

FINANCIAL SUPERVISORY AUTHORITY

RULE NO. 4/2015

on the closing of the 2014 financial year for the undertakings in the insurance field

Based on the provisions of Art. 2 Para (1) Letter b), Art. 3 Para (1) Letter b) and Art. 6 Para (2) of Government Emergency Ordinance No. 93/2012 on the establishment, organisation and operation of the Financial Supervisory Authority, approved as amended and supplemented by Law No. 113/2013, as subsequently amended and supplemented,

further to the deliberations of the Financial Supervisory Authority's Board of 4 February 2015,

the Financial Supervisory Authority hereby issues this rule:

Art. 1. - This rule shall govern the closing of the 2014 financial year for the undertakings in the insurance field.

Art. 2. - This rule shall apply to insurers, reinsurers and insurance and/or reinsurance brokers, as such are defined at Art. 2 Letter A Item 5, Letter B Item 39 and Letter C Item 57 of Law No. 32/2000 on the insurance activity and supervision of insurance, as subsequently amended and supplemented.

Art. 3. - (1) Insurance, insurance-reinsurance and reinsurance undertakings, hereinafter referred to as *insurers*, and also insurance, insurance-reinsurance and reinsurance brokers, hereinafter referred to as *insurance brokers*, authorised according to Law No. 32/2000, as subsequently amended and supplemented, must prepare the annual financial statements as at 31 December 2014, inclusively in the case of merger, division, liquidation or portfolio transfer, according to law.

(2) Insurers, insurance brokers and also the subunits opened in Romania by insurance undertakings residing in States of the European Economic Area must organise and keep their accounting records according to the accounting regulations in line with the specific European directives in the insurance field, approved by Order

No. 3129/2005 of the President of the Insurance Supervisory Commission, as subsequently amended and supplemented and of Law No. 82/1991, republished, as subsequently amended and supplemented.

(3) The annual financial statements as at 31 December 2014 shall be submitted as follows: one copy to the Financial Supervisory Authority and one copy, endorsed by affixing the stamp of the Financial Supervisory Authority, to the registry offices of the territorial units of the Ministry of Public Finance, or delivered by post offices through letters with declared value, in accordance with the provisions of Government Decision No. 627/1995 on the improvement of the discipline on the submission of balance sheets and other financial-accounting and fiscal documents by economic agents and other tax payers.

(4) Submission of the annual financial statements shall take into consideration the provisions of Government Decision No. 1.085/2003 for the implementation of certain provisions of Law No. 161/2003 on certain measures ensuring transparency in exercising public titles, public functions and in the business environment, preventing and punishing corruption, relating to the implementation of the National Electronic System, as subsequently amended and supplemented.

Art. 4. - (1) The annual financial statements as at 31 December 2014 shall be prepared according to the accounting regulations in line with the specific European directives in the insurance field, approved by Order No. 3129/2005 of the President of the Insurance Supervisory Commission, as subsequently amended and supplemented.

(2) The elements presented in the annual financial statements shall be assessed in accordance with the general accounting principles laid down in Chapter II Section 6 of the accounting regulations referred to in Para (1) and in accordance with accrual accounting. According to accrual accounting, the effects of transactions and other events are recognised when transactions and events occur, and not as cash or its equivalent is received or paid, and are entered in the accounts and reported in the financial statements of the corresponding periods.

(3) Upon closing the financial year, assets and liabilities of the nature of debts shall be assessed and reflected in the annual financial statements at their book value, conformed with the inventory results.

(4) For this purpose, the book value shall be compared with the value determined based on the inventory, referred to as the inventory value. In this case, account shall be taken, among others, of the following:

a) for assets, the negative differences (minus) between the inventory value and the net book value of assets shall be entered in the accounts as a result of an additional amortisation, in the case of depreciating assets for which depreciation is irreversible, or an adjustment is made for depreciation or loss of value, when the depreciation is reversible, the same being kept at their book value. Net book value means the book value less amortisation and adjustments for depreciation or loss of value, cumulated;

b) for liabilities of the nature of debts, the positive differences (plus) between the inventory value and book value shall be entered in the accounts as a result of the corresponding debt items.

