

**09 Annex - Financial services**

**35. RULEBOOK ON RESTRICTIONS RELATED TO  
DEPOSITING AND INVESTING TECHNICAL RESERVE  
FUNDS AND GUARANTEE FUNDS OF INSURANCE  
COMPANIES**

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35. RULEBOOK ON RESTRICTIONS RELATED TO DEPOSITING AND INVESTING TECHNICAL RESERVE FUNDS AND GUARANTEE FUNDS OF INSURANCE COMPANIES

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Pursuant to Article 90 paragraphs 2, 91 and 94 of the Law on Insurance (Official Gazette of the Republic of Montenegro 78/06), the Ministry of Finance hereby issues the

**RULEBOOK  
ON RESTRICTIONS RELATED TO DEPOSITING AND INVESTING TECHNICAL RESERVE  
FUNDS AND GUARANTEE FUNDS  
OF INSURANCE COMPANIES**

**(Official Gazette of Montenegro 38/09 of 12 June 2009, 43/09 of 3 July 2009)**

**Article 1**

This Rulebook regulates other types of depositing and investing of technical reserves of insurance companies, as well as restrictions of depositing and investing technical reserve and guarantee funds of insurance companies.

**Article 2**

In addition to the forms referred to in Article 90 paragraph 1 of the Law on Insurance (Official Gazette of Montenegro, no. 78/06), technical reserve funds are deposited and invested in:

- real estate registered with the real estate cadastre in Montenegro if its purchase price is determined based on the evaluation of an authorized evaluator and if it generates revenue or revenue may be expected;
- debt securities issued by another country, central bank of another country or international financial organization, or securities guaranteed for by another country or central bank of another country, if their credit rating determined by the rating agencies Standard&Poor's or Fitch - IBCA is not less than "BBB", or "Baa3" if determined by Moody's;
- debt securities of foreign legal persons traded on the stock exchange market in the countries where they are registered, provided that their credit rating determined by the rating agencies Standard&Poor's or Fitch - IBCA is not less than "BBB", or "Baa3" if determined by Moody's;
- stocks of foreign legal persons provided that they have been quoted on the stock exchange for the last two years and if their credit rating determined by the rating agencies Standard&Poor's or Fitch - IBCA is not less than "BBB", or "Baa3" if determined by Moody's.

**Article 3**

Life insurance technical reserve funds referred to in Article 90 of the Law on Insurance and Article 2 of this Rulebook are deposited and invested in:

1) for total investments and deposits:

- to 25% in bonds, or other debt securities traded on an organized securities market in Montenegro;
- to 25% in stocks traded on an organized securities market in Montenegro;
- to 5% in bonds, or other debt securities not traded on the organized securities market in Montenegro, whose issuer is a legal person headquartered in Montenegro;
- to 100% in deposits with banks headquartered in Montenegro;
- to 40% in real estate registered with the real estate cadastre in Montenegro if its purchase price is determined based on the evaluation of an authorized evaluator and if it generates revenue or revenue may be expected;

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- to 15% in debt securities issued by another country, central bank of another country or international financial organization, or securities guaranteed for by another country or central bank of another country, if their credit rating determined by the rating agencies Standard&Poor's or Fitch - IBCA is not less than "BBB", or "Baa3" if determined by Moody's; debt securities of foreign legal persons traded on the stock exchange market in the countries where they are registered, provided that their credit rating determined by the rating agencies Standard&Poor's or Fitch - IBCA is not less than "BBB", or "Baa3" if determined by Moody's; stocks of foreign legal persons provided that they have been quoted on the stock exchange for the last two years and if their credit rating determined by the rating agencies Standard&Poor's or Fitch - IBCA is not less than "BBB", or "Baa3" if determined by Moody's;
- to 3% in the business account of the insurance company.

#### 2) for individual investments and deposits;

- to 5% in bonds, or other debt securities of one issuer traded on an organized securities market in Montenegro;
- to 5% in stocks of one issuer traded on an organized securities market in Montenegro;
- to 1% in bonds, or other debt securities and in stocks of one issuer not traded on the organized securities market in Montenegro (whose issuer is a legal person headquartered in Montenegro);
- to 20% in deposits with one bank headquartered in Montenegro;
- to 10% in one real estate or several estates mutually related and presenting one investment, which are registered with the real estate cadastre in Montenegro, and whose purchase price is determined based on the evaluation of an authorized evaluator and if they generate revenue or revenue may be expected.

### Article 4

Non-life insurance technical reserve funds referred to in Article 90 of the Law on Insurance and Article 2 of this Rulebook are deposited and invested in:

#### 1) for total deposits and investments:

- to 25% in bonds, or other debt securities traded on an organized securities market in Montenegro;
- to 30% in stocks traded on an organized securities market in Montenegro;
- to 5% in bonds, or other debt securities not traded on the organized securities market in Montenegro, whose issuer is a legal person headquartered in Montenegro;
- to 100% in deposits with banks headquartered in Montenegro;
- to 30% in real estate registered with the real estate cadastre in Montenegro if its purchase price is determined based on the evaluation of an authorized evaluator and if it generates revenue or revenue may be expected;
- to 15% in debt securities issued by another country, central bank of another country or international financial organization, or securities guaranteed for by another country or central bank of another country, if their credit rating determined by the rating agencies Standard&Poor's or Fitch – IBCA is not less than "BBB", or "Baa3" if determined by Moody's; debt securities of foreign legal persons traded on the stock exchange market in the countries where they are registered, provided that their credit rating determined by the rating agencies Standard&Poor's or Fitch - IBCA is not less than "BBB", or "Baa3" if determined by Moody's; stocks of foreign legal persons provided that they have been quoted on the stock exchange for the last two years and if their credit rating determined by the rating agencies Standard&Poor's or Fitch - IBCA is not less than "BBB", or "Baa3" if determined by Moody's;

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- to 3% in the business account of the insurance company.

2) for individual investments and deposits:

- to 5% in bonds, or other debt securities of one issuer traded on an organized securities market in Montenegro;
- to 5% in stocks of one issuer traded on an organized securities market in Montenegro;
- to 1% in bonds, or other debt securities and in stocks of one issuer not traded on the organized securities market in Montenegro (whose issuer is a legal entity headquartered in Montenegro);
- to 20% in deposits with one bank headquartered in Montenegro;
- to 10% in one real estate or several estates mutually related and presenting one investment, which are registered with the real estate cadastre in Montenegro, and whose purchase price is determined based on the evaluation of an authorized evaluator and if they generate revenue or revenue may be expected.

#### **Article 5**

The restrictions referred to in Article 3 and 4 of this Rulebook are not related to:

- the bonds and other debt securities issued by the State of Montenegro,
- the bonds and other debt securities guaranteed by the State of Montenegro.

#### **Article 6**

Technical reserve funds are deposited and invested pursuant to Articles 2, 3 and 4 of this Rulebook, in the way that provide for harmonization of deposited and invested funds with obligations of a company, as well as preservation of their real value.

#### **Article 7**

Guarantee funds referred to in Articles 92 and 92 of the Law on Insurance are deposited and invested in accordance to Articles 2, 3 and 4 of this Rulebook in the way and in the amounts that provide for protection and preservation of real value of such reserve so that at all times it is higher than marginal solvency.

#### **Article 8**

This Law shall enter into force on the eight days following that of its publication in the Official Gazette of Montenegro.

Number: 01-4973/1  
Podgorica, 10 June 2009

Ministry of Finance  
Minister  
Igor Lukšić, PhD