

ORDINANCE № 10 dated 26.11.2003 on the requirements to the owner's equity composition and structure (capital base) of a pension insurance company and to the minimum liquid funds of the company and of the supplementary pension insurance funds it manages

Issued by the Chairperson of the Financial Supervision Commission, promulgated in OG, No 109/16.12.2003, in force from 16.03.2004, suppl. No 19/9.03.2004, amend. and suppl., No 106/27.12.2006, in force from 1.01.2007

Section I

General Provisions

Art. 1. This Ordinance defines the requirements applicable to:

1. owner's equity composition and structure (capital base) of a pension insurance company;
2. minimum liquid funds of a pension insurance company and of the supplementary pension insurance funds it manages.

Section II

Owner's equity composition and structure (capital base) of a pension insurance company

Art. 2. (1) Within the meaning of this Ordinance the owner's equity (capital base) of a pension insurance company shall comprise the initial capital and the additional capital reserves of the company.

(2) The owner's equity (capital base) of a pension insurance company shall not include pension reserves or any other reserve funds, created by the company in compliance with the requirements of art. 192, para 3 , art. 193, para 8 and art. 213, para 3 or of the Social Insurance Code .

Art. 3. (1) The initial capital shall consist of:

1. paid in capital according to the balance sheet;
2. (new - OG, No 106/2006) premium reserves, associated with the paid in capital as per p. 1 herein;
3. (prev. p. 2, suppl. - OG, No 106/2006) the reserve fund, created in accordance with the procedure under art. 246, para 2, p. 1 of the Commerce Act ;
4. (prev. p. 3 - OG, No 106/2006) other reserves for general purposes, created from the profit of the company after taxation.

(2) The following are excluded from the initial capital:

1. the balance-sheet value of long-term intangible assets;

2. (new - OG, No 106/2006) the minimum amount of own resources as per art. 121c, para 11 of Social Insurance Code, determined in accordance with art. 7a, para 3 and 4 ;
3. (prev. p. 2 - OG, No 106/2006) loss for the current period;
4. (prev. p. 3 - OG, No 106/2006) non-covered loss for previous periods;
5. (prev. p. 4 - OG, No 106/2006) expenses for future periods;
6. (prev. p. 5 - OG, No 106/2006) par value of shares bought back.

(3) The initial capital of a pension insurance company is formed from the amount under para 1, with the amount under para 2 deducted from it.

(4) Any increase of the capital of the pension insurance company exceeding the minimal size of the capital of a pension insurance company as per art. 121c, para 2 of Social Insurance Code shall be included in its initial capital only to the amount of the cash contributions.

Art. 4. (Amend. - OG, No 106/2006) (1) The additional capital reserves of a pension insurance company shall include:

1. the profit for the current period as per the interim financial statement, from which the taxes due shall be deducted;
2. undistributed profit from previous periods;
3. reserves created from subsequent evaluations of assets and liabilities;
4. other reserves in accordance with the Articles of Association, created from the profit of the company after taxation, other than the ones under art. 2, para 2 and art. 3, para 1, p. 4.

(2) The additional capital reserves shall be included in the owner's equity (capital base) of a pension insurance company if they meet the following requirements:

1. the funds must be fully at the disposal of the pension insurance company and it must be able to use them without any limitations for covering losses from its activity;
2. their availability must be disclosed in the financial statements of the pension insurance company.

Section III

Minimum liquid funds of a pension insurance company and of the supplementary pension insurance funds it manages

Art. 5. (1) The liquid funds of a pension insurance company shall be the following:

1. cash at the cashier desk;

2. cash on accounts or deposits with maturity up to one year with banks which are not in an insolvency procedure;
3. accounts receivable with remaining term to maturity no longer than 3 months;
4. securities issued or guaranteed by the state, with maturity up to one year;
5. (new - OG, No 106/2006) debt securities as per art. 176, para 1, p. 10 of Social Insurance Code with maturity up to one year.

(2) Liquid cash shall be the cash in levs, euros, U.S. dollars and Swiss francs.

(3) In case of pledge or any other restriction over the use of the assets by the pension insurance company, they shall not be included in the liquid funds under para 1.

Art. 6. The pension insurance company must permanently have liquid funds in an amount no less than the current liabilities of the company.

Art. 7. (1) The liquid funds of the pension insurance funds shall be defined in conformity with the provisions of art. 5, para 1 and 2 .

(2) A supplementary pension insurance fund must permanently have liquid funds to an amount no less than its current liabilities to insured persons, pensioners, the pension insurance company and other current liabilities.

Section IIIa

(New - OG, No 106/2006)

Own resources of a pension insurance company as per art. 121c, para 11 of Social Insurance Code

Art. 7a. (New - OG, No 106/2006) (1) When operating abroad, covering biometrical risks or guaranteeing a minimum level of yield or size of pensions, a pension insurance company, managing a supplementary pension insurance fund for professional schemes, shall permanently maintain own resources, which will be an additional guarantee for fulfillment of the liabilities to pay pensions under signed pension contracts.

(2) The own resources under para 1 shall be used for payment of pensions in cases when the difference between the assets covering the technical reserves and the capitalized value of the pensions is negative.

(3) The minimum size of own resources under para 1 shall be defined by multiplying the capitalized value of the pensions by a factor equal to 0,04.

(4) Where a pension insurance company transfers to another institution all or part of the biometrical and/or investment risks it has undertaken, the result under para 3 shall be multiplied by a factor equal to the ratio between the capitalized value of the pensions, reduced by the size of transferred risks, and the capitalized value of the pensions. The factor may not be smaller than 0.85.

