

**Ordinance No. 31 of 02.08.2006 on the conditions and procedure for conducting an examination and for the recognition of legal capacity as a responsible actuary, for the recognition of legal capacity acquired outside the Republic of Bulgaria, for the form of actuarial certification, the form and the content of the actuarial report and the statements under the Insurance Code that the responsible actuary certifies, as well as for the form and mandatory content of the annual actuarial report under the Social Insurance Code; - SG, No. 66 /2013, effective from 09.09.2013; amended No. 83 of 2018, effective from 19.11.2018)**

Promulgated - SG, No.71 /01.09.2006, amended and supplemented No. 51 /03.06.2008, amended and supplemented No. 66 / 26.07.2013, effective from 09.09.2013; amended and supplemented No. 54 /01.07.2014; amended No. 38 / 20.05.2016 effective from 20.05.2016; amended No. 6 /19.01.2017, effective from 19.01.2017, amended and supplemented No. 83 / 09.10.2018, effective from 09.10.2018; amended and supplemented No. 41 /21.05.2019, amended and supplemented No. 81 / 15.09.2020; amended No. 48 / 08.06.2021, amended and supplemented No. 60 /20.07.2021, amended and supplemented No. 23 / 22.03.2022; amended No. 101 / 20.12.2022, effective from 01.01.2023;

Adopted by Decision No. 62-H of 02.08.2006 of the Financial Supervision Commission

## **Chapter One**

### **GENERAL PROVISIONS**

**Art. 1.** (Amended - SG, No. 66 /2013, effective from 09.09.2013; supplemented No. 83 /2018, effective from 19.11.2018) (1) The ordinance regulates the conditions and procedure for conducting an examination and for recognizing the legal capacity of a responsible actuary by the Financial Supervision Commission, hereinafter referred to as "the FSC" .

(2) The ordinance also determines the requirements for academic hours of university-level mathematics studied.

(3) (Amended - SG, No. 66 / 2013, effective from 09.09.2013) The ordinance sets out the procedures for recognizing the legal capacity of a responsible actuary in the field of insurance, acquired outside the Republic of Bulgaria, as well as the legal capacity of a responsible actuary in the field of supplementary pension insurance, acquired in a Member State.

(4) (Amended - SG, No. 66 /2013, effective from 09.09.2013) The ordinance defines the form of the actuarial certificate and the form and content of the actuarial report and the statements that the responsible actuary certifies according to the requirements of the Insurance Code (IC).

(5) (new - SG, No. 83 /2018, effective from 19.11.2018) The ordinance defines the form and mandatory content of the annual actuarial report under Art. 123, para. 1, item 5 of the Social Insurance Code (SIC).

**Art. 2.** (Amended - SG, No. 66 /2013, effective from 09.09.2013) The legal capacity of the responsible actuary can be:

1. (amended - SG, No. 66 /2013, effective from 09.09.2013) full - when it covers legal capacity both in the field of insurance and supplementary pension insurance;

2 (amended - SG, No. 66 /2013, effective from 09.09.2013) partial - when it covers legal capacity in one or more of the fields of general insurance, life insurance and supplementary pension insurance.

**Art. 3.** (Amended and supplemented - SG, No. 51 /2008; amended No. 66 of 2013, effective from

09.09.2013, amended and supplemented No. 54 of 2014) (1) (Amended and supplemented, - SG, No. 51 /2008) Persons who wish to be recognized as a responsible actuary take an examination before an examination board designated by the FSC or before a professional organization of actuaries.

(2) (new - SG, No. 54 / 2014) The examination before the board consists of a basic module

and three specialized modules - "Life insurance", "Risk models and general insurance" and "Pension insurance". The exam modules can be taken separately or in combination with each other - at the request of the applicant; a specialized module may be taken only together with the basic module or in the cases under Art. 12a, para. 3 or 4.

(3) (Supplemented - SG, No. 51 /2008; amended No. 66 /2013, effective from 09.09.2013, para. 2, supplemented No. 54 /2014) The requirement for passing the examination under para. 1 on the recognition of legal capacity of a responsible actuary in the field of insurance does not apply when the person has legal capacity of a responsible actuary acquired outside the Republic of Bulgaria and recognized by the FSC in accordance with chapter three.

(4) (Supplemented - SG, No. 51 /2008; previous paragraph 3, No. 54 of 2014) The requirement for passing the examination under para. 1 for the recognition of the legal capacity of a responsible actuary in the field of supplementary pension insurance does not apply when the person has legal capacity of a responsible actuary, acquired in a Member State and recognized by the FSC in accordance with chapter three.

## **Chapter Two**

# **CONDUCTING THE EXAMINATION AND RECOGNITION OF LEGAL CAPACITY AS A RESPONSIBLE ACTUARY**

## **Section I**

### **Admission to the examination before the board**

**(Title. - supplemented, No. 51 /2008)**

**Art. 4.** (Amended - SG, No. 51 /2008; supplemented No. 66 /2013, effective from 26.07.2013, amended and supplemented No. 54 /2014; amended No. 83 /2018, effective from 09.10.2018; amended No. 41 /2019; amended completely, No. 23 / 2022) (1) Only persons who have completed higher education with an educational-qualification degree not lower than "bachelor" may be admitted to the examination.

(2) An application for admission to the exam is submitted to the FSC according to a standard form approved by the FSC.

(3) The application under para. 2 contains:

1. the names and personal identification number (personal number, personal number of a foreigner or date and place of birth) of the person;
2. electronic address and address for correspondence with the person;
3. the modules of the examination that the person wishes to sit;
4. the series and number of the higher education diploma held by the applicant with an educational-qualification degree awarded no lower than "bachelor"; for a higher education diploma from a foreign higher education institution, the number of the certificate of recognition of the acquired higher education is indicated entered in the academic recognition register maintained by the National Center for Information and Documentation (NACID).

(4) In the application under para. 2, the applicant may indicate specialized modules only when the applicant has successfully passed a basic module under the terms and conditions of Art. 12a, para.

3.

(5) A certified transcript of a diploma for higher education degree in the country is enclosed with the application under para. 2, if the degree was earned before 1.01.2012. When the diploma was not issued by a higher education institution in the country and the certificate of recognition of the degree is not entered in the register of academic recognition kept by NACID, a certified copy of the recognition certificate is attached to the application.

(6) Applications under para. 2 shall be submitted within one month from the date of publication of the decision under Art. 10, para. 1 on the webpage of the FSC on the Internet. Applications submitted outside the specified period will not be considered.

**Art. 5.** The FSC may request other data and documents, if necessary, to make a decision

on admission to the examination.

**Art. 6.** (Amended and supplemented - SG, No. 54 /2014; supplemented No. 83 /2018, effective from 09.10.2018, amended and supplemented No. 41 /2019; amended completely, No. 23 /2022) The FSC shall not admit the applicant to the examination if:

1. it finds that the applicant submitted untrue data or documents with untrue content.
2. the applicant has indicated one or more specialized modules, without the condition under Art. 4, para. 4 being met;
3. 9. any of the documents or information under Art. 4, para. 3 and 5 have not been submitted.