(5) Upon closing the financial year:

a) the monetary items expressed in foreign currency (cash and cash equivalents, such as letters of credit and bank deposits, foreign currency receivables and debts) shall be evaluated and reported by using the exchange rate communicated by the National Bank of Romania as at 31 December 2014, *i.e.* 4.4821 lei/EUR and 3.6868lei/USD. Exchange rate differences, favourable or unfavourable, between the exchange rate as at 31 December 2014 and that of the date of registration of foreign currency receivables or debts, or the exchange rate as at the date of the latest evaluation, shall be entered under financial income or expenses, as appropriate;

b) for the receivable and debts expressed in lei, the settlement of which is made depending on the exchange rate of foreign currency, any favourable or unfavourable differences resulting from their evaluation shall be entered under financial income or expenses. Differences in value shall be determined similarly to the provisions of Letter a);

c) non-monetary items acquired by payment in foreign currency and entered at their historical cost (non-current assets, inventories) shall be assessed by using the exchange rate valid on the date of the transaction;

d) non-monetary items acquired by payment in foreign currency and entered at their fair value shall be assessed by using the exchange rate valid on the date such values are established;

e) events occurring after the date of the balance sheet may supply further information regarding the reporting period by reference to the information known on the date of the balance sheet. If the annual financial statements were not approved, they shall be adjusted to also reflect the additional information.

(6) For the annual inventory, insurers and insurance brokers shall comply with the provisions of the accounting regulations and also the Rules on the organisation and inventory of items of the nature of assets, debts, equities and transactions on the insurance and reinsurance activity of insurers/reinsurers and insurance/reinsurance brokers, approved by Order No. 1/2011 of the President of the Insurance Supervisory Commission.

(7) To enter foreign currency transactions in the accounting over the financial year, the exchange rate valid on the date of the operation shall be used. The exchange rate valid on the date of the operation means the exchange rate of the FX market, communicated by the National Bank of Romania, of the last banking day prior to the operation, available as information when the operation is made (collection, payment, issuance of documents).

Art. 5. - (1) Insurers shall prepare and submit the annual financial statements consisting of the following forms:

a) Balance sheet (code 01);

b) Profit and Loss Account, consisting of:

(i) non-life insurance technical account (code 02);

(ii) life insurance technical account (code 03);

(iii) non-technical account (code 04);

c) Statement of changes in equity, according to the form laid out in Chapter V Section 4 of the accounting regulations referred to in Art. 4 Para (1);

d) Cash-Flow Statement, according to the form laid out in Chapter V Section 3 of the accounting regulations referred to in Art. 4 Para (1);

e) Explanatory notes to the annual financial statements, in accordance with the provisions of Chapter II Section 8 Items 269-307 of the accounting regulations referred to in Art. 4 Para (1).

(2) The annual financial statements shall also be accompanied by the forms:

a) Informative data (code 05);

b) Statement of the non-current assets (code 06).

(3) The insurers managing voluntary pension funds shall also prepare and submit the statements referred to in Chapter V Item 2 " Statements submitted by insurers managing voluntary pension funds" of the accounting regulations referred to in Art. 4 Para (1), as follows:

- a) Statement of assets, liabilities and equities as at 31 December 2014;
- b) Statement of income and expenses.

(4) Insurers authorised only for life insurance but having, in accordance with Art. 12 Para (11) of Law No. 32/2000, as subsequently amended and supplemented, an authorisation also for Insurance Classes 1 and 2 of the non-life insurance category, shall have to enter the activity carried out (inclusively for Classes 1 and 2 of the non-life insurance category) in the life insurance technical account.

(5) The subunits opened in Romania by undertakings in the insurance field (insurers and insurance brokers) residing in States of the European Economic Area shall submit an annual reporting as at 31 December 2014 to the Financial Supervisory Authority and to the territorial units of the Ministry of Public Finance consisting of the forms specific to the activity carried out:

- a) Balance sheet;
- b) Profit and loss account.

(6) The annual reporting as at 31 December 2014 of the subunits referred to at Para (5) shall be accompanied by the forms specific to the activity carried out:

- a) Informative Data;
- b) Statement of non-current assets.

(7) The annual reporting as at 31 December 2014 of the subunits opened in Romania by undertakings in the insurance field residing in States of the European Economic Area shall be prepared based on the trial balance of synthetic accounts as at 31 December 2014, in line with the balances of the analytic accounts balance and inventory results.

(8) The template of the forms related to the financial statements/accounting reporting, the instructions for filling in the same, and the corresponding correlations for insurers, insurance brokers and subunits for undertakings in the insurance field are laid down in Chapter II of the annexe forming an integral part hereof.

Art. 6. - (1) Insurance brokers shall prepare and submit annual financial statements consisting of the following forms:

- a) Balance sheet (code 01);
 - b) Profit and loss account (code 02);
 - c) Statement of changes in equity, according to the form laid out in Chapter VI Section 4 of the accounting regulations referred to in Art. 3 Para (2);
 - d) Cash-Flow Statement, according to the form laid out in Chapter VI Section 3 of the accounting regulations referred to in Art. 4 Para (1);
 - e) Explanatory notes to the annual financial statements, in accordance with the provisions of Chapter II Section 8 Items 269-307 of the accounting regulations referred to at Art. 4 Para (1).
- (2) Insurance brokers shall prepare and submit the following forms:
- a) Informative data (code 03);
 - b) Statement of non-current assets (code 04).

Art. 7. - (1) The explanatory notes referred to in Art. 5 Para (1) Letter e) and Art. 6 Para (1) Letter e) are not limitative. They shall contain at least the information required in Chapter II of the annexe.

(2) Insurance brokers intermediating, in accordance with the specific legislation in force, also products of the voluntary pension funds shall include in the explanatory notes a presentation of the commissions obtained from such activity.

Art. 8. In “The statement of non-current assets” (code 06, and code 04), information is entered at its historical cost or re-assessed value of investments in land and buildings/non-current assets, as appropriate.

Art. 9. - (1) Insurers’ annual financial statements shall be executed by the authorised persons referred to in Art. 10 Paras (1) and (2) of Law No. 82/1991, republished, as subsequently amended and supplemented, including their printed name and capacity - administrator, economic manager, chief accountant or other person authorised to hold such position, according to law.

(2) Insurance brokers’ annual financial statements shall be executed by the authorised persons referred to in Art. 10 Paras (1), (2) or (3) of Law No. 82/1991, republished, as subsequently amended and supplemented, including their printed name and capacity - administrator, economic manager, chief accountant or other person authorised to hold such position, according to law, or by natural or legal

persons with which services supply contracts were concluded, authorised according to law, members of the Body of Expert and Licensed Accountants of Romania.

Art. 10. - (1) Insurers and insurance brokers shall legibly fill out the identification data (name of the company, address, telephone and registration number with the registry of commerce), and also those referring to the correct classification of the ownership form and sole registration code, without abbreviations or initials. The codes delimiting the classification of insurers and insurance brokers shall be inserted in boxes.

(2) Insurers and insurance brokers shall fill out the code of the activity, consisting of 4 digits (classes of activities) of the Classification of the activities of the national economy - CAEN, approved by Government Decision No. 656/1997.

(3) If the first page of the "Balance Sheet" Form is not correctly filled out with the data referred to in Paras (1) and (2), then the undertaking may not be identified and, consequently, the document shall be deemed not submitted, and insurers or insurance brokers shall be sanctioned as provided by Art. 39 of Law No. 32/2000, as subsequently amended and supplemented.

(4) The ownership form shall be inserted according to the classification provided in Chapter I of the Annexe.

(5) The insurers preparing the annual financial statements shall fill out the balance sheet form and the identification data of the audit company that conducted the statutory audit of the annual/consolidated financial statements (name, number with the registry of the Chamber of Financial Auditors of Romania and the sole registration code).

Art. 11. - Insurers and insurance brokers having under their subordination branches or other subunits devoid of legal personality, carrying out an activity and having their headquarters abroad, shall assess in lei the turnover and balances expressed in foreign currency of the trial balances of the synthetic accounts sent by them, at the exchange rate valid on the last day of the 2014 financial year, and they shall consolidate the same with the trial balance prepared for economic-financial operations carried out in the country.

Art. 12. - (1) In accordance with Art. 30 of Law No. 82/1991, republished, as subsequently amended and supplemented, the annual financial statements shall be accompanied by a written statement of the persons referred to in Art. 10 Para (1) of the same law, whereby such persons assume liability for the preparation of the annual financial statements and acknowledge that:

a) the accounting policies used upon the preparation of the annual financial statements are in compliance with the applicable accounting regulations;

b) the annual financial statements provide a true image of the financial standing, financial performance and other information regarding the activity carried out;

c) the legal person carries out the activity continuously.

(2) In accordance with Art. 29 of Law No. 82/1991, republished, as subsequently amended and supplemented, the annual financial statements shall be accompanied also by the proposal for distribution of the profit or coverage of the book loss.

Art. 13. - The annual financial statements as at 31 December 2014 shall be prepared in lei. The measuring unit shall be mentioned in each form.

Art. 14. - (1) The properly approved annual financial statements and consolidated financial statements and the administrators' report, together with the statutory audit report, shall be published according to the legislation in force. Such statements shall be published in electronic form and on the insurers' website.

(2) Whenever the annual financial statements and the administrators' report are published in full, they shall be reproduced in the form and having the content based on which the auditors prepared their report. They shall be accompanied by the full text of the audit report.

Art. 15. - (1) Insurance brokers exceeding, as at the balance sheet date, the limits of two of the following three size criteria:

a) total assets: 3,650,000 euro;

b) net turnover: 7,300,000 euro;

c) average number of employees during the financial year: 50, shall have their annual financial statements audited according to law.

(2) Insurance brokers not exceeding, at the balance sheet date, the limits of two of the size criteria referred to in Para (1) shall have their annual financial statements verified according to law.

(3) Insurance brokers, the annual financial statements of which were audited, shall have their annual financial statements verified provided that in two consecutive financial years they do not exceed the limits of two of the three size criteria referred to in Para (1).

(4) Insurance brokers the annual financial statements of which were verified according to the provisions referred to in Para (2) shall have their annual financial statements audited provided that in two consecutive financial years they exceed the limits of two of the three size criteria referred to in Para (1).

(5) Insurance brokers having the obligation to have their annual/consolidated financial statements audited, according to the size criteria referred to in Para (1), shall fill out the balance sheet form also with the identification data (name/surname and first name, number with the registry of the Chamber of Financial Auditors of Romania and Fiscal Code) of the audit company/natural person auditor, as the case may be.

Art. 16. - (1) Insurers and insurance brokers shall submit prior to 17 April 2015 the annual financial statements listed, executed and stamped, to the Financial Supervisory Authority, together with:

- a) a copy of the sole registration code;
- b) the administrator's report;
- c) the written statement of the persons responsible for the organisation and keeping the accounting;
- d) the statutory audit report (for the financial statements for which auditing is mandatory);
- e) the report of the censors or of the chartered accountant, as the case may be;
- f) a copy of the minutes of the general meeting of shareholders or associates;
- g) the proposal for the distribution of the profit or coverage of the book loss;
- h) a copy of the trial balance of synthetic accounts, executed by authorised persons.

(2) Insurers pursuing the two insurance categories (life and non-life insurance) shall submit the synthetic balances corresponding to each insurance category and also the consolidated synthetic balance to the Financial Supervisory Authority. Insurers managing voluntary pension funds shall also submit the synthetic balance specific to the management activity of voluntary pension funds.

(3) The trial balance of synthetic accounts and the trial balance of analytic accounts, consolidated and distinct for the two insurance categories (life and non-life insurance), shall be submitted to the Financial Supervisory Authority in electronic form (CD) – Excel format.

(4) The provisions of Para (1) referring to the submission deadline of the annual financial statements prepared by insurers and insurance brokers shall also apply to the subunits opened in Romania by the subunits of insurers and insurance brokers residing in the States of the European Economic Area for the annual reporting prepared as at 31 December 2014.

Art. 17. - (1) Insurers, insurance brokers and their subunits referred to in Art. 2 and in Art. 5 Para (5) shall submit the annual financial statements/annual reporting to the Supervisory Financial Authority, as follows:

- a) in electronic form, by uploading the data in the EWS application;
- b) in hard copy, executed and stamped, according to law, together with all of the documents mentioned above.

(2) Insurers and insurance brokers with no activity between the establishment date and 31 December 2014 shall not prepare the financial statements as at 31 December 2014, and shall submit, according to law, an affidavit to the Financial Supervisory Authority and to the territorial units of the Ministry of Public Finance, which shall include all of the undertaking's identification data:

- a) full name (according to the registration certificate);
- b) address and telephone number;
- c) registration number with the registry of commerce;
- d) sole registration code;
- e) share capital.

(3) The audited annual financial statements shall be submitted to the Supervisory Financial Authority also in the case of the transfer of the insurance

portfolio in accordance with the provisions of Art. 23 of Law No. 32/2000, as subsequently amended and supplemented, of merger or division.

(4) Throughout the liquidation period, insurers and insurance brokers undergoing liquidation shall submit to the Financial Supervisory Authority and to the territorial units of the Ministry of Public Finance, within 90 days following the end of each calendar year, an annual report consisting of the balance sheet form, the profit and loss account, the informative data and the statement of non-current assets, executed by the persons in charge with the management of the undertaking and by the persons authorised according to law to execute the annual financial statements. The annual reporting shall be made based on the trial balance of the synthetic accounts as at 31 December 2014.

(5) In accordance with Art. 185 of Company Law No. 31/1990, republished, as subsequently amended and supplemented, the board of administration and the executive board, as appropriate, shall submit to the territorial units of the Ministry of Public Finance the annual financial statements, their report, the censors' report or the financial auditors' report, as the case may be, in hard copy and electronic form, or only in electronic form on www.e-guvernare.ro with an extended electronic signature attached thereto.

(6) The annual financial statements and the documents referred to in Art. 16 together with the annual report as at 31 December 2014 shall be submitted to the territorial units of the Ministry of Public Finance within 150 days following the end of the financial year. The entities shall submit the annual financial statements to the registry office of the territorial units of the Ministry of Public Finance or to the post offices, by letters with declared value, on magnetic storage media, together with the annual financial statements listed through the assistance programme made by the Ministry of Public Finance, executed and stamped according to law.

Art. 18. - (1) The entities meeting the requirements set forth in the Accounting regulations consistent with the European directives regarding the consolidated financial statements of the undertakings in the insurance field, approved by Order No. 3.129/2005 of the President of the Supervisory Insurance Commission, as subsequently amended and supplemented, shall prepare consolidated annual financial statements and the administrators' consolidated report.

(2) The consolidated annual financial statements, approved by the board of administration of the parent undertaking and executed by its president in the name of the board, shall be submitted to the Financial Supervisory Authority prior to 30 September 2015. The documentation shall consist of:

- a) the consolidated balance sheet;
- b) the consolidated profit and loss account;
- c) the notes to the consolidated financial statements;
- d) the administrators' consolidated report;

e) the audit report of the consolidated financial statements, prepared in accordance with the Rules regarding the information and reporting requirements regarding the statutory audit of the insurance/reinsurance undertakings' financial statements, approved by Order No. 22/2008 of the President of the Insurance Supervisory Commission, as subsequently amended and supplemented;

f) the written statement of the administrator of the parent undertaking whereby the administrator assumes responsibility for the preparation of the consolidated annual financial statements and acknowledges that:

(i) the accounting policies used upon the preparation of the consolidated annual financial statements are in compliance with the applicable accounting regulations;

(ii) the consolidated annual financial statements provide a true image of the financial standing, financial performance and other information regarding the group's activity.

(3) In accordance with Art. 185 Para (2) of Law No. 31/1990, republished, as subsequently amended and supplemented, the board of administration, and the executive board of the parent undertaking, shall submit copies of the consolidated annual financial statements to the territorial units of the Ministry of Public Finance, and the provisions of Para (1) of the same law shall apply accordingly.

Art. 19. - (1) Failure to submit the consolidated and annual financial statements, affidavits and other required information by the deadlines set forth herein, submission of annual financial statements containing inaccurate, unrelated data or which do not comply with the measuring unit indicated in each form/row, shall be punished as provided by Art. 39 of Law No. 32/2000, as subsequently amended

and supplemented, and by Art. 41 of Law No. 82/1991, republished, as subsequently amended and supplemented.

Art. 20. - Rule No. 1/2014 on the closing of the 2013 financial year for the undertakings in the insurance field published in the Official Journal of Romania, Part I No. 181 and 181 BIS of 13 March 2014 shall be repealed with effect from the entry into force of this rule.

Art. 21. - This rule shall be published in the Official Journal of Romania, Part I and shall come into force on the day of its publication.

President of the Financial Supervisory Authority

Mișu Negrițoiu

Bucharest

No.4/16 February 2015