) Starting with the date of entry into force of this law according to the provisions of Article 182, A.S.F.:

- a) decide on the deduction of shareholdings in accordance with the provisions of Article 147(2);
- b) establishes the method for calculating solvency at group level, in accordance with the provisions of Article 139;
- c) determine the equivalence of the solvency and supervisory regime of third States, where appropriate, in accordance with the provisions of Article 16(30) and (33) and determine the manner in which the provisions of Article 162 are to be applied;
- d) allows, in accordance with the provisions of Article 154, the application of the provisions of Article 155(1) under the conditions provided for in Articles 15 to 18;
- e) decides, where appropriate, to apply the transitional measures, under the conditions of Article 167, and to apply the provisions of Article 155(1), under the conditions provided for in Articles 15 to 18.

(4) The decisions and approvals granted according to the provisions of paragraphs (1) and (3) shall be applicable starting with January 1, 2016.

(5) The FSA shall transmit to the supervisors of the other Member States the list of companies covered by Article 167(1) and (2).

(6) Until January 1, 2021, A.S.F. sends the following information annually to EIOPA:

- a) whether there are products on the national market with long-term guarantees and the investment practices of companies to cover the obligations arising from those products;
- b) the number of companies applying the balancing premium, the volatility premium, the extension of the recovery period in accordance with Article 99(4), the risk sub-module related to the impairment of shares by duration and the transitional measures provided for in Articles 168 and 169;
- c) the impact of the balancing premium, the volatility premium, the symmetric adjustment mechanism applied to the cost of capital related to investments in shares, the risk sub-module

related to the devaluation of shares according to duration and the transitional measures provided for in Articles 168 and 169, on the financial situation of companies at national level and, anonymously, for each company, without mentioning its identity;

d) the effect of the balancing premium, the volatility premium, the symmetric adjustment mechanism applied to the cost of capital related to equity investments and the risk sub-module related to the devaluation of shares depending on the duration on the investment practices of companies and whether the application of these measures leads to an unjustified reduction of capital requirements;

e) the effect of a possible extension of the recovery period in accordance with Article 99(4) on the measures applied by companies to restore the level of eligible own funds covering the SCR or to reduce the risk profile in order to comply with that requirement;

f) if companies apply the transitional measures provided for in Articles 168 and 169, the situations in which they comply with the phasing-in plan provided for in Article 170 and the possibility to reduce dependence on these transitional measures, including the measures adopted or expected to be adopted by companies and FSA, in compliance with the legal provisions.

Article 167: General provisions

(1) Companies that until January 1, 2016 no longer subscribe to new insurance or reinsurance contracts and manage their portfolio exclusively for cessation of activity are excluded from the scope of application of the provisions of Title I, chap. I-IX in one of the following cases:

a) informs the FSA that they will end their activity before January 1, 2019;

b) are subject to reorganisation measures in accordance with the applicable national legislation and have appointed a special administrator.

(2) The provisions of Title I, chap. I-IX shall apply to the companies referred to in paragraph 1(a) from 1 January 2019 and to those referred to in paragraph 1(b) from 1 January 2021; if the FSA considers that the process of cessation of the activity of these companies does not make progress, the FSA decides to apply the provisions of Title I, chap. I-IX from a date prior to those mentioned in this paragraph.

(3) The provisions of paragraphs (1) and (2) shall apply only if the following conditions are met:

a) the companies are not part of a group or, if they are part of a group, all the companies in the group cease to subscribe to new contracts;

b)the companies submit to the A.S.F. an annual report indicating the progress made in the cessation of activity;

c)the companies shall notify the FSA that they apply the transitional measures mentioned in this chapter.

(4)The provisions of paragraphs (1) and (2) do not prevent companies from operating in accordance with Title I, chap. I-IX.

(5)The companies referred to in paragraph (1) shall submit to the FSA the information referred to in Article 37(1)-(4), (6) and (7), annually or with a lower frequency, and shall publish the report referred to in Article 39, as follows:

a)for the financial year ending on December 31, 2016, until May 19, 2017;

b)for the financial year ending on 31 December 2017, until 4 May 2018;

c)for the financial year ending on December 31, 2018, until April 19, 2019;

d)for the financial year ending on December 31, 2019, until April 3, 2020.

(6)The companies referred to in paragraph (1) shall submit quarterly information to the FSA in accordance with Article 37(1) to (4), (6) and (7), as follows:

a)for the financial year ending 31 December 2016:

1. (i) the first quarter, until May 25, 2016;

2. (ii) the second quarter, until August 24, 2016;

3. (iii) the third quarter, until November 24, 2016;

4. (iv) the fourth quarter, until February 28, 2017;

b)for the financial year ending 31 December 2017:

1. (i) the first quarter, until May 19, 2017;

2. (ii) the second quarter, until August 18, 2017;

3. (iii) the third quarter, until November 17, 2017;

4. (iv) fourth quarter, until February 16, 2018;

c)for the financial year ending 31 December 2018:

1. (i) the first quarter, until May 11, 2018;

2. (ii) the second quarter, until August 10, 2018;

3. (iii) the third quarter, until November 9, 2018;

4. (iv) fourth quarter, until February 11, 2019;

d)for the financial year ending 31 December 2019:

1. (i) the first quarter, until May 3, 2019;
2. (ii) the second quarter, until August 2, 2019;
3. (iii) the third quarter, until November 4, 2019;
4. (iv) fourth quarter, until February 4, 2020.

(7) Without prejudice to Article 68, basic own funds shall be included in Tier 1 basic capital for a maximum of 10 years after 1 January 2016, provided that:

- a) be issued before or before 1 January 2016 or before the date of entry into force of the specific delegated act, whichever is earlier;
- b) cover at least 50% of the available solvency margin calculated in accordance with the national legislation in force until 31 December 2015;
- c) not be classified as Tier 1 or Tier 2 own funds in accordance with the provisions of Article 68.

(8) Without prejudice to Article 68, basic own funds shall be included in Tier 2 basic capital for a maximum of 10 years after 1 January 2016, provided that:

- a) be issued before or before 1 January 2016 or before the date of entry into force of the specific delegated act, whichever is earlier;
- b) cover at least 25% of the available solvency margin calculated in accordance with the national law in force until 1 January 2016.

(9) (text of Article 167(9) of Part I, Title III, Chapter II was repealed on 28-Aug-2020 by Article VI(17) of Chapter IV of Law 158/2020)

(10) Without prejudice to the provisions of Article 72(1) and (2) and Article 74, the following shall apply:

- a) until 31 December 2017, the standard parameters used in the calculations of the concentration risk sub-module of market risks and the credit spread risk sub-module of the standard formula shall be the same, in the case of exposures to central governments or central banks of Member States, denominated and financed in the national currency of each Member State, as those applicable to exposures denominated and financed in MDL;
- b) in 2018, the standard parameters used in the calculations of the market risk concentration risk sub-module and the credit margin risk sub-module of the standard formula shall be reduced by 80% for exposures to Member States' central governments or central banks denominated and financed in the national currency of that Member State;
- c) in 2019, the standard parameters used in the calculations of the market risk concentration risk sub-module and the credit margin risk sub-module of the standard formula shall be reduced by

50% for exposures to the central government or central banks of the Member States, denominated and financed in the national currency of any other Member State;

d) As of 1 January 2020, the standard parameters used in the calculations of the market risk concentration risk sub-module and the credit margin risk sub-module of the standard formula shall not be reduced for exposures to the central governments or central banks of the Member States, denominated and financed in the national currency of any other Member State.

(11) Without prejudice to the provisions of Article 99(2) to (4), if companies comply on 31 December 2015 with the minimum solvency margin provided for by national law, but in 2016 do not comply with the provisions of this Part with regard to the SCR, the FSA shall require them to take the necessary measures to determine the level of eligible own funds to cover the SCR or to reduce the risk profile in order to ensure compliance with the SCR by 31 December 2015 December 2017 and to submit to the FSA, every 3 months, an activity report on the measures adopted and the progress made.

(12) The extension of the deadline until December 31, 2017 in accordance with paragraph (11) shall be cancelled if the FSA finds from the activity report that in the period between the reporting of the non-compliance with the SCR and the date of submission of the respective report, the companies have not made progress in this regard.

(13) Until March 31, 2022, the highest ranking parent companies in Romania may request the FSA to approve the use of an internal group model by the group companies located on the territory of Romania, which have a significantly different risk profile from that of the rest of the group.

(14) Without prejudice to the provisions of Article 137(1), paragraphs 7 to 10 and 13 and Articles 168 to 170 shall apply accordingly at group level.

(15) Without prejudice to Article 137, the provisions referred to in paragraphs 11 and 12 shall apply accordingly at group level and if the participating companies or companies belonging to the group comply with the adjusted solvency calculated in accordance with the national law in force, but do not comply with the SCR.

(16) As an exception to the provisions of Articles 100 and 110, companies which, on 31 December 2015, comply with the minimum solvency margin provided for in Article 16(5) and (5¹) of Law no. 32/2000 on insurance activity and insurance supervision, as subsequently amended and supplemented, but do not have sufficient basic own funds eligible for MCR coverage, comply with the provisions of Article 95 paragraph (1) by 31 December 2016; otherwise, the FSA shall withdraw the authorization of the companies in question in accordance with the provisions of this

law.

Article 168: Transitional measure on the risk-free interest rate

(1) After obtaining the approval of the A.S.F., according to Article 166 (1) letter j), companies may adjust for the transition period the time structure of the risk-free interest rate for the admissible insurance and reinsurance obligations.

(2) For each currency, the adjustment is calculated as a percentage of the difference between:

- a) the interest rate determined by the companies in accordance with the national legislation in force on 31 December 2015;
- b) the accrued interest rate, calculated as the single discount rate.

(3) The rate referred to in point (b) of paragraph 2, when applied to the cash flows of the portfolio of eligible insurance or reinsurance obligations, shall result in a value equal to the value of the best estimate of the portfolio of those obligations when taking into account the time value of money using the relevant time structure of the risk-free interest rate, Article 54(2).

(4) The percentage referred to in paragraph 2 shall decrease linearly at the end of each financial year, from 100% during the year beginning on 1 January 2016 to 0% on 1 January 2032.

(5) Where companies apply the volatility premium, the relevant risk-free interest rate time structure set out in point (b) of paragraph 2 shall be the relevant adjusted risk-free interest rate time structure set out in Article 55(8) to (16).

(6) Eligible insurance and reinsurance obligations shall include only those obligations which meet the following requirements:

- a) the contracts from which they arise were concluded before January 1, 2016, excluding contracts renewed both on that date and at a later date;
- b) the technical reserves for insurance and reinsurance obligations were determined in accordance with the national legislation in force on 31 December 2015;
- c) Article 55(2) to (7) shall not apply to them.

(7) Companies applying the provisions of paragraph (1):

- a) do not include the permissible insurance and reinsurance obligations in the calculation of the volatility premium provided for in Article 55(8) to (16);
- b) does not apply the provisions of Article 169;
- c) **in the report provided for in Article 39 shall mention:**

- 1. (i) applying the transitional time structure of the risk-free interest rate;

2. (ii) quantifying the impact on the financial situation by not applying the volatility premium.

Article 169: Transitional measure on technical reserves

(1) After obtaining the approval of the FSA, according to Article 166(1)(k), companies may apply a deduction for a transitional period to technical reserves at the level of the homogeneous risk groups referred to in Article 57.

(2) The deduction referred to in paragraph 1 shall correspond to a percentage of the difference between the following values:

- a) technical reserves, after deduction of reinsurance and investment vehicle claims, calculated either in accordance with the provisions of Article 53 on 1 January 2016 or the volatility premium provided for in Article 55(8) to (16), if used by companies on 1 January 2016;
- b) technical reserves after deduction of reinsurance claims, calculated in accordance with the national legislation in force on 31 December 2015.

(3) The maximum deductible percentage calculated in accordance with paragraph (2) decreases linearly at the end of each financial year, from 100% during the year starting on January 1, 2016, to 0% on January 1, 2032.