**Art. 7** (Amended - SG, No. 51 /2008; amended No. 66 /2013, effective from 26.07.2013, amended and supplemented No. 83 /2018, effective from 09.10.2018, amended and supplemented No. 81 / 2020) (1) (Amended - SG, No. 51 /2008; supplemented No. 83 of 2018 effective from 09.10.2018) The FSC shall make a decision on the application for admission to the examination within 14 days of submission, and when additional data and documents have been requested-, within 7 days of receiving them respectively of the expiration of the period under para. 2.

(2) (repealed - SG, No. 51 /2008; new - SG No. 83 of 2018, effective from 09.10.2018) When it is necessary to submit additional data and documents, the FSC sends a message and sets a deadline for their provision, which cannot be shorter than 3 working days.

(3) (Amended - SG, No. 66 /2013, effective from 26.07.2013; amended No. 83 /2018, effective from 09.10.2018, amended and supplemented No. 81 /2020) Persons who are admitted to the examination for recognition of legal capacity of a responsible actuary shall pay the corresponding fee according to the tariff - appendix to Art. 27, para. 1 of the Financial Supervision Commission Act (FSCA) no later than 5 days before the announced date of the examination, respectively before the first date of the examination - when the examination is held in parts.

## **Section II**

### **Examination before the FSC**

**(Title - supplemented, No. 51 /2008)**

**Art. 8.** (Amended and supplemented - SG, No. 66 /2013, effective from 26.07.2013; amended No. 83 /2018, effective from 09.10.2018) (1) (Amended and supplemented No. - SG, No. 66 of 2013, effective from 26.07.2013.) The examination for recognition of legal capacity of a responsible actuary is organized by the FSC no less frequently than once every two years.

(2) The examination may be held in parts on two or more consecutive days.

(3) (Amended - SG, No. 66 /2013, effective from 26.07.2013; amended No. 83 of 2018, in force from 09.10.2018) Only persons who have been admitted to the examination according to the procedure of section I and have paid the corresponding fee according to the tariff - appendix to Art. 27, para. 1 of FSCA are entitled to take the examination.

**Art. 9.** (Amended - SG, No. 66 /2013, effective from 26.07.2013; amended No. 48 /2021) The FSC publishes the requirements regarding the subject matter of the examination, the procedure of its conduct, as well as the rules for assessment on its website no later than 3 months before the date of the examination, respectively before the first date of the examination - when it takes place in parts. These circumstances may also be announced in another appropriate manner.

**Art. 10.** (Amended and supplemented - SG, No. 66 /2013, effective from 26.07.2013; amended No. 48 / 2021) (1) (Supplemented - SG, No. 66 /2013, effective from 26.07.2013) The FSC shall schedule the date, respectively the dates for the examination with a decision.

(2) (Amended and supplemented - SG, No. 66 /2013, effective from 26.07.2013; amended No. 48 /2021) The FSC shall announce the decision under para. 1 and the date, respectively the

dates for the examination on its website. The decision under para. 1 and the date or dates of the examination may be announced by the FSC in another appropriate manner.

**Art. 11.** (Sup. - SG, No. 83 /2018, effective from 09.10.2018) (1) (Supplemented No. - SG, No. 83 /2018, effective from 09.10.2018) The examination is conducted by an examination board composed of at least three members with appropriate professional qualifications and experience. The proceedings and the composition of the examination board are determined by a decision of the FSC.

(2) The examination is anonymous and taken in writing.

**Art. 12.** (1) The results of the examination are drawn up in a report with a grade according to the grading rules. The report is signed by all members of the examination board. The grades are final and not subject to review.

(2) The results of the examination are published in accordance with the procedure of Art. 10, para. 2 within 14 days from the date of the examination, respectively the last date of the examination - when the examination is held in parts.

(3) Within 5 working days of the announcement of the results under para. 1, the persons who have not passed the examination for recognizing the legal capacity of a responsible actuary can request from the FSC to see the results of the evaluation of their work.

(4) The persons shall see the results of the evaluation of their test in person in the presence of a member of the examination board and an official from the administration of the FSC, designated by order of the Chairperson of the Commission.

### **Section III**

#### **Recognition of legal capacity of a responsible actuary who has successfully passed an examination before the FSC**

##### **(Title - supplemented, No. 51 /2008)**

**Art. 12a.** (New - SG No. 54 /2014; amended and supplemented, No. 23 / 2022) (1) (Amended - SG, No. 23 / 2022) For recognition of full legal capacity of a responsible actuary, the applicant shall:

1. meet the requirements under Art. 122i, para. 2, items 1 - 6 and para. 5 of SIC and Art. 97, para. 2, items 1 - 6 and item 8 of the IC;

2. to have successfully passed the four modules of the exam specified in Art. 3, para. 2, the last of which no later than 2 years before the submission of the application under Art. 12b, para. 1.

(2) (Amended - SG, No. 23 /2022) For recognition of partial legal capacity of a responsible actuary, the applicant shall:

1. meet the requirements under Art. 122i, para. 2, items 1 - 6 and para. 5 of SIC, respectively under Art. 97, para. 2, items 1 - 6 and item 8 of the IC;

2. to have successfully passed the basic module and at least one of the specialized modules under Art. 3, para. 2 no later than 2 years before submitting the application under Art. 12b, para. 1.

(3) Upon successful completion of only the basic module of the exam, the candidate may sit for one or more of the specialized modules for the recognition of partial or full legal capacity no later than the next examination in accordance with Art. 8, para. 1.

(4) With recognized partial legal capacity, a person who wants to be recognized with full legal capacity as a responsible actuary or legal capacity in another field may appear for the selected modules at each examination in accordance with Art. 8, para. 1.

**Art. 12b.** (New - SG No. 23 / 2022) (1) For recognition of full or partial legal capacity after a passed examination according to Art. 12a, para. 1, item 2, respectively Art. 12a, para. 2, item 2, the person submits an application according to a standard form approved by the FSC.

(2) The application under para. 1 contains:

1. the information under Art. 4, para. 3, item 1 and 2;

2. the series and number of the higher education diploma held by the applicant with an educational-qualification degree awarded "master" or academic degree "doctor", with number of academic hours of university-level mathematics studied pursuant to Art. 6 for a higher education diploma from a foreign higher education institution, the number of the certificate of recognition of the acquired higher education in the country is indicated entered in the academic recognition register maintained by the NACID.

(3) The following shall be attached to the application under para. 1:

1. a document certifying that the person has not been convicted of an intentional crime of a general nature, when the application is submitted by a person who is not a Bulgarian citizen;

2. a declaration that the person was not, in the last 3 years before the court-determined start date of insolvency, a member of a management or control body or a general partner in a company for which bankruptcy proceedings have been opened, or in a company terminated due to bankruptcy, if creditors remained unsatisfied;

3. declaration that the person has not been declared bankrupt and is not in bankruptcy proceedings;

4. declaration that the person is not deprived of the right to hold a materially responsible position;

5. certified transcript of a diploma for completed higher education degree with awarded educational and qualification degree "master" or academic degree "doctor", with number of academic hours of university-level mathematics studied pursuant to Art. 6; for a diploma from a foreign higher education institution, a legalized translation of the diploma in Bulgarian is also attached; for a diploma from a foreign higher education institution, for which the certificate of recognition of the degree is not entered in the register of academic recognition kept by NACID, a certified copy of the certificate of recognition is also attached;

6. other documents at the discretion of the applicant to prove the hours studied;

7. evidence that the person has at least three years of experience as an actuary in national insurance institutions, an actuary of an insurer, reinsurer, health insurance company, pension insurance company, in bodies supervising the activities of these persons, or as a qualified insurance or actuarial teacher.