Section IV

Accounting and control

Art. 8. The pension insurance companies shall present to the Deputy Chairperson of the Financial Supervision Commission, heading Insurance Supervision division, up to the 20th day of each month financial statements of the company and of the funds it manages together with information on model forms as of the end of the preceding month, as follows:

1. Information on the size of owner's equity and of the liquid resources of the company (Appendix № 1);
2. Information on the liquid resources of each managed supplementary pension insurance fund (Appendix № 2).

Art. 8a. (New - OG, No 106/2006) Together with the annual report under art. 252, para 2 of Social Insurance Code the pension insurance company shall present information on the size of its own resources referred to in art. 7a on a model form, approved by the Deputy Chairperson of the Financial Supervision Commission, heading Insurance Supervision division.

Art. 9. (New - OG, No 106/2006) The head of the specialized internal control unit of the pension insurance company shall designate an employee of the unit to monitor the observation of the requirements of this Ordinance.

Section V

(New – OG, No 19/2004)

Administrative penal liability

Art. 10. (1) Who commits or admits the commitment of violations of this Ordinance shall be punished in accordance with art. 351 of Social Insurance Code.

(2) Violations of the provisions of this Ordinance shall be established by statements drawn up by persons authorized by the Deputy Chairperson of the Financial Supervision Commission, heading Insurance Supervision division.

(3) Penal decrees shall be issued by the Deputy Chairperson of the Financial Supervision Commission, heading Insurance Supervision division or by a person authorized by him/her.

(4) The establishment of violations, issuing and execution of penal decrees shall be performed in accordance with the procedures pursuant to the Administrative Violations and Sanctions Act.

FINAL PROVISIONS

§ 1. (Suppl. - OG, No 106/2006) This Ordinance is issued on the grounds of art. 121c, para 10 and art. 13 of Social Insurance Code .

§ 2. The Financial Supervision Commission shall issue guidelines on its implementation.

§ 3. This Ordinance shall enter into force within three months after its promulgation in the Official Gazette.

Appendix № 1 to art. 8, p. 1

INFORMATION

On the size of owner's equity

(capital base)

And of the liquid funds as at

/date/

of

(name of the pension insurance company)

№	Indicators	Стойност (BGN thous.)
A.	Minimal size of the capital as per art. 121c, para 2 of Social Insurance Code	
B.	Size of owner's equity (capital base) (p1 + p2)	
1.	Initial capital (p1.1 + p1.2 + p1.3 - p1.4 - p1.5 - p1.6 - p1.7 - p1.8 - p1.9 - p1.10)	
1.1.	Paid in capital according to balance sheet	

1.2.	Premium reserves, associated with the paid in capital as per p. 1.1 herein	
1.3.	Fund Reserves created following the procedure of art. 246, para 2, p. 1 of the Commerce Act	
1.4.	Other general reserves	
1.5.	Balance sheet value of long-term intangible assets	
1.6.	Minimal size of own resources as per art.121c, para 11 of the Social Insurance Code, determined in accordance with art. 7a, para 3 and 4	
1.7.	Loss for the current period	
1. 8.	Uncovered loss from previous periods	
1. 9.	Expenses for future periods	
1. 10.	Par value of shares bought back	
2.	Additional capital reserves (p2.1 + p2.2 + p2.3 + p2.4)	
2.1.	Profit for the current period according to interim financial statement, with taxes due deducted from it	
2.2.	Undistributed profit from previous periods	

2.3.	Reserves created from subsequent evaluations of assets and liabilities	
2.4.	Other reserves as per art. 4, para 1, p. 4	
3.	Ratio of the amount of owner's equity (capital base) to the minimal size of capital (pБ : pA)	
4.	Liquid funds of the pension insurance company (p4.1 + p4.2 + p4.3 + p4.4 + p4.5)	
4.1.	Cash at the cashier desk	
4.2.	Cash on accounts with banks which are not in insolvency procedure	
4.3.	Deposits with maturity up to one year with banks which are not in insolvency procedure	
4.4.	Accounts receivable with remaining term to maturity no longer than 3 months	
4.5.	Securities issued or guaranteed by the state with maturity up to one year	
4.6.	Debt securities as per art. 176, para 1, p. 10 of the Social Insurance Code with maturity up to one year.	
5.	Current liabilities	

6.	Ratio of liquid funds to current liabilities (p4 : p5)	
<p>Date</p> <p>Signature of the person who drew up the information sheet: Signature of the person managing and representing the company, seal:</p>		

Appendix № 2 to art. 8, p. 2

(Amend. and suppl. - OG, No 106/2006, in force from 01.01.2007)

INFORMATION SHEET
 about the liquid funds as per art. 7, para 2
 (Name amend. - OG, No 106/2006)

As at
 of
 (name of the pension fund)

№	Indicators	Amount (BGN thous.)

1. (Amend. - OG, No 106/2006) Liquid funds
 (p1.1 + p1.2 + p1.3 + p1.4 + p1.5 + p1.6)

1.1. Cash at cashier desk

1.2.

Cash on accounts with banks which are not in insolvency procedure

1.3.

Deposits with maturity up to one year with banks which are not in insolvency procedures

1.4.

Accounts receivable with remaining term to maturity no longer than 3 months

1.5.

Securities issued or guaranteed by the state with maturity up to one year

1.6.

(New - OG, No 106/2006) Debt securities as per art. 176, para 1, p. 10 of the Social Insurance Code with maturity up to one year.

2.

Current liabilities
(p2.1 + p.2.2 + p2.3)

2.1.

Current liabilities to insured persons and pensioners

2.2.

Current liabilities to the pension insurance company

2.3.

Other current liabilities

3. Ratio of liquid funds to current liabilities (p1 : p2)

Date

Signature of the person who drew
up the information sheet:

Signature of the person managing and representing
the fund, seal: