Financial Supervisory Authority - ASF

Rule No. 10/2016
on the competences of the Financial Supervisory Authority related to early intervention measures, as well as on the required conditions to apply early intervention measures

In force since February 10th, 2016
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No amendments until June 9th, 2016.

According to the provisions of Art. 1 para. (2), Art. 2 para. (1), Letter b and d), Art. 3 para. (1) Letter b), Art. 6 para. (2) and Art. 14 of Government Emergency Ordinance No. 93/2012 on the establishment, organization and operation of the Financial Supervisory Authority, approved as amended and supplemented by Law No. 113/2013, as subsequently amended and supplemented;

based on the provisions of Art. 160 Letter a) and b) of Law No. 246/2015, regarding the recovery and resolution of the insurers, following the proceedings of the Council of the Financial Supervisory Authority during the meeting of January 27th, 2016,

the Financial Supervisory Authority hereby issues this rule

CHAPTER I
Application field

Art. 1. - (1) The present rule regulates:

a) the application conditions of early intervention measures in case an insurer breaches or is likely to breach the requirements for the preservation of the authorization provided by Law No. 237/2015 regarding the authorization and supervision of insurance and reinsurance activity;

b) the process of supervision and assessment of qualitative and quantitative indicators, including the financial ones in view of setting up the application conditions of early intervention measures.

(2) The Division exerting the supervisory function decides on making controls at the insurer's premise in case it finds out the breaching of the provisions of Law No. 237/2015, following the analysis of the reports forwarded by the insurer.

CHAPTER II
Application conditions of early intervention measures

Art. 2. - The Division exerting the supervisory function decides on the application of early intervention measures, based on:

a) the use of the results of individual elements assessment and of the general elements assessment, as well as of the combinations between them;

b) monitoring the indicators based on supervision process;

c) existence of significant events.

Art. 3. - (1) Within the meaning of Art. 2 Letter a), the Division exerting the supervisory function assesses the insurer considering the following:

a) business strategy and model;

b) governance system and first rank controls;

c) capital requirements for solvency set up according to the provisions of Art. 72 and 95 of Law No. 237/2015;

d) adequacy of technical reserves calculation;

e) eligibility of own funds according to the provisions of Art. Of Law No. 237/2015;

f) liquidity adequacy;

g) general elements.

(2) To meet their responsibilities in applying the early intervention measures, the division exerting the supervisory function makes sure the elements assessment provided in para. (1) shows:

a) the threat of insurer's financial stability;

b) the need to take supervision measures matching the respective threats;

c) the need to take early intervention measures and to activate the trigger mechanism;

d) the insurer enters or is likely to enter a major difficulty condition.

Art. 4. - (1) In case of incompliance of indicators provided in Art. 3 para. (1), the division exerting the supervisory function should:

a) additionally investigate the situation generating the incompliance with indicators, if its cause is not known;

b) to make a decision regarding the applying of early intervention measures considering the emergency of the generating situation and the dimension of indicators incompliance.

(2) The indicators incompliance, the results of additional investigations, as well as the decisions regarding the application of early intervention measures, including the reasons for which no measure has been taken, are adequately documented by the division exerting the supervision function, according to the provisions of Law no. 246/2015 regarding insurers 'recovery and resolution.

Art. 5. - (1) In case the indicators are not observed when the decision is made to apply an early intervention measure, the division exerting the supervision function chooses the optimal measure to adequately react to the generating situation.

(2) In this sense, the division exerting the supervisory function considers the information the insurer inserted in the recovery plan, as well as the scenarios of serious financial and macroeconomic crisis, relevant to the specific conditions of the insurer.

CHAPTER III
Process of supervision and assessment of qualitative and quantitative indicators

SECTION 1
Provisions regarding the process of supervision and assessment of qualitative and quantitative indicators, respectively, financial ones

Art. 6. - (1) The division exerting the supervisory function quarterly revises the clarification in the risk category, relying on the proportionality principle.

(2) Within the meaning of para. (1), the division exerting the supervisory function regularly performs a comprehensive assessment based on a minimal set of measures securing the adequate identification, measuring and monitoring of the insurer's risks, as follows:

a) for the insurers falling within risk category "1":

(i) quarterly monitors the basic indicators;
(ii) drafts, at least annually, the report on the general assessment of the insurer;
(iii) updates, at least annually, the assessment of individual elements;
(iv) notifies the insurer, at least annually, the result obtained after its general assessment and especially:
1. the opinion regarding the level of eligible own funds the insurer should own to cover the capital requirement for solvency;
2. the opinion regarding the level of liquidity of the insurer and any other requirements related to liquidity;
3. the opinion regarding other supervision measures;
(v) participates in the periodical meetings with the members of supervisory board/management board and members of the executive management of the insurer;
b) for the insurers falling within risk category "2":
(i) quarterly monitors the basic indicators;
(ii) drafts, at least annually, the report on the general assessment of the insurer;
(iii) updates, at least every 2 consecutive years the assessment of individual elements;
(iv) notifies the insurer, at least every 2 consecutive years, the result obtained after its general assessment and especially:
1. the opinion regarding the level of eligible own funds the insurer should own to cover the capital requirement for solvency;
2. the opinion regarding the level of liquidity of the insurer and any other requirements related to liquidity;
3. the opinion regarding other supervision measures;
(v) participates in the periodical meetings with the members of supervisory board/management board and members of the executive management of the insurer;
c) for the insurers falling within risk category "3":
(i) quarterly monitors the basic indicators;
(ii) drafts, at least annually, the report on the general assessment of the insurer;
(iii) updates, at least every 3 consecutive years the assessment of individual elements or earlier if there are significant changes leading to the increase of the considered risks;
(iv) notifies the insurer, at least every 3 consecutive years, the result obtained after its general assessment and especially:
1. the opinion regarding the level of eligible own funds the insurer should own to cover the capital requirement for solvency;
2. the opinion regarding the level of liquidity of the insurer and any other requirements related to liquidity;
3. the opinion regarding other supervision measures;
(v) participates in the periodical meetings with the members of supervisory board/management board and members of the executive management of the insurer;
d) for the insurers falling within risk category "4":
(i) quarterly monitors the basic indicators;
(ii) drafts, at least annually, the report on the general assessment of the insurer;
(iii) updates, at least every 3 consecutive years the assessment of individual elements or earlier if there are significant changes leading to the increase of the considered risks;
(iv) notifies the insurer, at least every 3 consecutive years, the result obtained after its general assessment and especially:
1. the opinion regarding the level of eligible own funds the insurer should own to cover the capital requirement for solvency;
2. the opinion regarding the level of liquidity of the insurer and any other requirements related to liquidity;
3. the opinion regarding other supervision measures;
(v) participates, at least every 3 consecutive years in the periodical meetings with the members of supervisory board/management board and members of the executive management of the insurer.

SECTION 2
Assessment process of individual elements

Art. 7. - (1) In assessing the individual elements provided in Art. 3 para. (1) Letter a) -e), the division exerting the supervision function uses 4 risk categories, as follows:

a) category 1 - imperceptible risk;

b) category 2 – low risk;

c) category 3 – medium risk;

d) category 4 – high risk.

(2) As for the assessment of business model and strategy, the process of identification, measuring and monitoring of the insurer's risks is performed by using the following assertions:

a) for category 1 - imperceptible risk:

(i) the insurer's activity generates safe and consistent income compared to the risk appetite and the level of its own eligible funds;

(ii) the is no excessive concentration of lands and buildings or in unsustainable income sources;

(iii) the insurer has a strong competitive position on insurances market and the required strategy to strengthen it;

(iv) makes, based on realistic assumptions, financial forecasts to support the insurance activity;

(v) the insurer has adequate strategic plans to its business model;

b) for category 2 – low risk:

(i) the insurer's activity generates average income compared to its previous performances, falling within the risk appetite and the level of its own eligible funds;

(ii) there is a concentration of lands and buildings or in unsustainable income sources;

(iii) the insurer is faced with a competitive pressure on the insurances market; there are uncertainties regarding the required strategy to strengthen its position;

(iv) makes, based on optimistic assumptions, financial forecasts to support the insurance activity;

(v) the insurer has reasonable strategic plans compared to its business model;

c) for category 3 - medium risk:

(i) the insurer's activity frequently generates inconsistent or unsafe income, which influence its risk appetite and solvency;

(ii) there is a significant concentration of lands and buildings or of income sources with a high concentration level;

(iii) the insurer has a vulnerable competitive position on insurances market as it concentrates its activity on certain activity lines; the insurer's market share can be significantly reduced; there are uncertainties regarding the required strategy to strengthen its position;

(iv) makes, based on too optimistic assumptions, financial forecasts to support the insurance activity;

(v) the insurer's strategic plans are not reasonable compared to its business model;

d) for category 4 – high risk:

(i) the insurer's activity generates inconsistent and extremely unstable income, which significantly influence its risk appetite and solvency;

(ii) the is an excessive concentration of lands and buildings or in unsustainable income sources;

(iii) the insurer has a very week competitive position on the insurances market, as it concentrates its activity on activity lines with high damage risk; the strategic plans are not reliable;

(iv) makes, based on unrealistic assumptions, financial forecasts to support the insurance activity;

(v) the insurer's strategic plans are not reasonable compared to its business model.

Art. 8. - In view of assessing the governance and first rank control system, the process of identification, measuring and monitoring the insurer's risks is achieved using the following assertion:

a) for category 1 - imperceptible risk:

(i) the insurer has a sound and transparent organizational structure, with clear responsibilities and an adequate separation of assignments;

(ii) the insurer has a sound organizational culture;

(iii) the insurer has an adequate management from a functional and structural point of view;

(iv) remuneration policy is compliant with the risk strategy and the long term objectives;

(v) the insurer has a functional and efficient system of risk management, organized according to the provisions of Art. 28 and 29 of Law No. 237/2015;

(vi) the insurer has an internal control system organized according to the provisions of Art. 30 of Law No. 237/2015;

(vii) the insurer has an internal audit function set up in compliance with the provisions of Art. 31 of Law No. 237/2015;

(viii) the insurer has an IT system organized according to the provisions of Rule No. 6/2015 of the Financial Supervisory Authority on the management of operating risks generated by IT systems used by the entities regulated, authorized/advised and/or supervised by the Financial Supervisory Authority;

(ix) the recovery plan is complete and reliable and the recovery measures are adequate;

b) for category 2 – low risk:

(i) the insurer has a sound and transparent organizational structure, with clear responsibilities and an adequate separation of assignments;

(ii) the insurer has, in most part, a sound organizational culture;

(iii) the insurer has, in most part, an adequate management from a functional and structural point of view;

(iv) remuneration policy is in most part, compliant with the risk strategy and the long term objectives;

(v) the insurer has in most part, a functional and efficient system of risk management, organized according to the provisions of Art. 28 and 29 of Law No. 237/2015;

(vi) the insurer has in most part, an internal control system organized according to the provisions of Art. 30 of Law No. 237/2015;

(vii) the insurer has in most part, an internal audit function set up in compliance with the provisions of Art. 31 of Law No. 237/2015;

(viii) the insurer has in most part, an IT system organized according to the provisions of Rule No. 6/2015 of the Financial Supervisory Authority

(ix) In most part, the recovery plan is complete and reliable and the recovery measures are adequate;

c) for category 3 – medium risk:

(i) the insurer has an organizational structure and responsibilities partially transparent and the separation of assignments is not totally functional;

(ii) there are uncertainties regarding the organizational culture of the insurer;

(iii) there are uncertainties regarding the functionality of the management body;

(iv) remuneration policy is not compliant with the risk strategy and the long term objectives;

(v) there are uncertainties regarding the functionality and efficiency of the risk management, organized according to the provisions of Art. 28 and 29 of Law No. 237/2015;

(vi) there are uncertainties regarding the adequate organization of an internal control system organized according to the provisions of Art. 30 of Law No. 237/2015;

(vii) there are uncertainties regarding the independence and objectivity of the internal audit function set up in compliance with the provisions of Art. 31 of Law No. 237/2015;

(viii) there are uncertainties regarding the IT system efficiency organized according to the provisions of Rule No. 6/2015 of the Financial Supervisory Authority;

(ix) the recovery plan is incomplete and there are uncertainties regarding its reliability;