(4) When the applicant has a recognized partial legal capacity of a responsible actuary, only the documents under para. 3, items 1 - 4 are attached. In this case, the number and date of the decision recognizing partial legal capacity shall be indicated in the application.

(5) The FSC may request other data and documents, if necessary, to make a decision on the recognition of legal capacity.

(6) The necessary hours in university-level mathematics include:

1. not less than 180 academic hours of lectures and exercises in higher mathematics or 8 credits according to the European Credit Transfer and Accumulation System (ECTS), or

2. not less than 90 academic hours of lectures and exercises in statistics or insurance mathematics or 4 ECTS credits, together or separately, and not less than 90 academic hours of lectures and exercises in higher mathematics or 4 ECTS credits.

**Art. 12c.** (New - SG No. 23/2022) The FSC refuses to recognize legal capacity of a responsible actuary if:

1. the applicant has been convicted of an intentional crime of a general nature;

2. the applicant does not have a higher education degree pursuant to Art. 122i, para. 2, item 5 of the SIC and Art. 97, para. 2, item 5 of the IC, the acquired higher education in a foreign higher education institution is not recognized in accordance with the Ordinance on the state requirements for recognition of higher education degrees and completed periods of study in foreign higher education institutions(SG, 69/ 2000) or the required academic hours of university level mathematics pursuant to Art. 12b, para. 6 is not covered;

3. the declarations submitted by the applicant do not certify the respective circumstances under Art. 12b, para. 3, items 2 - 4;

4. the evidence presented under Art. 12b, para. 3, item 7 do not certify the professional experience required by the law to recognize the legal capacity of a responsible actuary;

5. it finds that the applicant submitted untrue data or documents with untrue content.

6. less than 3 years have passed since the decision to revoke the legal capacity of a responsible actuary on the basis of Art. 122i, para. 4 of the SIC has become effective, and the applicant requests recognition of partial legal capacity in the field of supplementary pension insurance;

7. the requirements of Art. 97, para. 2, item 8 of the IC have not been met and the applicant requests recognition of partial legal capacity in the field of non-life insurance and/or life insurance;

8. the applicant has not passed successfully the examination for the respective modules under Art. 3, para. 2;

9. any of the documents or information under Art. 12b, para. 2, 3 and 5 have not been submitted.

**Art. 13.** (Amended - SG, No. 66 /2013, effective from 26.07.2013; amended No. 83 /2018, effective from 09.10.2018, amended and supplemented No. 23 / 2022) (1) (Amended - SG, No. 23 / 2022) The Commission recognizes full or partial legal capacity as a responsible actuary to the persons for whom the conditions under Art. 12a, para. 1, respectively under Art. 12a, para. 2 are present.

(2) (new - SG, No. 23 /2022) When the requirements of Art. 97, para. 2, item 8 of the IC have not been met, but the applicant meets the requirements of Art. 122i, para. 2, items 1 - 6 and para. 5 of SIC and Art. 12, para. 2, item 2, the FSC recognizes partial legal capacity in the field of supplementary pension insurance.

(3) (new - SG, No. 23 /2022) When the applicant has requested recognition of full legal capacity before the expiration of 3 years from the entry into force of the decision to revoke the legal capacity of a responsible actuary on the basis of Art. 122i, para. 4 of SIC and meets the requirements of Art. 97, para. 2, items 1 - 6 and item 8 of the IC and Art. 12, para. 2, item 2, the FSC recognizes his partial legal capacity in the field of general insurance and/or life insurance.

(4) (new - SG, No. 23 /2022) The FSC shall rule on the application for recognition of legal capacity as an actuary within one month of its submission, and when additional data and documents have been requested - within 7 days of their receipt, respectively of the expiration of the period under para. 3.

(5) (new - SG, No. 23 of 2022) When it is necessary to submit additional data and documents, the FSC sends a message and sets a deadline for their provision, which cannot be shorter than 3 working days.

(6) (Amended - SG, No. 66 /2013, effective from 26.07.2013; amended No. 83 /2022; effective from 09.10.2018; previous paragraph 2, supplemented No. 23 of 2022) The FSC ex officio enters in the register under Art. 30, para. 1, item 20 of the FSCA the persons with recognized legal capacity of a responsible actuary within 7 days from the presentation of a document certifying

the payment of the fee due for issuing a certificate according to the tariff - appendix to Art. 27, para. 1 of the FSCA, respectively within 7 days from the payment of the due fee electronically.

### **Section IIIa**

#### **Recognition of legal capacity of a responsible actuary who has successfully passed an examination before a professional organization of actuaries**

**(New - SG, No. 51 /2008)**

**Art. 13a.** (New - SG, No. 51 /2008; amended No. 66 /2013, effective from 09.09.2013;

amended No. 83 /2018, effective from 19.11.2018; amended No. 41 / 2019) (1) (Amended - SG, No. 66 /2013, effective from 09.09.2013; amended No. 83 /2018, effective from 19.11.2018; amended No. 41 of 2019) Examination for acquiring the legal capacity of a responsible actuary in the Republic of Bulgaria within the meaning of Art. 97, para. 2, item 7 of the Insurance Code and Art. 122i, para. 2, item 7 SIC can also be organized by a professional organization of actuaries, which is a non-profit legal entity registered in the Republic of Bulgaria and is a full member of the International Actuarial Organization established in 1895, with headquarters in Canada.

(2) When conducting an examination under para. 1 the professional organization of actuaries notifies the FSC of the conditions under which the exam is held, incl. about the subject matter of the exam, the procedure of its conduct, as well as the rules for assessment.

(3) The notification under para. 2 is carried out no later than four months before the date of commencement of the examination program. The FSC may, within two months of the notification, give mandatory instructions for making changes to the submitted documents and the conditions under which the examination is held, if it considers that they do not correspond to those under Art. 9, in relation to:

1. the subject matter of the examination;
2. guarantees for the correct conduct of the examination;
- 3 the evaluation criteria and the minimum evaluation level for recognition of a passed examination.

(4) In the cases under para. 1, the FSC appoints one or more representatives who are present at the examination organized by the professional organization of actuaries, and prepare a detailed report to the FSC on the compliance of the examination with the documents under para. 2 and 3. The representatives of the FSC have the right of access to all documents related to the candidates, the examination and its conduct.

(5) The professional organization of actuaries shall notify the FSC:

1. every year for the planned exam sessions in the following year;
2. for the place and day of each examination and announces them on its website no less than two weeks before the examination date.

(6) The professional organization of actuaries provides the FSC with a list of persons who have successfully passed the exam for acquiring the legal capacity of a responsible actuary, twice a year on June 30 and on December 31 of the respective year.

**Art. 13b.** (New - SG, No. 51 /2008; amended No. 23 / 2022) (1) (Amended - SG, No. 23 of 2022) For the recognition of the legal capacity of a responsible actuary, the persons who have successfully passed an examination in accordance with Art. 13a, submit an application to the FSC as a standard form approved by the FSC. The application contains the information under Art. 12b, para. 2. The following are attached to the application:

1. (amended - SG, No. 23 of 2022) the documents under Art. 126 item 2;
2. document certifying successfully passed an exam before a professional organization of actuaries under Art. 13a.

(2) The FSC may request other data and documents, if necessary, to make a decision on the recognition of legal capacity as a responsible actuary..

**Art. 13c.** (New - SG, No. 51 /2008; amended and supplemented, No. 54 /2014; supplemented No. 83 /

2018, effective from 09.10.2018; amended No. 23/2022) The FSC refuses to recognize legal capacity if:

1. (amended - SG, No. 54 /2014; supplemented No. 83 /2018, effective from 09.10.2018; amended No. 23 /2022) the grounds under Art. 12c, items 1 - 7 are present;
2. (amended - SG, No. 54 / 2014) any of the documents under Art. 13b have not been presented;

3. it was established that the professional organization of actuaries that issued the document according to Art. 13b, para. 1, item 2, does not meet the requirements of this ordinance;

4. the examination before the professional organization of actuaries was not conducted in accordance with Art. 13a.

**Art. 13d.** (New - SG, No. 51 /2008; amended No. 66 /2013, effective from 26.07.2013, amended and supplemented No. 83 /2018, effective from 09.10.2018; amended No. 41 /2019; amended and supplemented, No. 23 / 2022) (1) (Supplemented - SG, No. 83 /2018, effective from 09.10.2018; supplemented No. 23 /2022) The FSC shall rule on the application for recognition of legal capacity as an actuary within one month of its submission, and when additional data and documents have been requested - within 7 days of their receipt respectively of the expiration of the period under para. 2. The provisions of Art. 13, para. 2 and 3 shall apply accordingly.

(2) (new - SG, No. 83 of 2018, effective from 09.10.2018) When it is necessary to submit additional data and documents, the FSC sends a message and sets a deadline for their provision, which cannot be shorter than 3 working days.

(3) (Amended - SG, No. 66 /2022;effective from 26.07.2013; previous paragraph 2, amended No. 83 /2018, effective from 09.10.2018; amended No. 41 /2019; supplemented No. 23 of 2022) The FSC ex officio enters in the register under Art. 30, para. 1, item 20 of the FSCA persons with recognized legal capacity of a responsible actuary within 7 days from the presentation of a document certifying the payment of the due fee for issuing a certificate according to the tariff - appendix to Art. 27, para. 1 of the FSCA,, respectively within 7 days from the payment of the due fee electronically.

## **Section IV**

### **Certificate**

**Art. 14.** (Amended and supplemented - SG, No. 66 /2013, effective from 26.07.2013; amended No. 41 / 2019; amended and supplemented, No. 81 /2020; amended and supplemented, No. 23 / 2022) (1) (Supplemented - SG, No. 81 /2020; amended No. 23 /2022) Persons with the legal capacity of a responsible actuary recognized by the FSC receive a certificate issued by the FSC. The certificate is issued on paper according to a template approved by the FSC, within 7 days of receiving the decision under Art. 13, para. 1, Art. 13d, para. 1 - 3 or Art. 18, para. 1.

(2) (new - SG No. 23 - 2022) The application under para. 1 contains:

1. the names and personal identification number (personal number, personal number of a foreigner or date and place of birth) of the person;
2. indicating the recognized legal capacity - full or partial;
- 3 number and date of the decision of the FSC on recognition of legal capacity;
4. the legal basis for issuing the certificate;
5. signature of the Chairperson of the FSC and seal;
6. date of No. and number of the certificate.

(3) (Amended - SG, No. 66 /2013, effective from 26.07.2013; amended No. 41 /2019; amended No. 81 /2020; previous paragraph 2, supplemented No. 23 / 2022) Persons with legal capacity recognized by the FSC shall pay a fee for issuing a certificate according to the tariff - appendix to Art. 27, para. 1 of the FSCA , and present a document certifying the payment upon receiving the certificate, unless the fee is paid electronically.

(4) (repealed - SG, No. 66 /2013, effective from 26.07.2013, para. 3, No. 23 of 2022) A duplicate of the certificate shall be issued by the Chairperson at the request of the person concerned if the certificate is stolen, lost, damaged or destroyed. Upon receipt of the duplicate, the person shall return the original certificate if it is available.

## **Chapter Three**

### **RECOGNITION OF LEGAL CAPACITY ACQUIRED OUTSIDE THE REPUBLIC OF**



## BULGARIA

**Art. 15.** (Amended and supplemented - SG, No. 66 /2013, effective from 09.09.2013; amended No. 54 /2014; amended No. 41 /2019; supplemented No. 81 /2020; amended and supplemented, No. 23 / 2022) (1) (Amended - SG, No. 66 /2013, effective from 09.09.2013; supplemented No. 23 / 2022) Persons who have the legal capacity of a responsible actuary in the field of general insurance and/or life insurance, acquired outside the Republic of Bulgaria, or the legal capacity of a responsible actuary in the field of supplementary pension insurance, acquired in a Member State, and certified by a document of legal capacity, diploma or other certificate issued by a competent authority or another organization in a country outside the Republic of Bulgaria, respectively in a Member State, submit an application for its recognition to the FSC according to the approved form. The application states the information under Art. 12b, para. 2 and the scope for which the person wants to be recognized as a responsible actuary.

(2) (Amended - SG, No. 66 / 2013, effective from 26.07.2013) The following are attached to the application for recognition of legal capacity of a responsible actuary acquired in a Member State:

1. (amended - SG, No. 23 of 2022) the documents under Art. 12b item 2;
2. (amended - SG, No. 41 of 2019) a certified copy of a document of recognized legal capacity, diploma or other certificate certifying the recognized legal capacity of a responsible actuary;
3. information about the competent authority or organization in which issued the document certifying the legal capacity;
4. (amended - SG, No. 54 /2014) information on other data, conditions or restrictions related to the recognized legal capacity, not included in the document under item 2, or a declaration that such data, conditions or restrictions are not available;
5. declaration for the veracity the data indicated by the persons and that they are aware of the criminal liability for presenting false data, under the Criminal Code of the Republic of Bulgaria.

(3) (new - SG, No. 66 /2013, effective from 26.07.2013) The documents under para. 2, as well as information on the procedure by which his person was recognized as having legal capacity are attached to the application for recognition of legal capacity of a responsible actuary in a country which is not a member of the EU or the European Economic Area.

(4) (new - SG, No. 81 / 2020) When submitting the application, the person pays a fee for recognition of acquired legal capacity according to the tariff - appendix to Art. 27, para. 1 of the FSCA.

**Art. 16.** The FSC may request other data and documents, if necessary, to make a decision on the recognition of legal capacity as a responsible actuary..

**Art. 17.** (Amended - SG, No. 54 /2014; amended No. 23/2022) The FSC refuses to recognize legal capacity if:

1. (amended - SG, No. 54 /2014; amended No. 23 /2022) the grounds under Art. 12c, items 1 - 7 are present;
- 2 it finds a significant difference between the scope of legal capacity of for which recognition is sought and the requirements regarding the subject matter of the examination for recognition of legal capacity of a responsible actuary;
3. it finds that the authority or organization that issued the document for recognition of legal capacity does not have the necessary competence to recognize this capacity;
4. there is another condition or limitation due to which the acquired capacity cannot be recognized
5. (new - SG 54 / 2014) any of the documents under Art. 15, para. 2 or 3 under Art. 16 have not been presented;

**Art. 18.** (Amended - SG, No. 51 /2008; amended No. 66 /2013, effective from 26.07.2013,

amended and supplemented No. 83 /2018, effective from 09.10.2018; amended No. 41 /2019; amended and supplemented, No. 23 / 2022) (1) (Amended - SG, No. 51 /2008; supplemented No. 83 /2018, effective from 09.10.2018; supplemented No. 23 /2022) The FSC shall rule on the application for recognition of legal capacity within one month of its submission, and when additional data and documents have been requested - within 7 days of their receipt, respectively of the expiration of the period under para. 2. The provisions of Art. 13, para. 2 and 3 shall apply accordingly.

(2) (repealed - SG, No. 51 /2008; new - SG No. 83 of 2018, effective from 09.10.2018) When it is necessary to submit additional data and documents, the FSC sends a message and sets a deadline for their provision, which cannot be shorter than 3 working days.

(3) (Amended - SG, No. 66 /2013, effective from 26.07.2013; amended No. 83 /2018, effective from 09.10.2018; amended No. 41 /2019; supplemented No. 23 of 2022) The FSC ex officio enters in the register under Art. 30, para. 1, item 20 of the FSCA persons with recognized legal capacity of a responsible actuary within 7 days from the presentation of a document certifying the payment of the due fee for issuing a certificate according to the tariff - appendix to Art. 27, para. 1 of the FSCA,, respectively within 7 days from the payment of the due fee electronically.

**Art. 19.** Persons whose capacity acquired outside the Republic of Bulgaria, respectively in a Member State, is recognized, receive a certificate issued by the Chairperson of the FSC The provisions under Art. 14 shall apply accordingly.

**Art. 20.** (Amended - SG, No. 81 /2020) Persons who have been denied recognition of legal capacity under the procedure of this chapter may not apply again for recognition of legal capacity with the same scope, unless they submit new documents under Art. 15, para. 1 - 3.

#### **Chapter four**

### **FORM AND CONTENT OF THE ACTUARIAL REPORT AND OF THE STATEMENTS UNDER THE IC WHICH THE RESPONSIBLE ACTUARY CERTIFIES. FORM OF THE ACTUARIAL CERTIFICATE**

**(Title amended - SG, No. 66 / 2013, effective from 09.09.2013)**

**Art. 21.** (Amended - SG, No. 66 /2013, effective from 09.09.2013; amended No. 41 /2019; amended No. 23 / 2022) (1) Based on Art. 100, para. 2, item 2 of the IC and Art. 272, paragraph 8 of Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of insurance and reinsurance business (Solvency II) (OJ, L 12/1 of 17 January 2015) the responsible actuary submits an annual actuarial report to the FSC.

(2) The responsible actuary of an insurer without the right of access to the single market of the European Union prepares the report under para. 1 with form and content according to Annex No. 1.

(3) The responsible actuary of an insurer with the right of access to the single market of the European Union, respectively of a reinsurer, prepares the report under para. 1, following the structure in accordance with the European Standard of Actuarial Practice 2 (ESAP 2) of the European Actuarial Association according to Annex No. 2.

**Art. 22.** (Amended - SG, No. 66 /2013, effective from 09.09.2013; amended No. 6 /2017, effective from 19.01.2017; amended No. 41 /2019; amended No. 101 / 2022, effective from 01.01.2023)

**Art. 23.** (1) The actuarial certification is placed at the bottom of the page containing the relevant statement, in the form of an explicit written and signed in the hand of the responsible actuary, which states that the technical provisions are sufficient, respectively, that the solvency margin is correctly calculated.

(2) When, in accordance with the requirements for the correct use of actuarial methods in practice, the responsible actuary deems that the technical provisions are not sufficient or that

the solvency margin has not been correctly calculated, they are obliged to certify the respective statement with reservations, justifying this opinion and specifying the exact amounts of the technical provisions, corresponding to the solvency margin.

## **Chapter Five**

### **(New - SG No. 83 of 2018, effective from 19.11.2018) FORM AND CONTENT OF THE ANNUAL ACTUARIAL REPORT UNDER THE SIC**

**Art. 24.** (New - SG No. 83 /2018, effective from 19.11.2018; amended No. 41 /2019; amended and supplemented, No. 60 / 2021) (1) (Supplemented - SG, No. 60 /2021) The annual actuarial report under Art. 123, para. 1, item 5 of the SIC is drawn up in writing for each of the supplementary pension insurance funds and payment funds managed by the pension insurance company and consists of a main part and appendices.

(2) (Supplemented - SG, No. 60 /2021) The main part of the report for each supplementary pension insurance fund is prepared with content according to Annex No. 4.

(3) (supplemented and supplemented - SG, No. 60 / 2021) The following annexes with content according to annexes No. 5 - 13 shall be prepared to the main part of the report for each supplementary pension insurance fund:

1. Actuarial balance as of December 31 of the reporting year.
2. Number of participants in the supplementary pension insurance fund.
3. Net value of assets and income from investments as of December 31 of the reporting year and forecast of their amount as of December 31 of the following year.

4. (amended - SG, No. 60 / 2021) Amount of the pension reserve as at December 31 of the reporting year and its projected amount as at December 31 of the following year - for a voluntary pension fund.

5. (repealed - SG, No. 41 /2019)

6. (repealed - SG, No. 41 /2019)

7. Insured persons by sex and age.

8. (amended - SG, No. 60 /2021) Pensioners by sex and age - for occupational, voluntary and voluntary pension fund under occupational schemes.

9. (amended - SG, No. 60 / 2021) Pensions paid and updates made - for occupational, voluntary and voluntary pension fund under occupational schemes.

(4) (Amended - SG, No. 41 /2019; amended No. 60 /2021) At the end of the annex under para. 3, item 4, an actuarial certification is made in the form of an express statement, signed by the responsible actuary, stating that the pension reserve is sufficient.

(5) (Amended - SG, No. 41 /2019; amended No. 60 /2021) When, in accordance with the requirements for the correct use of actuarial methods in practice, the responsible actuary deems that the pension reserve is not sufficient, they are obliged to certify the relevant application, motivating his opinion and indicating the exact amount that should be in the reserve.

(6) (new - SG, No. 60 /2021) The main part of the report for the payment fund for lifelong pensions is prepared with contents according to Annex No.14.

(7) (new - SG, No. 60 / 2021) The following annexes with content according to annexes No. 15 - 19 shall be prepared to the main part of the report for the payment fund for lifelong pensions

1. Actuarial balance as of December 31 of the reporting year.
2. Distribution of new pensioners by sex and age.
3. Distribution of pensioners by sex and age.
4. Pensions paid, and updates made by month.
5. Forecast for the development of the payment fund for lifelong pensions.

(8) (new - SG, No. 60 /2021) The main part of the report for the fund for deferred payments is prepared with contents according to Annex No. 20.

(9) (new - SG, No. 60 / 2021) The following annexes with content according to annexes

No. 21 - 25 shall be prepared to the main part of the report for the fund for deferred payments

1. Actuarial balance as of December 31 of the reporting year.
2. Distribution of persons with newly allocated deferred payments by sex and age.
3. Distribution of persons with deferred payments by sex and age.
4. deferred payment made, and updates made by month.
5. Forecast for the development of the fund for deferred payments.

(10) (new - SG, No. 60 / 2021) The actuarial reports of the payment fund for lifelong pensions and the fund for deferred payments contain an actuarial certification in the form of an express statement signed by the responsible actuary certifying the calculations of the obligations to pensioners, persons with deferred payments and their heirs, as well as the required amount of funds necessary to cover them.

## **SUPPLEMENTARY PROVISIONS**

§ 1. (Amended - SG, No. 66 /2013, effective from 09.09.2013; amended No. 41 /2019) Pursuant to this ordinance:

1. (Amended - SG, No. 66 / 2013, effective from 09.09.2013)“**Competent body of a country outside the Republic of Bulgaria, respectively a Member State**” is a state authority or organization recognized under the legislation of the Member State or by state authorities expressly authorized for this purpose by a regulatory act. Such bodies cannot be insurers, reinsurers or pension insurance companies.

2. “**Organization in a country outside the Republic of Bulgaria, respectively in a Member State**” is a legal entity authorized by a regulatory act or by an international treaty to No. diplomas, certificates or other documents for the capacity of a responsible actuary.

3. (Amended - SG, No. 41 /2019) “**Non-life insurance**” covers the classes of insurance under Section II of Annex No. 1 to the IC.

4. (Amended - SG, No. 41 /2019) “**Life Insurance**” covers the classes of insurance under Section I of Annex No. 1 to the IC.

§ 2. (1) Applications for admission to an examination under Art. 4, para. 1 and for recognition of legal capacity acquired outside the Republic of Bulgaria under Art. 15, para. 1 are completed in Bulgarian language.

(2) The documents that are required according to the ordinance and that are issued in a language other than Bulgarian, shall be translated into Bulgarian and legalized in accordance with the requirements of the current legislation. In case of inconsistency between the texts, the information in the Bulgarian translation is accepted as correct.

§ 3. The Deputy Chairperson of the FSC in charge of the Insurance Supervision Department and the Deputy Chairperson of the FSC in charge of the Insurance Supervision Department can prepare sample declarations and other standardized documents in connection with the implementation of the ordinance.

## **TRANSITIONAL AND FINAL PROVISIONS**

§ 4. The first examination for the recognition of legal capacity of a responsible actuary is held within 6 months of this ordinance becoming effective.

§ 5. Ordinance No. 14 of 2004 on the procedure and manner of licensing actuaries of pension insurance companies and the supplementary pension insurance funds managed by them (SG, No. 46 /2004) is repealed.

§ 6. (Amended - SG, No. 66 /2013, effective from 09.09.2013; amended No. 83 /2018, effective from 19.11.2018; amended No. 48 of 2021) The Ordinance is adopted on the basis of Art. 97, para 2, item 5 and para. 4 ,and Art. 100, para. 4 of the Insurance Code and Art. 122i, para. 2, item 5 and para. 3, and Art. 123, para. 2 of the SIC, and was adopted by Decision No. 62-H of 12.8.2006 of the Financial Supervision Commission.

§ 7. The Financial Supervision Commission gives instructions on the implementation of

the Ordinance.

**Annex No. 1 to Art. 21, para. 2**

**(Amend. - SG, No. 51 /2008; amended No. 38 /2016, effective from 20.05.2016; amended No. 41 /2019; supplemented No. 81 /2020; amended and supplemented, No. 23 /2022; amended No. 101 /2022, effective from 01.01.2023)**

**Form and content of the annual actuarial report under Art. 100, para. 2, item 2 of the Insurance Code for insurers without the right of access to the single market**

**ANNUAL ACTUARIAL REPORT**

**Section I**

**Analysis and structure of the insurance portfolio as at the end of the reporting year**

1. In an analytical section (graphical or tabular form), the main characteristics of the insurance portfolio by insurance classes and the changes in the last three reporting years are indicated.

2. The structure of the insurance portfolio is presented as a graph based on premium income by classes of insurance for which the insurer has been issued a permit according to Annex No. 1 to the Insurance Code

3. The operating software product from which the data was extracted is disclosed.

**Section II**

**Analysis and structure of premiums by insurance classes**

The amount of premium income for the last three years by insurance classes is analyzed, examining the trends in terms of:

- the value of the collection ratio (the ratio of due and received premiums) and the period of overdue payment of premiums by the insured persons;
- receivables from insurance brokers, insurance agents and an intermediary offering insurance products as an additional activity, and the period of default;
- the ratio between individual and group contracts;
- premium income by sales channels;
- the number of insurance contracts and insured objects;
- the duration of the contracts;
- contracts terminated early and returned premiums.

**Section III**

**Analysis and cost structure of paid claims by insurance classes**

1. The size and structure of the claims made, and the benefits and amounts paid are analyzed by insurance class.

2. The development of claims over time (the date of occurrence of the insured event, of making the claim and of its payment), as well as the trends in the number and amounts of the claims, are examined.

3. Payments by insurance class are analyzed, looking at the frequency and severity of claims.

4. Payments are considered in relation to assumed limits of liability, analyzing the risks transferred to reinsurers and the benefits recovered by reinsurers in view of the type of reinsurance contracts.

5. Payments are compared with the calculated costs to cover the risk in the insurance technical plans. The results of risk development are reported.

6. An assessment is made of the measures taken and necessary to predict and avoid the unfavorable development of risks.

**Section IV**

**Analysis and structure of acquisition and administrative costs**

1. The amount and method of distribution of costs by insurance classes are indicated.

2. The amount of accrued actually paid and deferred commissions is analyzed. The amount of paid acquisition and collection commissions by insurance class is compared with the amount provided for in the insurance technical plan, and in case of differences, the reasons are analyzed. The relative share of paid commissions compared to premium income by insurance class is indicated, taking into account the structure of premium income by sales channels. In the case of long-term "Life" insurances, the amount of the first-year, second-year and one-time commissions, the weight of each type of commission in the total amount and the relative share of each type of commission in relation to the premium income are analyzed.

## **Section V**

### **Technical provisions**

1. Analysis of the technical provisions formed at the end of the reporting year. Amount of the gross reserves and the share of reinsurers in them in view of the type and conditions of the reinsurance contracts.

2. (Amended - SG, No. 101 of 2022, effective from 01.01.2023) Detailed description of the methods used to form the individual types of technical provisions in accordance with Chapter Eight, Section II of the IC. The description of the methods contains:

- features and modifications;
- basic parameters and formulas used;
- the information on the basis of which the calculations were made;
- justification of expert assumptions and assessments made;
- sufficiency of reserves - assessment of possible unfavorable deviations from the technical provisions.

3. Changes in the amount of gross technical provisions and the share of reinsurers in them in view of changes in the volume of the insurer's activity, the amount of ceded premiums to reinsurers, the development of payments.

4. (repealed - SG, No. 101 / 2022, effective from 01.01.2023).

5. A detailed description of the trends in the development of claims and their submission over time, given the choice of statistical methods for forming the reserve for claims incurred but not reported Reasoned justification of the methods used to form the reserve for claims incurred but not reported by insurance classes in view of the development of claims by insurance classes over a sufficiently long period of time.

6. Description of the currency in which the technical provisions are formed, in view of the currency in which the liabilities under the insurance and reinsurance contracts are, the currency in which the premium is agreed, and the country in which the risk is located.

7. Information on the amount of income and expenses when investing technical provisions and realized profitability. The scheme used in life insurance for the distribution of income from investments of assets between the insurer and the insured persons. Data on the technical interest rate used and the income distributed during the reporting year by the lots of the policy holders.

8. Amount of the technical result by insurance classes and the part of it set aside for the formation of a reserve fund. Analysis of the use of funds from the reserve fund.

9. Comment on data security and possibility for error and the need to change the data collection system for insurance statistics.

10. Need to change the methods of formation of technical provisions.

11. (New - SG No. 81 /2020) Information regarding the amount of claims under Art. 90, para. 10 and 11 of Ordinance No. 53 of 2016 on the requirements for reporting, the assessment of assets and liabilities and the formation of technical provisions of insurers, reinsurers and the Guarantee Fund, as well as the information under Art. 90, para. 14 of the same regulation.

## **Section VI**

### **Analysis and Manifestation of Risks**

1. Risks are analyzed by insurance classes and their impact on payments and insurance

reserves.

2. Reinsurance risks and their impact on the portfolio are considered.

3. The total effect of impact of risks (profit or loss) by classes of insurance is determined by analyzing the gross result, the result for the reinsurer and the participation of the insurer in it.

4. The trends in the development of the claims ratio, the cost ratio and the combined ratio (the sum of the previous two) by insurance classes are analyzed.

5. The adopted measures to protect against technical risks are reflected.

6. Reasonings are expressed for changing the risk assessment methods, general conditions, tariffs and insurance technical plans, as well as the reinsurance policy.

## **Section VII**

### **Solvency analysis**

**(Title amended - SG, No. 23 /2022)**

Lists the constituent elements of actual solvency (own funds, reduced by the intangible assets reported on the balance sheet) and the required solvency, calculated according to the methods defined by Ordinance No. 51 of 2016 on own funds and solvency requirements of insurers, reinsurers and groups of insurers and reinsurers, analyzing the result obtained by the different methods.

## **Section VIII**

### **Independent assessment of the insurer's assets and liabilities and financial condition**

A review and actuarial evaluation of the relevant items from the insurer's balance sheet is performed and their impact on the financial situation and its changes during the reporting year is taken into account.

## **Section IX**

**(new - SG, No. 23 /2022)**

### **Opinion regarding the underwriting policy**

1. The actuarial report shall include an opinion regarding the overall underwriting policy of the insurer, respectively the reinsurer, together with a justification for the manner in which the opinion was formed.

2. The actuarial report should clarify any concerns the responsible actuary may have about the appropriateness of the overall underwriting policy.

3. The actuarial report should contain recommendations to address the deficiencies identified by the responsible actuary with respect to the overall underwriting policy, taking into account the principles of materiality and proportionality.

The underwriting policy opinion should include at least the following areas:

#### **Adequacy of premiums**

The actuarial report shall contain a conclusion as to whether the pricing of the insurance products is consistent with the underwriting policy and whether the premiums are expected to be sufficient in the context of the operation of the overall underwriting policy.

#### **Premium adjustments**

For products where premiums can be adjusted based on performance, the actuarial report should comment on the effect of systems for adjustment of the premiums policyholders pay based on their claims history (bonus-malus) or similar systems implemented in specific homogeneous risk groups.

#### **Anti-selection**

The actuarial report should include the responsible actuary's conclusions regarding the risk of anti-selection in the insurer's contract portfolio if these risks may have an adverse effect on technical provisions or premium adequacy. The actuarial report should present the recommendations of the responsible actuary for the improvement of the underwriting policy which may reduce the risks.

Connections with other internal rules, policies and procedures

1. The actuarial report should contain an assessment of the extent to which the overall underwriting policy of the insurer or reinsurer is consistent with other applicable policies.

2. The actuarial report should contain an opinion on the conformity of the overall underwriting policy with its risk strategy, reinsurance agreements and technical provisions.

## **Section X**

**(new - SG, No. 23 / 2022)**

### **Opinion on reinsurance agreements and their effectiveness**

1. The actuary's report should include an opinion on the adequacy and effectiveness of the reinsurance arrangements, and the responsible actuary should also discuss the following issues:

- the compliance of the reinsurance contracts of the insurer, respectively of the reinsurer, with its risk strategy and underwriting policy;
- the effect of reinsurance on determining the technical provisions after deduction of reinsurance;
- assessment of the credit status of its reinsurance counterparties;
- assessment of amounts recoverable from reinsurance contracts and from special purpose vehicles for alternative transfer of insurance risk.

2. In the opinion on the adequacy of reinsurance contracts, the responsible actuary should include an assessment of how the reinsurance coverage, including coverage from special purpose schemes for alternative transfer of insurance risk may react in a series of stress scenarios, such as exposure of the portfolio to damage resulting from catastrophic events, to risk accumulation, to insolvency of reinsurers, or exhaustion of the reinsurance cover.

3. If the responsible actuary identifies deficiencies in the adequacy of the reinsurance arrangements, the actuarial report shall describe recommendations for improving the reinsurance arrangements, including actions that could lead to:

- elimination of inconsistencies in reinsurance coverage;
- expansion of reinsurance coverage with respect to significant risks.

4. The opinion should contain a justification for the way in which it was formed.

## **Annex No. 2 to Art. 21, para. 3**

### **Structure and content of the annual actuarial report under Art. 100, para. 2, item 2 of the Insurance Code for insurers with the right of access to the single market of the European Union and of reinsurers**

**(Amended - SG, No. 51 /2008; amended No. 66 of 2013, effective from 09.09.2013; new, No. 23 /2022)**

## **Section I**

### **Basic Principles**

The report is based on the following principles, which should be taken into account in any assessment of compliance with the duties of the responsible actuary:

1. Ongoing compliance with the obligations according to the Insurance Code, the by-laws on its implementation and the directly applicable law of the European Union.

2. Actuarial services shall be performed in a manner consistent with the nature, scope and complexity of the risks inherent to the insurer, respectively the reinsurer (principle of proportionality).

3. The actuarial service should be according to the needs of the target users, in particular the management or control body of the insurer, respectively the reinsurer, determined according to Art. 77, para. 1 of the Insurance Code ("the competent body of the insurer, respectively the reinsurer").