(4) After obtaining the prior approval of the FSA or at its initiative, the value of the technical reserves, including, where applicable, the amount of the volatility premium used to calculate the deduction provided for in paragraph 2, may be recalculated at intervals of 24 months or more frequently, if the risk profile of the company changes significantly.

(5) The FSA may limit the deduction referred to in paragraphs (1) to (3), if its application leads to a reduction of the SCR compared to the capital requirements calculated in accordance with the national legislation in force on 31 December 2015.

(6) Companies using the deduction referred to in paragraph 1:

- a) does not apply the provisions of Article 168;
- b) if the SCR is not fulfilled without the application of the respective deduction, they submit an annual report to the FSA on the measures adopted and the progress made in order to, by January 1, 2032, either restore a level of eligible own funds covering the SCR or reduce its risk profile;

c) in the report provided for in Article 39 shall mention:

1. (i) applying the deduction referred to in paragraph 1;
2. (ii) quantifying the impact on the financial situation by not applying this measure.

Article 170: Plan for compliance with the SCR through the use of transitional measures

(1) The companies applying the transitional measures referred to in Articles 168 and 169 shall notify the FSA immediately of the fact that the SCR cannot be covered without the application of those measures.

(2) Within two months from the notification referred to in paragraph (1), the companies shall submit to the FSA a plan for the gradual introduction of measures to restore the level of eligible own funds covering the SCR or to reduce the risk profile, so that, at the end of the transition period, the SCR is respected; that plan is updated in the transition stages.

(3) The companies shall submit annually to the FSA a report on the measures adopted and the progress made according to the plan mentioned in paragraph (2).

(4) The FSA shall withdraw the approval granted on the application of the transitional measures, if it finds from the report referred to in paragraph (3) that compliance with the SCR at the end of the transition stages is unrealistic.

Article 171: Group-specific measures

(1) The provisions of Article 167 (5) and (6) regarding the reporting to the FSA and the publication of the annual report shall apply accordingly to participatory companies, insurance holding companies and mixed financial holdings.

(2) The deadlines for the submission of the reports referred to in Article 37(1) to (4), (6) and (7), on an annual or lesser basis, and for the publication of the report referred to in Article 39, shall be as follows:

- a) for the financial year ending on 31 December 2016, until 30 June 2017;
- b) for the financial year ending on 31 December 2017, until 15 June 2018;
- c) for the financial year ending on 31 December 2018, until 31 May 2019;
- d) for the financial year ending on December 31, 2019, until May 15, 2020.

(3) The deadlines for submitting the quarterly reports referred to in Article 37(1) to (4), (6) and (7) shall be as follows:

a) for the financial year ending 31 December 2016:

- 1. (i) the first quarter, until July 6, 2016;
- 2. (ii) the second quarter, until October 5, 2016;
- 3. (iii) the third quarter, until January 11, 2017;
- 4. (iv) the fourth quarter, until April 11, 2017;

b) for the financial year ending 31 December 2017:

1. (i) the first quarter, until June 30, 2017;
2. (ii) the second quarter, until October 6, 2017;
3. (iii) the third quarter, until December 29, 2017;
4. (iv) the fourth quarter, until March 30, 2018;

c)for the financial year ending 31 December 2018:

1. (i) the first quarter, until June 22, 2018;
2. (ii) the second quarter, until September 21, 2018;
3. (iii) the third quarter, until December 21, 2018;
4. (iv) the fourth quarter, until March 25, 2019;

d)for the financial year ending 31 December 2019:

1. (i) the first quarter, until June 14, 2019;
2. (ii) the second quarter, until September 13, 2019;
3. (iii) the third quarter, until December 16, 2019;
4. (iv) fourth quarter, until March 17, 2020.

PART II:National Surveillance Regime

Article 172: General provisions

The provisions of this Part shall apply:

- a)companies that apply for an operating permit and do not wish to be supervised according to the provisions of Part I;
- b)companies established on the territory of Romania which do not meet at least one of the conditions referred to in Article 2(2);
- c)companies that are in the situations referred to in Article 3.

Article 173: Authorization and supervision of the insurance and reinsurance activity

(1)For the companies referred to in Article 172, the FSA issues regulations that include provisions regarding:

- a)the minimum limit of the paid-up share capital, the safety fund and the paid-up reserve fund;
- b)the conditions for authorizing, maintaining and withdrawing the operating authorization;
- c)the conditions for practicing mandatory insurance and maintaining the authorization to practice them;
- d)the conditions for underwriting certain classes of insurance;

- e) the governance system and critical functions, including key functions;
- f) the conditions of receipt and, respectively, of assignment in reinsurance;
- g) the minimum limit of the solvency margin, the liquidity ratio and the methodologies for their calculation;
- h) the categories of assets allowed to cover the technical reserves and their dispersion rules;
- i) the methodology for calculating, evaluating and recording the minimum technical reserves for the non-life insurance activity;
- j) conditions regarding the management of the life insurance fund, investments and valuation of assets, calculation of mathematical reserves and aspects related to actuarial rules;
- k) statutory audit;

l) Form and content:

1. (i) periodic information and reporting;
 2. (ii) financial statements;
- m) surveillance activity;
 - n) portfolio transfer, merger and division;
 - o) financial recovery of companies in difficulty and special administration;
 - p) authorizing, carrying out the activity and supervision of mutual societies;
 - r) the objectives pursued in the supervisory process, the main functions and activities within it;
 - s) solving petitions;
 - t) other aspects regarding the performance of the insurance and reinsurance activity.

(1¹) The provisions on dissolution and liquidation provided for in this Law shall apply accordingly to the companies regulated by this Part.

(2) The FSA has the power to request from the companies referred to in Article 172 the documents and information necessary for the supervision process, including the minutes of the meetings of the management and of the committees established, and to carry out controls at their headquarters.

(3) The provisions of Article 25(1) and (2)(a) and (c) shall also apply to the management of the companies referred to in Article 172.

Article 174: Exclusions

(1) Insurers authorized and supervised according to the provisions of this Part may not simultaneously carry out the non-life insurance and life insurance activities.

(2) Insurers supervised in accordance with the provisions of this Part shall simultaneously carry out non-life insurance and life insurance activity under the conditions provided for in Article 49.

Article 175: Expansion of insurance activity in third countries

Companies operating in accordance with the provisions of this Part may not set up subsidiaries in third countries unless they request, even if they are in one of the situations provided for in Article 172, that the provisions of Part I apply to them.

Article 176: Applicable provisions

The fees provided for in Part I shall also apply to companies authorized to operate in accordance with the provisions of this Part.

Article 177: Sanctions

The sanctions provided for in Articles 163 and 164 shall apply to companies authorized and supervised in accordance with the provisions of this Part.

PART II¹: Special procedure for financial recovery and provisions on the dissolution and liquidation of companies**Article 177¹: Scope**

(1) The provisions of this Part shall apply to companies covered by Part I and Part II, with the exception of reinsurers, as well as branches of third-country companies referred to in Chapter X of Part I, Title I.

(2) The provisions relating to companies in this Part shall also apply accordingly to branches of companies in third countries, unless otherwise stated.

(3) For the purposes of this part, the expressions insurance claim and insurance creditors have the meaning provided by Law no. 213/2015, as subsequently amended and supplemented, which shall be duly applied in any liquidation procedure.

CHAPTER I: Special financial recovery procedure**Article 177²: General provisions**

(1) The FSA is the only authority competent to decide on the opening of a special financial recovery procedure at a company and the manner of applying the measures within it, to monitor the status of the implementation of the measures and the evolution of the company's financial situation, as well as to decide on the closure of the procedure in question.

(2) **An ongoing special financial recovery procedure shall not prevent:**

a) the opening of liquidation proceedings;

b) the application of the provisions of Articles 100 and 110;

c) the application of the provisions of Law no. 246/2015, as subsequently amended.

(3) The FSA informs supervisors in all other Member States of its decision to open a special financial recovery procedure in respect of a company, including the possible concrete effects of such a procedure.

(4) The special financial recovery procedure may not exceed 18 months from the date of the decision to initiate the procedure provided for in Article 177⁴.

(5) The special financial recovery procedure and the measures ordered under it shall take effect throughout the European Union from the moment they take effect in Romania and without any other formalities, including with regard to third parties in other Member States, even if the legislation of those Member States does not provide for such financial recovery measures or makes their application subject to conditions that are not met.

(6) Financial recovery measures adopted in accordance with the legislation of a Member State shall be duly applied on the territory of the Romanian State.

Article 177³: Conditions for opening the procedure

(1) The FSA may decide to open a special financial recovery procedure in respect of a company, in accordance with the provisions of Article 177⁴, when, in the exercise of its duties and competences regarding the conduct of the supervisory process, it identifies the existence of at least one of the following situations:

a) at the end of the implementation period of the recovery plan provided for in Articles 99 and 102, the company is still in a situation of non-compliance with the SCR;

b) the company does not submit to the FSA for approval the recovery plan according to the provisions of Articles 99 and 102;

c) The FSA rejects the recovery plan submitted by the company for approval according to the provisions of Articles 99 and 102;

d) the company improperly implements the measures in the recovery plan provided for in Articles 99 and 102;

e) the available solvency margin of the company shall fall below the minimum solvency margin determined in accordance with the provisions referred to in Article 173(1);

f) the company's available solvency margin falls below the minimum limit of the safety fund established in accordance with the provisions of Article 173(1);

g) The non-compliance by the company is noted, jeopardizing the honoring of the obligations

assumed towards the contractors and beneficiaries, of the legal provisions regarding:

(i) the manner in which the minimum level of the indicators referred to in points (a) to (c) of paragraph 2 is to be observed;

(ii) the restoration of the indicators mentioned in item (i).

(2) At the request of the FSA, companies shall communicate information on the SCR, the own funds eligible to cover the SCR, the available solvency margin, the minimum solvency margin, the safety fund and/or on one or more of the following:

a) liquidity indicator;

b) the technical reserves determined according to the provisions of Part I and/or those recorded in the company's accounting records;

c) the company's assets valued according to the provisions of Part I and/or those recorded in the company's accounting records;

d) other aspects necessary for the evaluation of the company's financial situation.

(3) For the purpose of applying the provisions of paragraph (2), the FSA shall establish the reference date for which the companies determine the indicators and the maximum term for them to communicate the requested information; companies shall comply with the deadlines established in accordance with the provisions of this paragraph.

(4) The companies referred to in Article 172 shall inform the FSA, at the time of the finding, of the fact that the available solvency margin has fallen below the minimum solvency margin and/or below the minimum limit of the safety fund, determined in accordance with the provisions of Article 173(1).

Article 177⁴: Opening and conduct of the procedure

(1) The FSA shall issue a reasoned decision on the opening of the special financial recovery procedure, ordering the application to the company of one or more of the recovery measures provided for in Article 177⁵ and, as the case may be, of the measure provided for in paragraph (2) of this Article.

(2) In the situations provided for in Article 177³ paragraph (1) letter e)-g), A.S.F. shall have the obligation to submit for approval at least a plan of measures, in compliance with the provisions of Article 177⁶.

(3) At any time during the procedure, the FSA may order, by reasoned decisions, the application of one or more of the recovery measures provided for in Article 177⁵, depending on the financial situation of the company and taking into account the principle of qualified reasoning and the

principle of proportionality, in order to protect contractors and beneficiaries.

(4) The decisions issued by the A.S.F. according to the provisions of this article provide for deadlines for the implementation of the recovery measures ordered against the company; A.S.F. sets reasonable deadlines, taking into account the principle of proportionality and the principle of qualified reasoning, as well as the concrete situation of the company at the time of adoption of the decision.

(5) A.S.F. may extend the deadlines mentioned in paragraph (4), on its own initiative or at the request of the company, taking into account the principle of qualified reasoning, the existence of exceptional situations independent of the company and/or the complexity of the implementation of the measures ordered.

(6) The company and the management of the company against which the special financial recovery procedure has been opened comply with the deadlines established in the decisions of the A.S.F.

Article 177⁵: Recovery measures

(1) The recovery measures that the FSA may order under a special financial recovery procedure include:

a) prohibiting the conclusion by the company of new insurance contracts or the subscription of new risks, related to one or more classes of insurance, for the period expressly established by the decision ordering this measure, with the application of the principles of proportionality and documentation, in order to reduce at least the concentration, operational, underwriting or liquidity risk;

b) the temporary prohibition of the renewal by the company of the insurance contracts that have expired or, as the case may be, only of certain types of insurance contracts expressly established by the decision ordering this measure;

c) the transfer by the company of part or all of the portfolio of insurance contracts in force, in compliance with the legal provisions in force and, if applicable, with the provisions of the FSA contained in the decision ordering this measure;

d) verification, inventory and/or instrumentation by companies of the claim files, in order to assess the actual damages and establish the payment obligations towards the beneficiaries;

e) temporary prohibition of the company making certain investments or making significant investments only with the prior approval of the FSA;

f) convening the general meeting of shareholders to approve the increase of the company's share capital through the issuance of new shares, as well as to carry out the increase thus approved;

g) the company's inventory of its assets, the preservation of the company's assets throughout the period of the special financial recovery procedure, the restriction or prohibition of the company's

- possibility to freely dispose of one or more of them;
- h) the replacement by the company of one or more members of the company's management, if the recovery measures ordered by the FSA according to the provisions of this law or those assumed by the company through the plan of measures provided for in Article 177⁴ paragraph (2) are deficient;
 - i) the appointment of a special administrator to the company;
 - j) the company making changes in the governance system, business strategy and/or risk profile;
 - k) suspension of the payment by the company of dividends, by derogation from the provisions of Article 67 paragraph (2) of Law no. 31/1990, republished, with subsequent amendments and completions;
 - l) reduction of the company's share capital in order to cover losses;
 - m) imposing on the company additional reporting requirements to the FSA, from the point of view of the granularity of the information and/or the frequency of its transmission;
 - n) obtaining by the company loans and/or converting into shares loans, according to the law, in order to restore its financial situation;
 - o) reduction by the company of expenses, including by resizing the personnel scheme and/or the territorial network, postponing the payment of variable remuneration due according to the remuneration policy and/or limiting the level of such subsequent variable remuneration;
 - p) the negotiation by the company of new maturities of the receivables that allow their collection in the shortest possible period and/or of the debts, with some or all of the creditors, which allow their payment within a period correlated with the collection of the receivables;
 - q) prohibiting the company from granting loans to affiliated entities, the emergency recovery of such loans granted, prohibiting the company's participation in the capital increase of such entities and/or imposing on the company the measure of transferring shareholdings held in affiliated entities;
 - r) changes by companies of the composition and/or structure of assets in order to reduce at least market and credit risks;
 - s) the modification, replacement or supplementation by the company of the risk minimisation techniques used or the modification or replacement of the reinsurance arrangements;
 - t) limiting or prohibiting, as the case may be, transfers and transactions of assets carried out by companies with affiliated entities and/or with entities outside the group;
 - u) temporary suspension of the payment of interest on contributions to the initial fund of the mutual insurance company;
 - v) obtaining additional contributions from its members by the mutual insurance company in accordance with the provisions of the insurance contracts and the articles of incorporation of the company;

w)amending the articles of incorporation of the mutual insurance company as regards the manner of establishing the additional contributions and their maximum amounts;

x)any other prudential measures necessary to restore the company's financial position in order to protect the legitimate rights and interests of contractors and beneficiaries, including those referred to in Article 101(1).

(2)If necessary, the FSA may request the competent court to order the establishment of precautionary measures on the company's goods and/or assets, according to the law.

(3)The activity of verification, inventory and instrumentation of the files, provided for in paragraph (1) letter d), shall be carried out as a matter of urgency, without exceeding a period of 30 days from the date of communication of the decision of the FSA ordering this measure; A.S.F. can extend the implementation deadline according to the principle of proportionality and the principle of qualified reasoning.

(4)The provisions of Article 101(20) shall also apply to the measures ordered by the FSA according to the provisions of this Article.

(5)By derogation from the provisions of Law no. 31/1990, republished, with subsequent amendments and completions, the term for the meeting of the general meeting of shareholders for the approval of the measures provided for in paragraph (1) letters f) and l) is, for the first meeting, a maximum of 7 days from the date of publication or dispatch of the call according to the legal provisions, and for the second meeting, if applicable, a maximum of 3 days from the date scheduled for the first meeting.

(6)In the event of approval by the general meeting of the company's shareholders of the operation of increasing the share capital, the payments related to the subscribed capital shall be made within a maximum of 3 months from the date of the shareholders' decision.

(7)At the reasoned request of the company, the FSA may extend the period referred to in paragraph (6) by a maximum of 3 months, in special situations such as, but not limited to, the need for the shareholders to meet legal or statutory requirements prior to participating in the capital increase.

(8)When determining the ordering of recovery measures in accordance with the provisions of paragraph (1) and/or for the purpose of exercising the competence provided for in paragraph (2), the FSA shall take into account, but is not limited to, one or more of the following elements, taking into account the principle of proportionality and the principle of qualified reasoning:

a)the causes that led to the opening of the special procedure for financial recovery at the company and the degree of deterioration of its financial situation;

b)the evolution of the company's financial situation during the special financial recovery procedure;

c) the state of implementation of the measures contained in the plan of measures referred to in Article 177⁴(2), if applicable, and/or of the recovery measures previously ordered.

Article 177⁶: Plan of measures

(1) The Company shall submit the plan of measures provided for in Article 177⁴ paragraph (2) within a maximum of 20 days from the date of communication of the FSA's decision to open the special financial recovery procedure.

(2) At the reasoned request of the company, the FSA may extend the term provided for in paragraph (1) by no more than 20 days, taking into account the principle of proportionality and the principle of qualified reasoning.

(3) The companies justify to the A.S.F. the approval by the management of the plan of measures and the possible commitments assumed by third parties in order to recover the company's financial situation.

(4) Without prejudice to the application of paragraph 5, the plan of measures shall include:

a) the measures that the company intends to implement in order to remove the conditions that led to the opening of the special financial recovery procedure and the restoration of the financial situation, specifying the maximum deadlines by which it aims to complete their implementation;

b) the concrete modalities of implementation of the recovery measures ordered by the FSA according to the provisions of Article 177⁵ and the maximum deadlines established for the completion of the implementation, if such measures were ordered by the decision to open the procedure;

c) for the financial year in which the opening of the special financial recovery procedure is ordered, as well as for the following two financial years, at least the following information:

(i) the estimate of the company's management expenses, in particular the general expenses and commissions resulting from the insurance activity;

(ii) the estimated budget of revenues and expenses, with distinct highlighting of the revenues and expenses related to the activities of direct insurance, acceptances in reinsurance and, respectively, assignments in reinsurance.

(5) Taking into account the principles of proportionality and qualified reasoning, the FSA has the power to request the company to include in the plan of measures additional information to those provided for in paragraph (4) or to exempt it from the presentation of certain information.

(6) The FSA evaluates the plan of measures submitted by the company in compliance with the principles of proportionality and qualified reasoning and may request additional information and documents, as well as explanations and clarifications, relevant to the evaluation process.

(7) After evaluating the plan of measures, the FSA issues a decision regarding:

- a) approval of the plan;
- b) the obligation of the company to complete and/or modify the plan, within a maximum of 10 days from the date of communication of the decision, in compliance with the provisions of paragraph (3);
- c) the rejection of the plan, according to the provisions of paragraph (8).

(8) A.S.F. rejects the plan of measures if it considers that there are no reasonable prospects that its implementation will result in the removal of the conditions that led to the opening of the special procedure for the financial recovery of the company in question within the maximum period provided for in Article 177² paragraph (4) or that the estimates, information and/or measures presented by the company are unrealistic, incomplete or insufficiently documented.

Article 177⁷: Monitoring Committee

(1) A.S.F. may appoint, by decision, a monitoring commission to monitor the stage of implementation by the company of the plan of measures and/or the recovery measures ordered according to the provisions of this law.

(2) A.S.F. establishes, by decision, the attributions of the monitoring commission that it considers necessary in order to carry out the special financial recovery procedure in adequate conditions, taking into account the principle of proportionality.

(3) The company allows the members of the monitoring committee unrestricted access to all its documents, registers, technical-operative and accounting records, including in electronic format, as well as to management meetings and general meetings of shareholders or members; The company shall provide the members of the Commission, upon request, with all the information necessary for the exercise of its duties and powers.

(4) The Monitoring Commission shall cease its activity on the date of closure of the special financial recovery procedure of the company concerned or on another date ordered by decision.

Article 177⁸: The Special Administrator

(1) A.S.F. may appoint, by decision, a special administrator of the company in the special financial recovery procedure, according to the provisions of Article 177⁵ paragraph (1) letter i), in the following situations:

- a) when the procedure is opened under the conditions laid down in Article 177³(1)(b) to (d);
- b) the company does not submit the plan of measures provided for in Article 177⁴ (2) and Article 177⁶;

c) A.S.F. rejects the plan of measures presented by the company according to Article 177⁴ paragraph (2) and Article 177⁶;

d) the company improperly implements the plan of measures or the recovery measures ordered by the A.S.F.;

e) A.S.F. orders the recovery measure provided for in Article 177⁵ paragraph (1) letter h), regarding the entire management of the company;

f) the company does not meet the requirements regarding the management and administration of the activity by persons approved by the FSA according to the legal provisions, thus jeopardizing the continuity of the adoption of decisions for the purpose of implementing the financial recovery measures.

(2) The special administrator takes all steps to restore the company's financial situation, in compliance with the normative acts applicable to the insurance field and the provisions of the decision by which he was appointed; The FSA may determine, by decision, that certain acts of the special administrator shall be subject to its prior approval.

(3) During the appointment of the special administrator, the following shall be suspended:

a) the legal duties and the right to remuneration of the company's management, which are transferred to the special administrator throughout the period of the special administration;

b) the right to dividends of the shareholders, by derogation from the provisions of Article 67 paragraph (2) of Law no. 31/1990, republished, with subsequent amendments and completions;

c) the exercise by the members of the right to return the contribution to the initial fund, in the case of mutual societies, by derogation from the provisions of Article 14 paragraph (4) of Law no. 71/2019 on mutual insurance companies and for amending and supplementing certain normative acts.

(4) As a special administrator, he/she shall:

a) has unrestricted access to all the company's premises and to all its assets, records and other records;

b) may decide for the company to contract the services of persons such as auditors, lawyers, appraisers, consultants, specialists and/or independent authorized experts, to support it in the performance of its duties;

c) complies with the provisions, terms, conditions, requirements for informing the FSA and sending it the requested reports, as well as the limits of the exercise of the mandate, as established by the decision of the FSA.

(5) All expenses related to the special administration are borne by the company to which the special administrator was appointed, the special administrator's fee being established by the FSA without exceeding the remuneration granted to the company's management.

(6)By derogation from the provisions of Law no. 31/1990, republished, with subsequent amendments and completions, and of Law no. 71/2019, the agenda of the general meetings of shareholders or members gathered during the special administration is established by the special administrator, with the prior consultation of the A.S.F., and cannot be changed by the persons summoned.

(7)The provisions of paragraphs 6 and 177⁵ (5) shall not apply to companies whose shares are admitted to trading on a regulated market in a Member State.

(8)The FSA may order, by decision, the termination of the mandate of the special administrator at any time during the financial recovery procedure if:

a)the measure of appointing the special administrator is no longer necessary because the FSA considers that the implementation of the plan of measures and/or recovery measures can be properly ensured by the company's management;

b)the special administrator does not comply with the provisions of paragraph 2;

c)at the request of the special administrator.

(9)In the situations provided for in paragraph (8) letters b) and c), the FSA decides, if necessary, to appoint a new special administrator.

Article 177⁹: Closure of the procedure

(1)A.S.F. issues a reasoned decision to close the special procedure for the financial recovery of the company when it finds, as the case may be:

a)restoring the company's financial situation;

b)the fact that the measures applied under the financial recovery procedure are not duly complied with, within the established deadlines and under the established conditions, or that their application could not lead, during the period in which they were taken, to the achievement of the objective pursued and to the removal of the causes that generated them.

(2)In the situation provided for in paragraph (1)(a), by the decision to close the procedure, the FSA shall order the termination of the recovery measures and, if applicable, the termination of the mandate of the special administrator.

(3)By exception to the provisions of paragraph (2), in the situation where, on the date of the decision to close the special financial recovery procedure, the company does not meet the legal requirements regarding the management of the activity by persons approved by the FSA, the special administrator is maintained until the approval by the FSA of a new management; The provisions of Article 177⁸ (3) and (6) shall cease to apply from the date of the decision to close the proceedings.

(4)In the situation provided for in paragraph (1) letter b), by the decision to close the procedure, the

FSA shall order the withdrawal of the company's operating permit and the application of the provisions of Article 110(2)-(2¹⁰) and Article 110¹, as well as, if applicable, the termination of the mandate of the special administrator.

(5) By exception to the provisions of paragraph (4), if the conditions for triggering the resolution provided by Articles 42 and 43 of Law no. 246/2015, as subsequently amended, the FSA orders the application to the company of the resolution measures provided by the respective law.

Article 177¹⁰: Publication

(1) The decisions to open, respectively to close the special financial recovery procedure, to appoint the special administrator, respectively to terminate his mandate, as well as those ordering recovery measures affecting the pre-existing rights of the parties, other than the company, its shareholders and/or employees, shall be published in the Official Gazette of Romania.

(2) A.S.F. shall also submit for publication in the Official Journal of the European Union, in Romanian, an extract from the decisions referred to in paragraph (1); the excerpt mentions that the FSA is the competent authority with the issuance of the decision in question, the law applicable to the special financial recovery procedure and the name of the company to which this procedure was ordered, as well as, if applicable, the special administrator appointed to the company.

(3) If the FSA is informed of the adoption by the competent authorities of other Member States of reorganisation measures at the insurance and/or reinsurance companies of those Member States, in a manner similar to the provisions of paragraph (1), the FSA shall ensure the publication of those measures on its website.

(4) The measures ordered under the special financial recovery procedure shall apply irrespective of the disclosure provisions laid down in paragraphs 1 and 2 and shall have full effect as regards creditors.

(5) Starting with 10 January 2030, the FSA, as a collection body, shall transmit to the single European access point provided for by Regulation (EU) 2023/2.859 information contained in the acts referred to in paragraph (1), Article 110(2¹) letter a) and paragraph (2²) of this law, in the decisions provided for in Article 262(2) of Law no. 85/2014, as subsequently amended and supplemented, as well as in the decisions provided for in Article 232(1) and (2) of Law no. 31/1990, republished, with subsequent amendments and completions.

(6) The FSA shall transmit the information provided for in paragraph (5) in compliance with the following requirements:

a) the information is presented in an open format, defined in Article 2 letter 1) of Law no. 179/2022

and which have the characteristics provided for in Article 8(25);

b)The information is accompanied by the following metadata:

- (i)all names of the company to which the information relates;
- (ii) the LEI code of the companies, defined according to the regulations of the A.S.F. issued in application of this law;
- (iii)specifying that the information is classified and transmitted as a result of a legal obligation or voluntarily in accordance with Article 1(1) of Regulation (EU) 2023/2.859;
- (iv)a statement indicating whether the information contains personal data.

Article 177¹¹: Effects of the procedure

(1)The effects of the opening of the special financial recovery procedure are subject to Romanian law, except for those on the contracts and rights mentioned below, which are subject to the following legal provisions:

- a)employment contracts and employment relationships are governed only by the law of the Member State applicable to employment contracts or relationships;
- b)the contract conferring a right of use or acquiring ownership of immovable property is governed only by the law of the Member State in whose territory the property is situated;
- c)The company's rights in immovable property, a ship or an aircraft, subject to registration in a public register, are governed only by the law of the Member State under whose authority the register is kept.

(2)The opening of the special financial recovery procedure shall not affect the rights in rem of creditors or third parties over tangible or intangible assets, movable or immovable assets - both specified assets and sets of indeterminate assets - belonging to the company and situated in the territory of another Member State at the time of the opening of the procedure.

(3)The rights in rem of creditors or third parties referred to in paragraph 2 shall consist in particular of:

- a)the right to capitalize on the asset or to ensure its capitalization and to benefit from the profit or income generated, in particular on the basis of a pledge or mortgage;
- b)the exclusive right to recover a claim, in particular a right secured by the creation of a pledge or the assignment of that claim as security;
- c)the right to claim the property and/or to return it from anyone who possesses and/or uses it against the will of the right holder;
- d)the real right to reap the fruits of an asset.

(4) A right entered in a public register and enforceable against third parties, on the basis of which a right in rem within the meaning of paragraph 2 may be obtained, shall be assimilated to a right in rem.

(5) The provisions of paragraphs (2) to (4) do not prevent the exercise of actions regarding the nullity, annulment and/or unenforceability of acts detrimental to all creditors, provided for by Romanian legislation; However, Romanian law will not apply when the person who has benefited from a legal act detrimental to all creditors proves that the following conditions are cumulatively met:

a) the said act is subject to the legislation of a Member State other than Romania;

b) The State law referred to in subparagraph (a) shall not provide for any means of challenging that act.

(6) The effects of the special financial recovery procedure on an ongoing civil proceeding concerning an asset or right of which the company has been divested are governed by the law of the Member State in which the proceedings are pending.

(7) The special financial recovery procedure opened at a company that buys an asset does not affect the seller's guaranteed rights where, at the time of the opening of the procedure, the asset is located in the territory of a Member State other than Romania.

(8) The financial recovery procedure opened at a company that sells an asset, after its delivery, does not constitute a cause for resolution or termination of the sale and does not prevent the buyer from acquiring the property, if the property is located, at the time of the opening of the procedure, in the territory of a Member State other than Romania; where, by an act concluded after the opening of the reorganization procedure, a company disposes, for consideration, of an immovable asset, a vessel or an aircraft, subject to entry in a public register, or disposes of transferable securities or securities the existence or transfer of which presupposes entry in a register or account, established by law, or which are placed in a central depository system governed by the law of a Member State, The validity of that act shall be governed by the law of the Member State in whose territory the immovable property is situated or under whose authority the register, account or system in question is kept.

(9) The financial recovery procedure does not prevent or affect the exercise of creditors' rights regarding the set-off of their claims with those of the company subject to this procedure, under the law.

(10) The provisions of paragraphs (7) to (9) do not prevent the exercise of actions regarding nullity, annulment and/or unenforceability, regulated by Romanian law.

(1) Without prejudice to the application of paragraphs 2 to 5, the effects of the opening of the special financial recovery procedure on the rights and obligations of participants in a regulated market shall be subject only to the law applicable to that market; This does not prevent actions regarding nullity, annulment and/or unenforceability, regulated by Romanian law, which may be exercised in order to disregard payments or transactions made in accordance with the law applicable to the respective market.

(12) A.S.F. shall issue regulations in application of the provisions of this chapter.

CHAPTER II: Provisions on the dissolution and liquidation of companies

Article 177¹²: General provisions

(1) The dissolution and liquidation of the companies referred to in Article 110 (2¹) letter a) and paragraph (2²) letter b) shall be carried out in compliance with the provisions contained in this chapter, which shall be duly supplemented with the provisions of Law no. 31/1990, republished, with subsequent amendments and completions and of other normative acts regulating liquidation, insofar as they do not contravene the provisions of this law.

(2) The voluntary dissolution and liquidation of a company are made at its request, with the approval of the A.S.F. prior to the registration of the operation in the Trade Register, according to the law.

(3) The appointment of the liquidators of a company according to paragraph (1) shall be made only with the prior approval of the FSA and in compliance with the provisions of Article 251 of Law no. 85/2014, as subsequently amended and supplemented, which shall be applied accordingly.

(4) By derogation from the provisions of the Government Emergency Ordinance no. 86/2006 on the organization of the activity of insolvency practitioners, republished, with subsequent amendments and completions, in the voluntary liquidation procedure the Insureds' Guarantee Fund may be appointed liquidator; The expenses incurred by the liquidation activity are considered liquidation expenses.

(5) Insurance receivables enjoy absolute priority over any other receivables, as regards the assets admitted to represent the technical reserves of the companies in dissolution and liquidation proceedings.

(6) The provisions of Law no. 85/2014, as subsequently amended and supplemented, regarding the order of extinguishment of claims, the privilege of insurance creditors and the expenses related to liquidation shall also apply accordingly to the liquidation of companies according to paragraph (1).

(7) The provisions of Law no. 31/1990, republished, with subsequent amendments and completions,

as well as of Law no. 85/2014, as subsequently amended and supplemented, regarding the duties and powers of the liquidator, shall be duly applied in the procedure for the dissolution and liquidation of companies according to paragraph (1).

(8)The provisions of Articles 323-336 of Law no. 85/2014, as subsequently amended and supplemented, shall be applied accordingly with regard to private international law relations in the field of dissolution and liquidation of companies according to paragraph (1).

Article 177¹³: Special Asset Register

(1)Companies shall prepare, keep at their headquarters and permanently update special registers of assets used to cover gross technical reserves, in order to ensure adequate protection of insurance creditors in the liquidation procedures of companies, according to the law.

(2)The values of the assets and gross technical reserves recorded in the special registers are those in the accounting records of the companies, organized according to the applicable accounting regulations; At any given time, the total value of the assets indicated in the special registers shall be at least equal to the value of the gross technical reserves.

(3)The special registers shall be drawn up separately for the non-life insurance activity, respectively the life insurance activity, except for the companies that hold authorization according to the provisions of Article 20 paragraph (5), which keep a single register for all the activities.

(4)Where an asset entered in the special registers is encumbered in favour of a creditor or a third party, with the consequence that part of the value of that asset is made available to cover the gross technical reserves, this situation shall be recorded in those registers and the unavailable amount shall not be included in the total value referred to in paragraph 2; the companies shall notify the A.S.F., immediately, of the creation of encumbrances on an asset entered in the special registers.

(5)The special registers are maintained after the withdrawal of the operating authorizations of the companies, respectively after the opening of their liquidation procedures; after these dates, any modification of the special registers may be carried out only with the prior approval of the A.S.F. and, as the case may be, with the approval of the syndic judge, except for the correction of material errors.

(6)Without prejudice to the provisions of paragraph (5), to the value of the assets entered in the special registers shall be added all the income obtained from their fruition, as well as the value of the premiums collected between the date of withdrawal of the operating authorization, respectively the date of the opening of the liquidation procedure, whichever occurs first, and the date of payment of the insurance claims or, as the case may be, that of the portfolio transfer.

(7) If the proceeds of the realization of some assets are lower than their estimated value in the registers, the liquidators provide a justification regarding this to the FSA and, as the case may be, to the syndic judge.

(8) The responsibility for the preparation and maintenance of the special registers provided for in this article lies with the management of the companies, respectively the persons responsible for their administration after the withdrawal of the operating authorizations or after the opening of the liquidation procedures, according to the law.

(9) The FSA shall issue its own regulations regarding the special registers provided for in this article, regarding their structure, the manner of highlighting the values of the assets, the notification of the creation of encumbrances on the registered assets and other elements regarding the keeping of the registers.

Article 177¹⁴: Provisions regarding the liquidators and the competences of the A.S.F.

(1) For good reasons and for non-compliance with the provisions of paragraph (3), Article 110 paragraph (2⁵)-(2⁷), Article 177¹³ paragraphs (5)-(7) and (9), as well as the regulations issued pursuant thereto, the FSA may request the competent court or the general meeting of the company's shareholders or members to replace the liquidator, at any time during the dissolution and liquidation procedure.

(2) The appointment of the new liquidator is made with the prior approval of the A.S.F.

(3) The liquidators shall prepare and submit to the A.S.F., at its request, reports on the status of the dissolution and liquidation procedure and shall comply with any other provisions of the A.S.F. necessary to ensure the defense of the rights and legitimate interests of the insurance creditors.

(4) If the company in dissolution and liquidation proceedings is in a state of insolvency, as defined by Law no. 85/2014, with subsequent amendments and completions, the liquidator requests the opening of the bankruptcy procedure; the provisions of Law no. 213/2015, as subsequently amended and supplemented, shall be applied accordingly.

(5) The provisions of paragraph (4) shall not affect the competence of the FSA to file a request for the opening of bankruptcy proceedings with the company in the situation provided for in the same paragraph.

(6) For the purpose of applying the provisions of paragraph (4) sentence II, in Law no. 213/2015, as subsequently amended and supplemented, the references to the date of publication of the decision of the FSA establishing the existence of indications of the state of insolvency are considered to be made on the date of the opening of the bankruptcy procedure.

(7)By way of derogation from the provisions of Article 260 paragraph (1) of Law no. 31/1990, republished, with subsequent amendments and completions, the procedure for the liquidation of companies is completed within a maximum of 5 years, unless the companies have in their portfolio insurance contracts classified in class 15 of Annex no. 1 section A and in the classes in Annex no. 1 section C, in which case the liquidation procedure is carried out until the date of extinguishing the obligations arising from the insurance contracts.

(8)A.S.F. shall issue regulations in application of the provisions of this chapter.

PART III: Final provisions

Article 178: Currency

(1)The companies calculate the equivalent value in lei of the amounts in euros, with effect from December 31 of each year, depending on the exchange rate communicated by the National Bank of Romania for October 31.

(2)The values expressed in euro referred to in Article 1(2)(55)(c), Article 2(2)(a) to (e) and Article 95(1)(d) shall be automatically revised by acts of the European Commission published in the Official Journal of the European Union in accordance with the powers conferred on it by Article 300 of Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on taking up and pursuing the business of insurance and reinsurance (Solvency II) and, as the case may be, may be provided for in the regulations issued by the FSA in application of this law.

Article 179: Final provisions

(1)The Register of Actuaries shall be taken over from the A.S.F. by the Romanian Association of Actuarial Sciences, within 60 days from the publication of this law in the Official Gazette of Romania, Part I.

(2)Companies can associate in professional unions that represent their collective interests and that can join international unions in the field.

(3)The National Trade Register Office is obliged to allow free access of the A.S.F. to its database regarding the companies authorized in accordance with the provisions of this law, as well as to other natural or legal persons who are or request approval to become significant shareholders; The National Trade Register Office is obliged to provide, at the request of the FSA, economic and financial information reported by companies.

(4)A.S.F. issues its own regulations in application of the provisions of part I. A.S.F. issues accounting

regulations specific to the insurance field, with the approval of the Ministry of Public Finance.

(5) Annexes no. 1 and 2 are an integral part of this law.

Article 180: Amendment and completion of Law no. 32/2000 on insurance activity and insurance supervision

Law no. 32/2000 on insurance activity and insurance supervision, published in the Official Gazette of Romania, Part I, no. 148 of 10 April 2000, as subsequently amended and supplemented, shall be amended and supplemented as follows:

1. The title of the law is amended and will read as follows:

"LAW on the activity and supervision of insurance and reinsurance intermediaries"

2. The title of Chapter I is amended and will have the following content:

"- CHAPTER I: The Object of the Law and the Meaning of Some Terms"

3. Article 1 shall be amended and shall read as follows:

'Article 1

This law regulates the organization and functioning of insurance and reinsurance intermediaries and the supervision of the activity of insurance and reinsurance intermediaries, as well as other activities related to them."

4. Article 2 shall be amended and shall read as follows:

'Article 2

For the purposes of this law, the terms and expressions below have the following meanings:

1. significant shareholder/associate – any person who, directly and alone or through or in connection with other natural or legal persons, exercises rights arising from the holding of shares/social shares which, cumulatively, represent at least 10% of the share capital of an insurance and/or reinsurance broker or confers on it at least 10% of the total voting rights in the general meeting of shareholders/associates or which give the possibility to exert a significant influence on the management of the insurance and/or reinsurance broker in which it has a significant position, as the case may be;
2. reinsurance intermediation activity – the activity of introducing, proposing or performing other activities prior to the conclusion of reinsurance contracts or providing assistance for the administration or fulfillment of contracts, especially in the event of a claim. Such activities shall not be considered as reinsurance brokerage activities if they are carried out by a reinsurer or an employee of the reinsurer acting under the responsibility of the reinsurer. The following shall not be

considered as intermediation activities in reinsurance: the provision of information occasionally, in the context of another professional activity, the purpose of which is not to provide assistance to clients in concluding or administering a contract, the administration of claims to a reinsurer on a professional basis, as well as the regularization of claims;

3. insurance agent – the natural or legal person empowered, based on the authorization of an insurer or reinsurer, to conclude in the name and on behalf of the insurer or reinsurer insurance or reinsurance contracts with third parties, according to the conditions stipulated in the concluded mandate contract, without having the quality of insurer/reinsurer, insurance and/or reinsurance broker;

4. subordinate insurance agent – the natural or legal person who, in addition to his main professional activity, intermediates in the name and on behalf of one or more insurers insurance products that are complementary to the products provided by credit institutions and non-banking financial institutions operating in a regulated market;

5. brokerage assistants – natural or legal persons who, based on a contract with an insurance and/or reinsurance broker, receive a power of attorney in relation to a brokerage mandate of the broker in question and, under the cover of the professional liability contract of the broker in question, must undertake certain activities necessary for the fulfillment of the brokerage mandate;

6. competent authorities – national authorities which, by law or other regulations, are empowered to register or authorise reinsurance intermediaries;

7. bancassurance – the intermediation activity of insurance products that are complementary to the products of credit institutions and non-banking financial institutions, carried out through the network of these institutions under the conditions provided by the rules issued in application of this law;

8. Insurance broker:

a) a Romanian legal person, authorized under the conditions of this law, which negotiates for its clients, natural or legal persons, insured or potential insured, the conclusion of insurance or reinsurance contracts and provides assistance before and during the performance of the contracts or in connection with the regularization of damages, as the case may be;

b) an intermediary from a Member State, who carries out intermediation activities on the territory of Romania, according to the right of establishment and the freedom to provide services;

9. insurance/reinsurance broker – natural person, professionally certified in accordance with the provisions of the norms issued in application of this law, and who carries out his activity only on the

basis of a contractual relationship with an insurance/reinsurance broker;

10. executive management of the insurance and/or reinsurance intermediary – the person or, in the case of intermediaries that have the legal form of a joint-stock company, natural persons, at least two, one of which, according to the articles of incorporation and/or the decisions of the statutory bodies of the insurance and/or reinsurance intermediary, is the legal substitute of the person empowered to direct and coordinate the daily activity, as well as vested with the competence to engage the liability of the intermediary in insurance and/or reinsurance; This category does not include persons who ensure the direct management of the compartments within the insurance and/or reinsurance intermediary, branches and other secondary offices. In the case of branches of insurance and/or reinsurance intermediaries in the Member States, which carry out activity on the territory of Romania, based on the right of establishment, the executive management is represented by the person/persons empowered by them to manage the activity of the branch and to legally hire the insurance and/or reinsurance intermediary in Romania;

11. insurance intermediaries – natural or legal persons, hereinafter referred to as insurance broker, brokerage assistant, insurance agent, sub-agent or subordinate insurance agent, who carry out insurance intermediation activity, in exchange for a commission/remuneration, authorised or registered under the conditions established by this law and by the rules issued in application thereof, as well as intermediaries from Member States who carry out on the territory of the Romania's insurance intermediation activity, according to the right of establishment and the freedom to provide services, as the case may be;

12. reinsurance intermediary – the Romanian natural or legal person authorized under the conditions of this law, hereinafter referred to as a reinsurance broker, who intermediates, in exchange for a commission/remuneration, mainly, the reinsurance activity, as well as the intermediaries from the Member States that carry out the reinsurance intermediation activity on the territory of Romania, according to the right of establishment and the freedom to provide services, as the case may be;

13. the usual place of parking - the territory of the State in which the motor vehicle is registered or:

a) if registration is not required for a certain type of motor vehicle, but the motor vehicle has insurance plates or a distinctive sign similar to the registration plate, the territory of the state in which the insurance plate was issued or the sign was issued; or

b) if neither the registration plate, nor the insurance plate nor the distinctive sign is required for a certain type of vehicle, the territory of the state in which the person who owns the vehicle has his permanent residence;

14. brokerage mandate – the contract between an insured or a potential insured, in his capacity as principal, and the insurance and/or reinsurance broker, as agent, by which the agent is entrusted with the negotiation or conclusion of the insurance or reinsurance contracts, the provision of assistance before and during the performance of the contracts or in connection with the regularization of damages, as the case may be;

15. significant persons – the administrators, the members of the board of directors and/or of the board of directors and/or of the supervisory board, the executive management of the insurance and/or reinsurance intermediary, as well as the members of the Board of Directors of the Fund for the Protection of Street Victims;

16. Member States - Member States of the European Union and the other States belonging to the European Economic Area;

17. third country – a state that is not a member state of the European Union or of the European Economic Area;

18. sub-agents – natural persons, other than the head of the legal person insurance agent, who have the quality of employees with an employment contract with the legal person and who act on its behalf;

19. Member State of origin of the intermediary:

a) if the intermediary is a natural person - the Member State in which his residence is located and in which he carries out his activity;

(b) where the intermediary is a legal person – the Member State in which the registered office is located or, where the law of that State does not provide for the existence of a registered office, the Member State in which the head office is located;

(20) the intermediary's host Member State means the Member State, other than the home Member State, in which an insurance or reinsurance intermediary operates on the basis of the right of establishment and the freedom to provide services;

21. branch of an insurance or reinsurance intermediary – dismemberment without legal personality of an insurance or reinsurance intermediary who, on the basis of a mandate, is empowered to carry out, in part or in full, the insurance or reinsurance activity."

5. Article 3 is repealed,

6. The title of Chapter II is amended and will have the following content:

"- CHAPTER II: General Provisions"

7. Article 4 shall be amended and shall read as follows:

'Article 4

(1) The implementation of this law, the supervision and control of compliance with its provisions shall be the responsibility of the Financial Supervisory Authority, hereinafter referred to as the FSA, for the purpose of defending the rights of the insured and promoting the stability of the insurance activity in Romania.

(2) For the needs of the A.S.F., of its representations that it establishes, the Government and, as the case may be, the local public administration authorities shall assign to it in administration the necessary buildings - land and buildings - in the public domain of national or local interest, as the case may be, within 60 days from the date of the request. A.S.F. may use its own revenues for the construction, purchase or rental of appropriate buildings, according to the legal provisions in force.

(3) The FSA shall conclude memoranda of collaboration with similar authorities regarding the exchange of confidential information, necessary for the surveillance activity, memoranda stipulating that the disclosure of that information to the public shall be made only with the explicit consent of those authorities or, in the specified cases, only for the purposes for which the respective authorities have given their consent.

(4) The FSA may conclude cooperation agreements with authorities of third countries only if the information sent to those authorities benefits from the same level of confidentiality with which the FSA treats that information in Romania, in accordance with national legislation.

(5) The FSA shall inform the European Commission of the difficulties arising from the application of this law, as well as of any barriers that may arise to the detriment of the activity of insurance and/or reinsurance brokers authorized or established in Romania, compared to branches located outside the territory of Romania."