(x) there are uncertainties in the recovery measures application;
d) for category 4 – high risk:
(i) the insurer does not have an organizational structure and transparent responsibilities and the separation of assignments is not functional;
(ii) the organizational culture of the insurer is not adequate;
(iii) the insurer's management body does not have responsibilities for the operation and monitoring of the internal control/management system;
(iv) the remuneration policy is conflicting the risk strategy and the long term objectives;
(v) the functionality and efficiency of the insurer's risk management system are not compliant with the provisions of Art. 28 and 29 of Law No. 237/2015;
(vi) the organization and functionality of the insurer's internal control system are not compliant with the provisions of Art. 30 of Law No. 237/2015;
(vii) the internal audit activity does not assure the assessment of the economy, efficiency and effectiveness of the risk management system and internal control;
(viii) the insurer does not have an IT system compliance with the provisions of Rule No. 6/2015 of the Financial Supervisory Authority;
(ix) the recovery plan is incomplete and unreliable.
Art. 9. - The assessment of capital requirements for solvency set up according to the provisions of Art. 72 and 95 of Law No. 237/2015 is based on the use of assertions regarding the subscription risk, as follows:
1. From the inherent risk point of view:
1.1. for category 1 - imperceptible risk:
(i) the exposures level related to the module of subscription risk for general insurances, life insurances and health insurances is insignificant; the exposure related to complex products and transactions is insignificant;
(ii) the concentration level of subscription risk is insignificant;
(iii) the risk mitigation techniques are adequate to the risk profile;
(iv) the insurer's exposures generate stable profits;
(v) the monitoring process of subscription policies and procedures, conducted by internal audit missions, verification actions of meeting the responsibilities delegated to the operative management of subscription department, periodical reports on the insurances portfolio, assessments on the quality of information supplied by insurance intermediaries is adequate;
(vi) the monitoring process of damage policies and procedures, conducted by internal audit missions, verification actions of meeting the responsibilities delegated to the operative management of subscription department, periodical reports on the insurances portfolio, assessments on the quality of information supplied by insurance intermediaries is adequate.
1.2. for category 2 – low risk:
(i) the exposures level related to the module of subscription risk for general insurances, life insurances and health insurances is minimal; the exposure related to complex products and transactions is minimal;
(ii) the concentration level of subscription risk is minimal;
(iii) the risk mitigation techniques are in general, adequate to the risk profile;
(iv) the insurer's exposures generate stable profits;
(v) the monitoring process of subscription policies and procedures, conducted by internal audit missions, verification actions of meeting the responsibilities delegated to the operative management of subscription department, periodical reports on the insurances portfolio, assessments on the quality of information supplied by insurance intermediaries is, in most part, adequate;
(vi) the monitoring process of damage policies and procedures, conducted by internal audit missions, verification actions of meeting the responsibilities delegated to the operative management of subscription department, periodical reports on the insurances portfolio, assessments on the quality of information supplied by insurance intermediaries is, in most part, adequate.

1.3. for category 3 – medium risk:
(i) the exposures level related to the module of subscription risk for general insurances, life insurances and health insurances is medium; the exposure related to complex products and transactions is medium;
(ii) the concentration level of subscription risk is medium;
(iii) the risk mitigation techniques are partially adequate to the risk profile;
(iv) the subscription policy can generate a medium volatility of the insurer's results;
(v) the monitoring process of subscription policies and procedures, conducted by internal audit missions, verification actions of meeting the responsibilities delegated to the operative management of subscription department, periodical reports on the insurances portfolio, assessments on the quality of information supplied by insurance intermediaries is partially adequate;
(vi) the monitoring process of damage policies and procedures, conducted by internal audit missions, verification actions of meeting the responsibilities delegated to the operative management of subscription department, periodical reports on the insurances portfolio, assessments on the quality of information supplied by insurance intermediaries is partially adequate.
1.4. for category 4 – high risk:
(i) the exposures level related to the module of subscription risk for general insurances, life insurances and health insurances is high; the exposure related to complex products and transactions is high;
(ii) the concentration level of subscription risk is high;
(iii) the risk mitigation techniques are not adequate to the risk profile;
(iv) the insurer's exposures can generate a high volatility of the insurer's results;
(v) the monitoring process of subscription policies and procedures, conducted by internal audit missions, verification actions of meeting the responsibilities delegated to the operative management of subscription department, periodical reports on the insurances portfolio, assessments on the quality of information supplied by insurance intermediaries is not adequate;
(vi) the monitoring process of damage policies and procedures, conducted by internal audit missions, verification actions of meeting the responsibilities delegated to the operative management of subscription department, periodical reports on the insurances portfolio, assessments on the quality of information supplied by insurance intermediaries is not adequate.
2. The classification in the 4 risk categories set up from the point of view of inherent risk are adequately adjusted by applying the control measures (residual risk), as follows:
(i) if there is a connection between the policy, respectively the strategy regarding the insurer's subscription risk and its general strategy, respectively the risk appetite;
(ii) if it has a sound organizational structure, with clear responsibilities and an adequate separation of assignments;
(iii) if the systems of assessment, monitoring and reporting related to the subscription risk are adequate;
(iv) if the competence limits and the control framework related to the subscription risk are compliant with the strategy and risk appetite.
Art. 10. - As regards the eligibility of the insurer's own funds, the division exerting the supervision function assesses the level and structure of the own funds, as follows:
a) for category 1 - imperceptible risk:
(i) the level of basic eligible own funds is compliant with the provisions of Art. 71 of Law No. 237/2015;
(ii) the stress tests do not show a visible risk which might have a significant impact on its own funds;
(iii) the insurer has a capitalization plan fully meeting the planned objectives;
b) for category 2 – low risk:
(i) the level of basic eligible own funds is at the limit provided by Art. 71 of Law No. 237/2015;
(ii) the stress tests show a low level of risk which might have a significant impact on its own funds; the management actions are reliable;
(iii) the insurer has a capitalization plan meeting, to the most part, the planned objectives;

c) for category 3 – medium risk:

(i) the level of basic eligible own funds is not compliant with the provisions of Art. 71 para. (2) or (4) of Law No. 237/2015;

(ii) the stress tests show a medium level of risk which might have a significant impact on its own funds; the management actions are not reliable;

(iii) the insurer has a capitalization plan partially meeting the planned objectives;

d) for category 4 – high risk:

(i) the level of basic eligible own funds is not compliant with the provisions of Art. 71 of Law No. 237/2015;

(ii) the stress tests show a high level of risk which might have a significant impact on its own funds; the management actions are not reliable;

(iii) the insurer does not have a reliable capitalization plan meeting the planned objectives.

Art. 11. - As regards the liquidity adequacy, the division exerting the supervision function assesses the if the available liquidity resources cover the risk the insurer is or might be exposed, using 4 categories of risks, as follows:

a) for category 1 - imperceptible risk:

(i) the insurer's high capacity to balance the assets covering the capital requirement for solvency (SCR) and the minimum capital requirement (MCR);

(ii) the insurer's assets are invested only in instruments whose risks can be adequately identified, measures, monitored, managed, controlled and reported;

(iii) the assets owned to cover the technical reserves are invested adequately to the nature and duration of insurance and reinsurance obligations;

(iv) the assets owned by the insurer are adequately diversified;

(v) the insurer has an adequate plan to prevent unfavorable situations related to liquidity;

b) for category 2 – low risk:

(i) the insurer's high capacity to balance the assets covering the SCR and MCR, at the risk of being diminished in the future;

(ii) the insurer's assets are invested mostly in instruments whose risks can be adequately identified, measured, monitored, managed, controlled and reported;

(iii) the assets owned to cover the technical reserves are invested, to the most part, adequately to the nature and duration of insurance and reinsurance obligations;

(iv) the assets owned by the insurer are to the most part diversified;

(v) the insurer has to the most part, an adequate plan to prevent unfavorable situations related to liquidity;

c) for category 3 – medium risk:

(i) the insurer's low capacity to balance the assets covering the SCR and MCR;

(ii) the insurer's assets are invested in instruments whose risks can be partially identified, measured, monitored, managed, controlled and reported;

(iii) the assets owned to cover the technical reserves are partially invested adequately to the nature and duration of insurance and reinsurance obligations;

(iv) the assets owned by the insurer are partially diversified;

(v) the insurer has a partially reliable plan to prevent unfavorable situations related to liquidity;

d) for category 4 – high risk:

(i) the insurer's incapacity to balance the assets covering SCR and MCR;

(ii) the insurer's assets are invested in instruments whose risks cannot be adequately identified, measured, monitored, managed, controlled and reported;

(iii) the assets owned to cover the technical reserves are not invested adequately to the nature and duration of insurance and reinsurance obligations;

(iv) the assets owned by the insurer are not adequately diversified;

(v) the insurer does not have a reliable plan to prevent unfavorable situations related to liquidity.

SECTION 3
Process of general assessment

Art. 12. - (1) As regards the general elements, the division exerting the supervision function assesses the results of the supervision process conducted during the last 12 months, using 4 risk categories, as follows:

a) for category 1 - imperceptible risk:

(i) the business strategy and model do not raise issues;

(ii) the governance system and first rank controls do not raise issues;

(iii) the capital requirement for basic solvency is compliant with the legal provisions in force;

(iv) the value of technical reserves matches the current level of liabilities;

(v) the level of basic eligible own funds is compliant with the legal provisions in force;

(vi) the insurer's high capacity to balance the assets covering SCR and MCR;

b) for category 2 – low risk:

(i) there is a low level of concern related to the business strategy and model;

(ii) there is a low level of concern related to the governance system and the first rank controls;

(iii) there is a low risk that the capital requirement for basic solvency is not compliant with the legal provisions in force;

(iv) there is a low risk that the value of technical reserves does not match the current liabilities level;

(v) there is a low risk that the level of basic eligible own funds is not compliant with the legal provisions in force;

(vi) there is a low level of concern related to the reduction of the insurer's capacity to balance the assets covering SCR and MCR;

c) for category 3 – medium risk:

(i) there is a medium level of concern related to the business strategy and model;

(ii) there is a medium level of concern related to the governance system and the first rank controls;

(iii) there is a medium risk that the capital requirement for basic solvency is not compliant with the legal provisions in force;

(iv) there is a medium risk that the value of technical reserves does not match the current liabilities level;

(v) there is a medium risk that the level of basic eligible own funds is not compliant with the legal provisions in force;

(vi) there is a medium level of concern related to the reduction of the insurer's capacity to balance the assets covering SCR and MCR;

d) for category 4 – high risk:

(i) there is a high level of concern related to the business strategy and model;

(ii) there is a high level of concern related to the governance system and the first rank controls;

(iii) there is a high risk that the capital requirement for basic solvency is not compliant with the legal provisions in force;

(iv) there is a high risk that the value of technical reserves does not match the current liabilities level;

(v) there is a high risk that the level of basic eligible own funds is not compliant with the legal provisions in force;

(vi) there is a high level of concern related to the reduction of the insurer's capacity to balance the assets covering SCR and MCR.

(2) In case the insurer is classified according to para. (1) Letter d), early intervention measures should be taken by the division exerting the supervision function by applying the provisions of Art. 43 para. (1) of the Law No. 246/2015.

SECTION 4
Combinations between the result of the individual elements assessment process and the general assessment process

Art. 13. - The result of supervision activity makes the object of a final analysis based on combinations between the result of individual elements assessment and that of the general assessment, as follows:

a) the result of general assessment classified in category 3 – medium risk and the result of governance system and first rank controls assessment classified in category 4 – high risk;

b) the result of general assessment classified in category 3 – medium risk and the assessment result of business strategy and model classified in category 4 – high risk;

c) the result of general assessment classified in category 3 – medium risk and the assessment result of capital requirement for basic solvency classified in category 4 – high risk;

d) the result of general assessment classified in category 3 – medium risk and the assessment result liquidity adequacy classified in category 4 – high risk.

SECTION 5
Indicators monitoring based on supervision process

Art. 14. - (1) The division exerting the supervision function quarterly monitors the quantitative, qualitative and financial indicators of the insurer and sets up a significance threshold compared to the nature, dimension and complexity of the insurer.

(2) IN view of setting up the significance thresholds for quantitative, qualitative and financial indicators, the division exerting the supervision function applies the provisions of Law No. 237/2015 and of Rule No. 41/2015 of the Financial Supervisory Authority for the approval of Accounting Regulations regarding the annual individual financial statements and the annual consolidated financial statements of the entities performing insurance and/or reinsurance activities.

(3) The division exerting the supervision function sets up a significance threshold for the solvency capital requirement of 1.5 percentage points over the level of its own eligible funds.

(4) When major changes are identified of quantitative, qualitative and financial indicators, or breaches of the significance threshold, the division exerting the supervision function makes additional verifications and, if the case, it revises the analysis of elements defined in Art. 3 para. (1) based on the latest information, as follows:

(i) it finds out the cause and effects which led to the deterioration of the insurer's financial stability, as well as initiates some meetings with the company's management body;

(ii) it documents the assessment cause and result;

(iii) revises risk assessment and the classification in the risk category based on the latest information.

SECTION 6
Significant events showing the meeting of conditions for the early intervention measures application

Art. 15. - (1) Certain events can have a major impact on the insurer's financial stability and therefore the conditions are met to apply early intervention measures.

(2) The category of events that can have a major impact on the insurer's financial stability includes, but without being limited to, the following:

(i) events leading to a high operating risk, for instance: fraud, natural calamities, major deficiencies of IT systems, fines imposed by public institutions;

(ii) events leading to the deterioration of the level of obligations taken and of the insurer's own eligible funds;

(iii) signs regarding the need to revise assets quality and/or to make independent assessments of assets portfolio;

(iv) events leading to the significant drop of subscriptions;

(v) vacancy of management positions or of those occupied by persons in key positions or other critical positions without securing the business continuity.

CHAPTER IV
Final provisions

Art. 16. - This rule shall be published in the Official Journal of Romania, Part I, and shall come into force on the date of its publication.

p. President of the Financial Supervisory Authority,
Gheorghe Cornel Coca Constantinescu

Bucharest, January 28th, 2016.
No. 10.