8. Article 5 shall be amended and shall read as follows:

'Article 5

A.S.F. has the following main attributions:

a) elaborates and/or approves the draft normative acts that concern the insurance field or that have implications on this field, and with regard to the accounting regulations specific to the insurance field, and after the approval/information, as the case may be, according to the law, of the Ministry of Public Finance; it also mandatorily endorses all individual administrative acts related to the insurance activity;

b) authorizes the insurance and/or reinsurance brokers to carry out insurance and/or reinsurance

intermediation activity, as the case may be, and approves any modification of the documents or conditions on the basis of which this authorization was granted; Documents mean the statute and/or the articles of incorporation of the company, the feasibility study and, only in the case of significant persons, the organizational chart and/or the organization and functioning regulations, as well as any other acts established by the authorization norms issued in application of this law. The approval of the amendments, including in the case of the persons mentioned in letter d), shall be requested within the terms provided by the norms issued in application of this law;

c) approve the direct and/or indirect significant shareholders of the insurance and/or reinsurance brokers, based on the provisions of the norms issued in application of this law;

d) approves and, as the case may be, withdraws the approval, under the conditions of the legislation in force and the norms issued in its application, for the significant persons of the insurance and/or reinsurance brokers and endorses and, as the case may be, withdraws the opinion, for the members of the Board of Directors of the Fund for the Protection of Street Victims;

e) approves the division or merger of an insurance and/or reinsurance broker authorized in Romania, under the conditions of this law and the rules issued in its application. A.S.F. will rule on the request for division/merger, in the sense of its approval or rejection, within 45 days from the date of submission of the complete documentation;

f) approves, at the request of the insurance and/or reinsurance brokers, the limitation, suspension or, as the case may be, the cessation of the activity, after verifying their financial situation;

g) supervises the financial situation of insurance and/or reinsurance brokers, as well as the activity of other insurance and/or reinsurance intermediaries, natural or legal persons, in accordance with the provisions of this law and the rules issued in its application, including their branches established on the territory of other Member States, in accordance with the right of establishment, after consulting the competent authority of the Member State of the branch;

h) in order to apply the principles of prudential and preventive supervision, exercises a permanent control over the activity of insurance and/or reinsurance brokers by analyzing and evaluating, through the specialized directorates, at the headquarters of the A.S.F., the information contained in the reports, information and documents sent to it in accordance with the provisions of this law, of the norms issued in its application, as well as in accordance with the requests for information, opinions and decisions issued by the A.S.F.;

i) in order to protect the interests of the insured and potential insured persons, carries out periodic or unannounced checks at the headquarters of insurance and/or reinsurance intermediaries, legal

- persons, makes detailed investigations regarding the conditions of their activity, inter alia by collecting information and requesting documents regarding their activity;
- j) in order to ensure a unitary professional training of the persons working in the field of insurance, authorizes the entities that organize qualification, training and professional development courses, post-secondary or post-graduate in this field, approves the curriculum of the courses and the theme of the graduation exams for the entities that organize such courses, except for the higher education institutions accredited by the Ministry of Education and Scientific Research, and certifies the lecturers for these courses, in accordance with the provisions of this law and the norms issued in its application;
- k) establishes and coordinates the Institute of Financial Studies, constituted as a non-profit legal entity under private law;
- l) requests the presentation of information and documents, including statistical ones, regarding the activity carried out, the management of this activity and its executive management, both from insurance and/or reinsurance intermediaries, and from any other person, natural or legal, who is directly or indirectly related to their activity;
- m) take the necessary measures to ensure that the insurance brokerage activity is managed in compliance with the specific prudential rules;
- n) apply the sanctioning measures provided by this law;
- o) receives and responds to all notifications and complaints regarding the activity of insurance and/or reinsurance intermediaries;
- p) inform the competent authorities of the Member States on whose territory they are branches of the Romanian insurance and/or reinsurance brokers or of the Romanian insurance agents or where they provide services about any sanctioning measures taken against them, including the withdrawal of the operating authorization;
- q) opens and maintains the Register of Insurance and/or Reinsurance Brokers and manages the Register of Insurance and/or Reinsurance Intermediaries, the form and content of which are established by norms issued in application of this law;
- r) performs other duties provided for by this law."

9. After Article 5, a new Article shall be inserted, Article 5¹, with the following content:

'Article 5¹

(1) The Fund for the Protection of Street Victims, hereinafter referred to as the Fund, shall be

constituted as an association, a legal person of private law without patrimonial purpose, in accordance with the legal provisions regarding associations and foundations, of this law and of the norms issued in its application, having as members all insurers authorized to practice the mandatory civil liability insurance for damages caused by motor vehicle accidents.

(2) The articles of incorporation of the association, as well as the subsequent amendments shall be endorsed in advance by the A.S.F.

(3) The Fund is managed by a board of directors consisting of 5 members, who are subject to the prior approval of the A.S.F.

(4) A member of the Board of Directors of the Fund shall be appointed by the A.S.F.

(5) The members of the Fund are obliged to contribute through a contribution to the establishment and maintenance of its financial stability, in proportion to the volume of gross premiums collected from the sale of the civil liability insurance covering damages resulting from the use of land vehicles, except for the civil liability of the carrier, until all payment obligations are covered.

(6) The level of the contribution and its payment terms shall be established annually by the A.S.F. The amount of the contribution is up to 5% of the volume of the gross premiums collected for this insurance.

(7) The income and expenditure budget of the Fund, as well as its rectifications, shall be approved by the Council of the A.S.F.

(8) In case of deficit, the A.S.F. may increase, during the year, the level of the contribution.

(9) The Fund shall be established for the purpose of:

a) to provide information to persons injured by motor vehicle accidents, as an information center (CEDAM);

b) to compensate persons injured by motor vehicle accidents, if:

1. (i) the vehicle, respectively the tram that caused the accident remained unidentified or was not insured for civil liability for damages caused by motor vehicle accidents, although, in accordance with the legal provisions in force, its owner had the obligation to conclude such insurance;

2. (ii) within 3 months from the date on which he submitted a claim for compensation, the person resident in Romania who has suffered damage as a result of a traffic accident occurred on the territory of a state located within the territorial limits of coverage, except Romania, or on the territory of a third country whose national office has joined the Green Card system, by a motor vehicle that has its usual place of parking in a Member State of the European Economic Area or in

the Swiss Confederation, has not received a reasoned response from the insurance company of the motor vehicle responsible for the accident or from its compensation representative, or if the respective insurance company has not appointed a compensation representative on the territory of Romania or if, within two months from the date of the accident, the insurance company has not appointed a compensation representative on the territory of Romania or if, within two months from the date of the accident, the insurance company insurance cannot be identified. The Fund performs these tasks as a compensation body.

(10) The insurers referred to in paragraph (1) have the obligation to designate, in each State belonging to the European Economic Area and in the Swiss Confederation, a representative in charge of regularizing the damages caused by motor vehicles subject to the obligation to insure in Romania to residents in these States, provided that the accident occurs on the territory of a State other than the State of residence of the injured person.

(11) The Fund has active procedural standing in any lawsuit against persons in a legal relationship with it, for payment obligations paid or to be paid with certainty by the Fund.

(12) The act by which the obligation to pay an insurer to the Fund is ascertained and individualized constitutes, according to the law, a debt title.

(13) On the maturity date, the debt instrument becomes an enforceable title, based on which the Fund will initiate the forced procedure for the recovery of debts, according to the provisions of the Code of Civil Procedure.

(14) In order to recover the amounts spent, the Fund has the right of recourse against the entity that caused the damage.

(15) Annually, the Fund shall submit to the FSA Council an activity report, the form and content of which shall be established by norms issued in application of this law.

(16) The report shall be accompanied by the annual financial statements, prepared in accordance with the legislation in force and audited in accordance with the provisions of this law and the norms issued in its application.

(17) Within 6 months from the end of the previous year, the Fund shall publish a report, the form and content of which shall be established by norms issued in application of this law.

(18) The manner of constitution, use and investment of the sums of money at the disposal of the Fund, as well as the persons entitled to be compensated shall be established by norms issued in application of this law by the FSA."

10. Articles 6 and 7 shall be repealed.

11. Article 8 shall be amended and shall read as follows:

'Article 8

(1) The FSA shall adopt norms in application of the provisions of this law, as well as specific prudential norms, according to insurance practices.

(2) The A.S.F. issues decisions by which:

- a) imposes prohibitions, grants, suspends or withdraws authorizations;
- b) modify or revoke conditions, requirements or terms imposed by it by its acts;
- c) approves the division or merger of insurance and/or reinsurance brokers;
- d) establishes/specifies other objectives of interest and/or establishes obligations regarding the activity of insurance and/or reinsurance intermediaries, the Fund and the entities that organize qualification, training and professional development courses;
- e) exercises, from its headquarters, through the specialized directorates, a permanent control, by analyzing the data and information contained in the reports, periodic and annual information and those transmitted as a result of the requests of the A.S.F., as well as the documents requesting the prior approval of the changes to the initial conditions of authorization, on the activity of insurance and/or reinsurance intermediaries and orders the performance of periodic or unannounced control actions at the their headquarters;
- f) gives instructions regarding the presentation of documents, situations, information and hearings;
- g) ascertains and applies sanctions, as a result of the permanent, periodic or unannounced control, to the insurance and/or reinsurance intermediaries, to the significant shareholders or their significant persons or to the Board of Directors of the Fund or to the entities that organize qualification, training and professional development courses or to the management of these entities for the violation of the provisions of this law, of the regulations, decisions and opinions issued by the FSA;
- h) apply other measures provided by the legislation in force.

(3) The sanctioning decisions shall include the legal justification for applying them and shall be communicated to the natural or legal persons against whom the sanction has been ordered. The sanctioning decisions shall also mention the right of the persons concerned to challenge the sanctioning measures ordered, the deadline within which the appeal may be submitted, as well as the authority or court to which the appeal must be addressed."

12. Article 9 shall be amended and shall read as follows:

'Article 9

The decisions of the FSA shall not be published in the Official Gazette of Romania, Part I, except for those provided for in Article 8(2)(a) and (c)."

13. Article 10 shall be amended and shall read as follows:

'Article 10

The following constitute own income to the budget of the A.S.F.:

- a) the fees and increases provided for in Article 10¹ and 36;
- b) the amounts deriving, according to the law, from contravention fines;
- c) income from donations, publications and other legal sources."

14. After Article 10, a new Article shall be inserted, Article 10¹, with the following content:

'Article 10¹

(1) An intermediary in insurance and/or reinsurance, the Fund or an entity that organizes qualification, training and professional development courses, which requests approval for changes to the conditions and documents on the basis of which the authorization/approval was granted, as well as any information or certifications from A.S.F. to serve it in relations with third parties, shall pay an approval fee, as the case may be, representing the RON equivalent of the amount of EUR 35, at the exchange rate communicated by the National Bank of Romania on the date of payment.

(2) Any natural or legal person, except for insured persons, injured persons and public institutions, who requests information, certifications or points of view from the FSA shall pay a fee representing the equivalent in lei of the amount of 35 euros, at the exchange rate communicated by the National Bank of Romania on the date of payment.

(3) For the authorizations issued by the A.S.F. provided for by this law, destroyed, lost or stolen, duplicates shall be issued, at the request of the entitled persons, under the conditions provided for in the norms issued in application of this law, for a fee representing 25% of the amount provided for in Article 36 paragraph (1)."

15. Chapter III, comprising Articles 11-15, Chapter III¹, comprising Articles 15¹-15¹⁴, Chapter III², comprising Articles 15¹⁵-15¹⁹, Chapter III³, comprising Articles 15²⁰ and 15²¹, Chapter IV, comprising Articles 16-25¹, Chapter V, comprising Articles 26-26⁸, Chapter V¹, comprising Articles 27 and 28, Chapter VI, comprising Articles 28¹ and 28², is repealed.

16. In Article 34, paragraphs (4), (10) and (11) shall be amended and shall read as follows:

"(4) Insurers are obliged to open and maintain a register, called the Register of Insurance Agents, in a computerized system and with the mandatory archiving of all changes, which is part of the

Register of Insurance and/or Reinsurance Intermediaries, provided for in Article 5 letter q). The form and content of this register shall be established by norms issued in application of this law.

.....

(10) Insurance agents, natural and legal persons, and sub-agents registered in accordance with the provisions of this law and the norms issued in application thereof are obliged to include in all the documents issued, other than those of the insurers from which they have mandate, including in their own correspondence with third parties, the unique code assigned by the register provided for in Article 5 letter q), as well as the following document: "Registered with the Financial Supervisory Authority".

(11) Insurance agents and subordinate insurance agents, natural and legal persons, as well as sub-agents are obliged to write on all documents received from the insurers from whom they have mandated the unique code assigned by the Register of Insurance and/or Reinsurance Intermediaries provided for in Article 5 letter q)."

17. In Article 35, paragraphs (4¹), (4²) and (11⁵) shall be amended and shall read as follows:

"(4¹) The insurance and/or reinsurance brokers authorized in accordance with the provisions of this law and the rules issued in application of it are obliged to include, in all the documents issued, including in the correspondence with third parties, the unique code assigned by the Register of Insurance and/or Reinsurance Brokers provided for in Article 5 letter q), as well as the following document: "Authorised by the Financial Supervisory Authority".

(4²) Insurance and/or reinsurance brokers are obliged to write on all documents received from insurers or reinsurers the unique code assigned by the register provided for in Article 5 letter q).

.....

(11⁵) The own staff of the insurance and/or reinsurance broker, whose main job attribution is the intermediation of insurance and/or reinsurance contracts, shall be registered in the register provided for in Article 5 letter q), under the conditions provided by the rules issued in application of this law."

18. Article 37 shall be amended and shall read as follows:

'Article 37

No act or omission of the insurance agent, consisting in the violation of any provision of this law, of the law applicable to the insurance contract and of the conditions or amount of the insurance premiums, as well as of other elements regarding the conclusion of the insurance contract, may be invoked by the insurer who mandated the respective agent for the cancellation of an insurance

contract."

19. Article 38 is repealed.

20. **Article 38¹ shall be amended and shall read as follows:**

'Article 38¹

(1) The violation of the provisions of this law, of the norms adopted in its application, as well as of the opinions, decisions or requests for information, documents and reports shall be ascertained by the FSA, by exercising a permanent, periodic or unannounced control of the activity of insurance and/or reinsurance intermediaries, the Fund or the entities that organize qualification, training and professional development courses.

(2) The sanctions shall be established by the A.S.F. Council, based on the findings drawn up by the specialized directorates that carry out the permanent control at the headquarters/supervisory authorities or the minutes concluded as a result of the periodic or unannounced controls carried out by the control teams designated for this purpose, at the headquarters of the insurance and/or reinsurance intermediary, Fund or entity that organizes qualification, training and professional development courses.

(3) The monitoring of the application of sanctions shall be made by the specialized directorates that have drawn up the reports or by the control directorate, for periodic or unannounced controls.

(4) The permanent control shall be carried out at the headquarters of the A.S.F. by its specialized directorates on:

a) the data from the periodic or annual reports and information established by this law and by the norms issued in its application;

b) documents and information requested by the FSA in order to exercise prudential supervision;

c) documents and information that require the prior approval of the amendments decided by the insurance and/or reinsurance brokers;

d) compliance with the deadlines for the submission of reports, information, documents and information provided for in letter a)-c).

(5) The specialized directorates within the FSA, which carry out the permanent control in accordance with the provisions of paragraph (4), shall notify, by letter with acknowledgement of receipt, the significant persons of the insurance and/or reinsurance intermediaries, the Board of Directors of the Fund or the management of the entities that organize qualification, training and professional development courses about the violation of the provisions of this law, of the norms

issued in its application, as well as of the opinions, decisions or requests for information, documents and reports and will request them, within 7 calendar days from the receipt of the notification, to submit a response explaining the reason for the violation.

(6) Within 3 working days from the receipt of the response to the notification provided for in paragraph (5), the specialized directorate concerned shall propose, by means of a finding report, to the FSA Council the sanctioning measures, to which the response received shall be attached.

(7) The finding report shall be drawn up and presented to the FSA Council, within the same term as that provided for in paragraph (6), and in case of lack of response to the notification provided for in paragraph (5).

(8) The deadlines provided for in paragraph (5) and, respectively, paragraph (6) shall run from the date of registration of the receipt of the notification by the insurance and/or reinsurance intermediaries, the Fund or the entities organizing qualification, training and professional development courses, as the case may be, and, respectively, from the date of registration of the response to the notification by the specialized directorate issuing the notification.

(9) Depending on the nature, severity and frequency of the deviations, the FSA Council may decide both to apply a sanction, in accordance with the provisions of this law, and to carry out an unannounced control at the headquarters of the insurance and/or reinsurance intermediary or, if a periodic control is in progress, it will order its extension to the negative aspects noticed.

(10) The periodic controls and their subject matter shall be notified to the executive management of the insurance and/or reinsurance brokers or, as the case may be, to the Board of Directors of the Fund, to the insurance or reinsurance agents and to the subordinated insurance agents, legal persons, 15 working days before the start date.

(11) Insurance and/or reinsurance intermediaries, legal persons, the Fund or entities that organize qualification, training and professional development courses have the obligation to provide the periodic or unannounced control teams, as the case may be, with an adequate space, which during the control is used only by the team members.

(12) The unannounced controls shall concern only specific aspects, resulting from the analysis of periodic or annual reports and information or of complaints and notifications registered with the FSA, regarding the activity of insurance and/or reinsurance intermediaries. Fund or entities that organize qualification, training and professional development courses, as the case may be.

(13) No intermediary in insurance and/or reinsurance, the Fund or an entity that organizes qualification, training and professional development courses may refuse to carry out an

unannounced control."

21. In Article 39, paragraphs (2) and (3) shall be amended and shall read as follows:

"(2) The following facts constitute contraventions:

- a) non-compliance, in any way, with the rules adopted pursuant to Article 8(1), as well as with the decisions or opinions of the Insurance Supervisory Commission/FSA issued pursuant to Article 8(2) and (3);
- b) the violation, in any way, by the insurance and/or reinsurance intermediaries, the Fund or by the entities that organize qualification, training and professional development courses, as the case may be, of the provisions of Article 5 letters b)-j), l) and n), of the norms issued in application of this law, as well as of the opinions, decisions or requests for information, documents and reports;
- c) failure by the insurance and/or reinsurance broker to obtain the approval or approval, as the case may be, of the A.S.F., for the direct and/or indirect significant shareholders and for the significant persons of the insurance and/or reinsurance brokers or, in the case of the Fund, the prior approval for the members of the Board of Directors;
- d) the violation, in any way, by the insurance and/or reinsurance brokers of the obligations regarding record-keeping and the transmission of the reports provided by the law and/or by the norms adopted in its application;
- e) violation of the obligations provided for in Article 35 and of the norms issued in application of this law regarding the maintenance of the minimum limit of the share capital;
- f) failure to comply with the provisions of Article 33(3), (4), (4¹), (6), (7) and (14), Article 34, Article 38¹ paragraph (5), (11) and (13), as well as the rules regarding the performance of the activity of insurance agents, sub-agents and subordinate insurance agents;
- g) failure to comply with the obligations provided for in Article 35(13) and (13¹);
- h) failure to comply with the obligations of insurance and/or reinsurance brokers provided for in Article 33(3), (4¹), (6), (7) and (14), Article 35, Article 36, Article 38¹ paragraph 5), (11) and (13) and in the rules issued in application;
- i) non-compliance by insurance and/or reinsurance brokers, the Board of Directors of the Fund or by the management of the entities that organize qualification, training and professional development courses with the deadlines for transmission or sending with incomplete and erroneous data the reports, reports, analyses, documents and information provided by this law, with the norms issued in its application or by decisions or opinions;

j) failure to comply with the provisions of Article 5¹ and the norms issued in its application by the Board of Directors of the Fund;

k) non-compliance by the management of the entities that organize qualification, training and professional development courses and/or by lecturers with the provisions of Article 38¹ paragraph (5), (8), (11) and (13) and the norms issued in application of this law;

l) failure or defective fulfillment of the obligation to keep the brokerage assistants' diary, according to the law and the norms issued in its application;

m) making any changes to the documents and/or conditions on the basis of which the operating authorization was granted, without the prior approval of the A.S.F.;

n) the performance of the activity by the insurance and/or reinsurance intermediaries without fulfilling and maintaining the professional requirements provided by this law and by the norms given in its application;

o) failure to comply with the provisions of paragraph (8¹).

(3) The commission with intention or negligence, by commission or omission, of any of the acts provided for in paragraph (2) shall be sanctioned with:

a) written warning;

b) fine applicable: to insurance and/or reinsurance intermediaries, from RON 2,500 to RON 50,000; insurance agents, natural persons, sub-agents and subordinate insurance agents, natural persons, from 500 lei to 1,000 lei; heads of entities that organize qualification, training and professional development courses, from 1,000 lei to 10,000 lei; to the manager or, as the case may be, to the significant persons of the insurance and/or reinsurance intermediaries, legal persons, and to the members of the Fund's Board of Directors, from RON 2,500 to RON 50,000;

c) a fine applicable to any person who uses the names of insurance and/or reinsurance broker, insurance or reinsurance agent, sub-agent or subordinate insurance agent or their derivatives without having an authorization issued or without being registered with the Insurance Supervisory Commission/A.S.F., from 10,000 lei to 100,000 lei, for legal entities, and from 5,000 lei to 10,000 lei, for individuals;

d) the temporary or permanent prohibition of the exercise of the activity for insurance and/or reinsurance brokers, defined in Article 2 points 9, 12 and 15;

e) withdrawal of the authorization of insurance and/or reinsurance brokers, entities that organize qualification, training and professional development courses, withdrawal of the approval for significant persons of insurance and/or reinsurance brokers and, as the case may be, withdrawal of

the approval for the members of the Fund's Board of Directors, revocation of a member or of the entire Board of Directors of the Fund, revocation of the approval granted and/or lecturers, ordering insurance/reinsurance brokers to remove brokerage assistants from the special registers in which they were registered."

22. Article 39(5) shall be repealed.

23. In Article 39, after paragraph (7), a new paragraph shall be inserted, paragraph (7¹), with the following content:

"(7¹) To the extent that this law does not provide otherwise, the provisions of Government Ordinance no. 2/2001, approved with amendments and completions by Law no. 180/2002, with subsequent amendments and completions."

24. In Article 39, paragraphs (8) to (8³) shall be amended and shall read as follows:

"(8) It shall be a crime and shall be punished with imprisonment from 3 months to 2 years or with a fine the act of any person consisting in carrying out the activity of Insurance Intermediation and/or reinsurance in/from Romania without the authorization of the A.S.F., as well as carrying out the activity without registration in the registers provided for in Article 5 letter q).

(8¹) It is forbidden for any person who does not have an authorization issued or is not registered with the A.S.F. to use the names of insurance and/or reinsurance broker, insurance or reinsurance agent, sub-agent or subordinate insurance agent or their derivatives, in connection with an activity, a product or a service, unless such use is established or recognized by law or by an international agreement or when, From the context in which these words are used, it is undoubtedly clear that they are not insurance and/or reinsurance intermediation activities.

(8²) In any form of advertising, official acts, contracts or other such documents, the initials, logo, emblem or other identifying elements of an insurance and/or reinsurance intermediary operating in Romania or suggesting a link with it may be used only by and in connection with a sub-unit of that entity, including in its name.

(8³) For the purpose of carrying out specific activities, foreign entities may use on the territory of Romania the name they use in their country of origin. In the event that there is a possibility of confusion, in order to ensure an appropriate clarification, the FSA may request that the name of the insurance and/or reinsurance intermediary be accompanied by an explanatory mention in Romanian."

25. Article 39(9) shall be repealed.

26. In Article 42, paragraphs (3) and (4) are repealed.

27. Article 42¹ shall be amended and shall read as follows:

'Article 42¹

A.S.F. does not have standing to sue and cannot be sued in lawsuits initiated against insurance and/or reinsurance intermediaries, even if they are bankrupt, in order to answer for the failure to fulfill the obligations assumed by them according to the law and/or international conventions or in the case of lawsuits against entities that organize qualification courses, training and professional development and/or lecturers."

28. Article 43 shall be amended and shall read as follows:

'Article 43

(1) The National Trade Register Office is obliged to allow free access of the FSA to the information in the central trade register, kept in a computerized system, regarding the insurance and/or reinsurance brokers in Romania, authorized in accordance with the provisions of this law, to the registered insurance and/or reinsurance intermediaries, as well as to other natural or legal persons who are or seek approval to become direct significant shareholders or indirect of a broker; also, the National Trade Register Office is obliged to provide, at the request of the FSA, economic and financial information reported by insurers, reinsurers, insurance agents, legal entities and insurance and/or reinsurance brokers in the annual financial statements.

(2) The act establishing and individualizing the payment obligation of an insurance and/or reinsurance broker, authorized or registered insurance agent or of the persons referred to in Article 39(3)(b), as the case may be, drawn up or issued by the FSA bodies, according to the law, shall constitute a debt title.

(3) On the maturity date, the debt instrument shall become an enforceable title, on the basis of which the FSA shall initiate the forced procedure for the recovery of its debts, in accordance with the provisions of the Code of Civil Procedure."

29. Article 47¹ is repealed.

30. Article 47² shall be amended and shall read as follows:

'Article 47²

Insurance and/or reinsurance intermediaries have the right to use the personal data of the insured persons or beneficiaries of insurance or reinsurance contracts, registered therein, including the tax identification code, only for the purpose of managing insurance or reinsurance contracts and handling claims files, in compliance with the provisions of Law no. 677/2001 for the protection of individuals with regard to the processing of personal data and the free movement of such data, with

subsequent amendments and completions."

31. Article 47⁴ is repealed.

32. Annexes no. 1-3 is repealed.

Article 181: Legislative adaptation

Whenever laws and other normative acts refer to the provisions regarding insurers and reinsurers of Law no. 32/2000, as subsequently amended and supplemented, repealed by this law, the reference is deemed to be made to this law.

Article 182: Entry into force

This law shall enter into force on 1 January 2016, except for the provisions of Article 166(1)-(3), which shall enter into force 3 days after the date of publication of this law in the Official Gazette of Romania, Part I.

*

This law transposes:

- 1.the provisions of Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), published in the Official Journal of the European Union, L series, no. 335 of 17 December 2009, as subsequently amended and supplemented, with the exception of Articles 160, 161 and 303 and Title IV;
- 2.the provisions of Article 4 of Directive 2011/89/EU of the European Parliament and of the Council of 16 November 2011 amending Directives 98/78/EC, 2002/87/EC, 2006/48/EC and 2009/138/EC as regards the additional supervision of financial entities belonging to a financial conglomerate, published in the Official Journal of the European Union, L series, no. 326 of 8 December 2011;
- 3.The provisions of Article 2 of Directive 2014/51/EU of the European Parliament and of the Council of 16 April 2014 amending Directives 2003/71/EC and 2009/138/EC and Regulations (EC) no. 1.060/2009, (EU) no. 1.094/2010 and (EU) no. 1.095/2010 regarding the competences of the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority), published in the Official Journal of the European Union, L series, no. 153 of 22 May 2014.
- 4.The provisions of Article 63(1) of Directive (EU) no. 2.341/2016 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for the provision of occupational pensions (IORP), published in the Official Journal of the European Union, series L, no.

354 of December 23, 2016;

5.The provisions of Article 2 of Directive (EU) No. 843/2018 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU, published in the Official Journal of the European Union, L series, no. 156 of 19 June 2018;

6.The provisions of Article 2 of Directive (EU) no. 2.177/2019 of the European Parliament and of the Council of 18 December 2019 amending Directive 2009/138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), Directive 2014/65/EU on markets in financial instruments and Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, published in the Official Journal of the European Union, L series, no. 334 of 27 December 2019;

7.The provisions of Article 2 of Directive (EU) 2022/2.556 of the European Parliament and of the Council of 14 December 2022 amending Directives 2009/65/EC, 2009/138/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU, 2014/65/EU, (EU) 2015/2366 and (EU) 2016/2341 on digital operational resilience for the financial sector, published in the Official Journal of the European Union, L series, no. 333 of December 27, 2022;

6¹.the provisions of Article 7 of Directive (EU) 2023/2.864 of the European Parliament and of the Council of 13 December 2023 amending certain Directives as regards the establishment and operation of the European Single Access Point, published in the Official Journal of the European Union, Series L 2023/2.864 of 20 December 2023.

8.the provisions of Article 1(1)(d) of Directive (EU) 2021/2.118 of the European Parliament and of the Council of 24 November 2021 amending Directive 2009/103/EC on motor vehicle liability insurance and the control of the obligation to insure against such liability, published in the Official Journal of the European Union, L series, no. 430 of December 2, 2021.

This law was adopted by the Romanian Parliament, in compliance with the provisions of Article 75 and Article 76 paragraph (1) of the Romanian Constitution, republished.

PRESIDENT OF THE CHAMBER OF DEPUTIES

VALERIU-ȘTEFAN ZGONEA

PRESIDENT OF THE SENATE

CALIN-CONSTANTIN-ANTON POPESCU-TARICEANU

ANNEX no. 1: Insurance classes

SECTION 1:A Non-life insurance

1. accidents, including accidents at work and occupational diseases:

- a) fixed financial compensation;
- b) variable financial compensation;
- c) combination of the indemnities in letter a) and b);
- d) compensation for bodily injury suffered by passengers;

2. Health:

- a) fixed financial compensation;
- b) variable financial compensation;
- c) combination of the indemnities in letter a) and b);

3. land vehicles, excluding railway rolling stock, covering damage or loss related to:

- a) motor vehicles;
- b) other vehicles;
- 4. railway rolling stock, covering damage or loss related thereto;
- 5. aircraft, covering damage or loss related thereto;

6. sea, lake and river vessels covering damage or loss related to:

- a) maritime vessels;
- b) lake ship;
- c) river vessel;

7. goods in transit, regardless of the mode of transport, covering damage or loss related to:

- a) goods;
- b) baggage;
- c) other goods;

8. fire and natural disasters, covering damage or loss related to property, other than those mentioned in classes 3 to 7, caused by:

- a) fire;

- b)explosion;
- c)storm and other natural disasters;
- d)nuclear energy;
- e)settlement and landslides;

**9.other damage or loss related to property other than those mentioned in Classes 3 to 7,
caused by:**

- a)hail;
- b)frost;
- c)theft;
- d)other events, not covered by class 8;
- 10. motor civil liability, for the use of land motor vehicles, including carrier liability;
- 11. civil liability for the use of aircraft, including carrier liability;
- 12. civil liability for the use of sea, lake and river vessels, including the liability of the carrier;
- 13. general civil liability, excluding those mentioned in classes 10-12;

14.which covers:

- a)insolvency, in general;
- b)export credits;
- c)loans for sales in installments;
- d)mortgage loans;
- e)agricultural credits;

15.Warranties:

- a)direct guarantees;
- b)indirect guarantees;

16.miscellaneous financial losses, related to:

- a)unemployment;
- b)insufficient income, in general;
- c)unfavorable weather conditions;
- d)non-realization of benefits;
- e)current expenses, in general;
- f)unforeseen commercial expenses;
- g)depreciation of market value;

- h)rents and other income;
 - i)other indirect commercial losses;
 - j)other non-commercial financial losses;
 - k)other financial losses;
17. legal protection: costs related to court proceedings and other court costs;
18. assistance for people in difficulty during travel or absence from home or habitual residence.

SECTION 2:B Name of the authorisation to practise more than one class of non-life insurance

1. accident and health - grades 1 and 2;
2. motor insurance - class 1 item d) and classes 3, 7 and 10;
3. maritime and transport insurance - class 1 letter d) and classes 4, 6, 7 and 12;
4. aviation insurance - class 1 item d) and classes 5, 7 and 11;
5. insurance against fire and other damage to property - classes 8 and 9;
6. civil liability insurance - classes 10-13;
7. credit and guarantee insurance - classes 14 and 15;
8. all classes.

SECTION 3:C Life insurance

1. the assurances referred to in Article 2(6)(a)(i) to (iii), excluding those referred to in paragraphs 2 and 3;
2. marriage and birth insurance;
3. the assurances referred to in Article 2(6)(a)(i) and (ii) relating to investment funds;
4. the tontines referred to in Article 2(6)(b)(i);
5. capitalisation operations referred to in Article 2(6)(b)(ii);
6. the management of group pension funds referred to in Article 2(6)(b)(iii) and (iv);
7. the operations referred to in Article 2(6)(c).

ANNEX no. 2:Standard formula for calculating SCR

1.Basic SCR calculation

The basic SCR referred to in Article 75 shall be equal to:

$$SCR_{de\ buza} = \sqrt{\sum_{i,j} Corr_{i,j} \times SCR_i \times SCR_j}$$

where:

- a) SCR_i - is the risk module i;
- b) SCR_j - is the risk module j;
- c) i, j denotes that the sum of different terms should cover all possible combinations of i and j.

In the calculation, SCR_i and SCR_j are replaced by the following:

- a) SCR_{generale} - non-life insurance underwriting risk module;
- b) Life Insurance Underwriting Risk Module;
- c) Health SCR - health insurance underwriting risk module;
- d) Market SCR - market risk module;
- e) SCR_{counterparty} - the counterparty risk module.

The Corri,j factor represents the element in row j and column i in the following correlation matrix:

	Market	Counterparty	Lifetime subscription	Health Subscription	General Underwriting
Market	1	0,25	0,25	0,25	0,25
Counterparty	0,25	1	0,25	0,25	0,5
Lifetime subscription	0,25	0,25	1	0,25	0
Health Subscription	0,25	0,25	0,25	1	0
General Underwriting	0,25	0,5	0	0	1

2. Calculation of the non-life insurance underwriting risk module

The non-life insurance underwriting risk module, referred to in Article 76(1) and (2), shall be equal to:

$$SCR_{generale} = \sqrt{\sum_{i,j} Corr_{i,j} \times SCR_i \times SCR_j}$$

where:

- a) SCR_i - is the risk submodule i;
- b) SCR_j - is the risk submodule j;
- c) i, j denotes that the sum of different terms should cover all possible combinations of i and j.

In the calculation, SCR_i and SCR_j are replaced by the following:

- a) SCR_{generale_prime} and reserves - sub-module of premium risk and non-life insurance reserves;
- b) SCR_{generale_catastrofa} - non-life insurance catastrophe risk sub-module.

3. Calculation of the life insurance underwriting risk module

The life insurance underwriting risk module, referred to in Article 76(3) and (4), shall be equal to:

$$SCR_{\text{viață}} = \sqrt{\sum_{i,j} Corr_{i,j} \times SCR_i \times SCR_j}$$

where:

- a) SCR_i - is the risk submodule i;
- b) SCR_j - is the risk submodule j;
- c) i, j denotes that the sum of different terms should cover all possible combinations of i and j.

In the calculation, SCR_i and SCR_j are replaced by the following:

- a) Mortality SCR - mortality risk submodule;
- b) SCR_{longevity} - the longevity risk submodule;
- c) Disability SCR - disability risk - morbidity submodule;
- d) SCR_{viață_cheltuieli} - the life insurance expense risk sub-module;
- e) SCR_{review} - the review risk submodule;
- f) SCR_{resilire} - the rescission risk submodule;

g) SCR viață_catastrofă - life insurance catastrophe risk sub-module.

4. Calculation of the market risk module

The market risk module referred to in Article 76(7) and (8) shall be equal to:

$$SCR_{\text{piuții}} = \sqrt{\sum_{i,j} Corr_{i,j} \times SCR_i \times SCR_j}$$

where:

a) SCR_i is the risk submodule i;

b) SCR_j is the risk sub-module j;

c) i, j denotes that the sum of different terms should cover all possible combinations of i and j.

In the calculation, SCR_i and SCR_j are replaced by the following:

(a) SCR_{rata_interest} - the interest rate risk sub-module;

b) SCR_{devalorizare_acțiuni} - the sub-module risk of devaluation of shares;

c) SCR_{bunuri_mobiliare} - the real estate risk submodule;

d) SCR_{marjă_credit} - the credit margin risk sub-module;

e) SCR_{concentration} - sub-module of concentration risk market risk;

f) SCR_{currency} - the sub-module risk of change in the exchange rate.

Published in the Official Gazette number 800 of October 28, 2015