## **Section II**

### **Proper practices**



1. The actuarial report contains in outline all the main activities performed by the responsible actuary, as well as their results.

2. The actuarial report should contain information about conflicts of interest that have arisen and describe how they have been managed, including any potential conflicts of interest between the entity and a group to which it belongs.

3. The responsible actuary should disclose any significant dependence on the results of the activity of other functions, units or persons and the manner in which he has ascertained the reliability of these results.

4. The actuarial report identifies any possible shortcoming and recommends how it should be overcome, taking into account the principles of materiality and proportionality.

5. The actuarial report should include detailed information and analysis of each aspect covered, so as to allow the competent authority of the insurer, respectively the reinsurer, to assess its consequences.

6. The actuarial report should contain a summary of the key data used in formulating the opinions expressed and should address significant areas of uncertainty and their primary sources, as well as

the significant professional judgments made in the assessment by the responsible actuary.

### **Section III**

#### **Contents of the actuarial report**

##### Subsection one

##### Technical provisions

1. Conclusions regarding the adequacy and reliability of technical provisions

1.2. The actuarial report shall clearly state the conclusions of the responsible actuary derived from the analysis of the adequacy and reliability of the technical provisions. The conclusions should include all concerns in this regard, as well as identify any significant weaknesses or deficiencies, with recommendations for their elimination.

1.3. The actuarial report should include the results of an assessment whether the technical provisions have been calculated in accordance with Art. 120, 121, 122, 152 - 163 of the Insurance Code and with the implementing regulations of Art. 86 of Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking up and pursuit of insurance and reinsurance business (Solvency II) (OJ, L 335/1 of 17 December 2009) and an opinion on whether changes are needed to achieve better compliance.

1.4. The actuarial report shall clearly indicate the sources and degree of uncertainty assessed by the responsible actuary in relation to the estimates made in the calculation of the technical provisions. The actuarial report should clarify potential sources of uncertainty and, where appropriate, illustrate such uncertainties by reference to possible scenarios.

1.5. The responsible actuary should ensure that the actuarial report explains the factors having a significant impact on the technical provisions, including the reasons (factors) for the risk and the assumptions used, paying attention to significant judgments made when calculating the technical provisions.

2. Disclosure of technical provisions at the beginning and end of the period

The actuarial report should disclose the technical provisions at the beginning and at the end of the period covered by the report, broken down according to the possibilities of best estimate and risk allowance. A comment should be provided on the impact of the change in the main elements of the technical provisions on own funds.

3. Process coordination

The actuarial report should include a comprehensive overview of the overall process applied to the calculation of the technical provisions.

4. Data sufficiency and quality

4.1. The actuarial report shall include a review of the controls over the data used in the calculation of the technical provisions, as well as a justification by the responsible actuary for the relevance, accuracy, reliability and completeness of the data used.

4.2. The actuarial report should contain an identification of any material uncertainties or limitations in the data and describe the approach taken to them in the context of the calculation of the technical provisions. Limitations may include, but are not limited to, their fitness for purpose, consistency over time, timeliness, information systems and software, availability of historical data, claims data or individual policy data.

4.3. The actuarial report should contain an overview of the business covered by the technical reserves, the distribution of the data in homogeneous risk groups and according to what criteria such distribution is assessed as appropriate, taking into account the main risks assumed by the insurer, respectively the reinsurer.

4.4. The actuarial report draws attention to the relevant information available in the financial markets and publicly available data regarding the underwriters' risks and substantiates how these are present in the assessment of the technical provisions.

## 5. Methods and models

5.1. The actuarial report shall contain an overview of how the adequacy of the methods and models used in the calculation of the technical reserves was assessed in relation to the main reasons (factors) for the risk, the business lines of the insurer, respectively the reinsurer, and in relation to the manner of activity management.

5.2. In the actuarial report, attention is paid to the cases when unusual or non-standard methods are used in the calculation of the technical provisions, outside of those usually applied in the market, including the reasons for the use of the respective method are justified.

5.3. The actuarial report should include, where appropriate, a review of the methods used in the calculation of technical provisions in relation to contracts where data insufficiency prevented the use of a reliable actuarial method, and more specifically in the cases under Art. 162 of the Insurance Code.

The actuarial report should include an assessment of the appropriateness of the approximate values used in the calculation of technical provisions for similar contracts.

5.4. The actuarial report shall include an assessment of the appropriateness of the methods and models used in the calculation of options and guarantees included in insurance or reinsurance contracts.

5.5. The actuarial report should contain disclosure of the responsible actuary's assessment of the information systems used in the calculation of the technical provisions and whether they sufficiently support the actuarial and statistical procedures.

5.6. When the calculation of technical provisions depends on multiple methods and models, the actuarial report should contain a description of all significant differences between the results according to them, as well as the differences that are accepted as permissible.

5.7. The actuarial report should contain disclosure and justification of any material changes in methods compared to those used in the previous actuarial report and provide a quantitative assessment of the effect of these changes on the technical provisions.

## 6. Assumptions

6.1. The actuarial report shall include a description of how the data adequacy assessment was performed and the methods used in determining the assumptions on which the technical provisions calculations are based.

6.2. The actuarial report should contain information on the main assumptions on the basis of which the technical provisions are calculated and explain their adequacy in relation to the main causes (factors) of the risk that are likely to affect the insurance or reinsurance obligations of the insurer (reinsurer).

6.3. The actuarial report should contain information on any material changes to the

assumptions used compared to the previous report.

6.4. The actuarial report should contain an assessment of the appropriateness of the significant judgments made in determining the assumptions. These may include, but are not limited to, assumptions or interpretations made regarding:

6.4.1. options and guarantees;

6.4.2. policyholder conduct;

6.4.3. future management actions;

6.4.4. amounts recoverable from third parties;

6.4.5. areas of possible future decisions depending on the judgment of the insurer, respectively the reinsurer, which may affect its insurance and reinsurance obligations;

6.4.6. obligations that may exist outside the purely contractual relationship.

7. Comparison of best estimate and practical results

7.1. The actuarial report should include a review of the process of comparing the best estimate (BE) to the actual performance and address any comments of the responsible actuary regarding the effectiveness of the process.

7.2. The actuarial report should present the results of the review by the responsible actuary regarding the quality of the previous BEs and the relevant conclusions regarding the appropriateness of the data, methods and assumptions used in the calculation of the technical provisions. When examining the quality of previous evaluations, attention should be paid to those areas, which in the practical results have deviated significantly from the assumptions, and a comment should be presented on the matter.

It is appropriate in the commentary to distinguish between deviations deemed to be the result of fluctuations in practical results and deviations regarded as attributable to the suitability of the data, methods and assumptions used. When such a distinction is made, the actuarial report should disclose the essential judgments, therefore.

8. Sensitivity analysis

The actuarial report shall report the results of an analysis of the sensitivity of the technical provisions to each of the main risks associated with the liabilities covered by the technical provisions.

Subsection Two

Opinion regarding the underwriting policy

1. The actuarial report shall include an opinion regarding the overall underwriting policy of the insurer, respectively the reinsurer, together with a justification for the manner in which the opinion was formed.

2. The In the actuarial report should include any concerns the responsible actuary may have about the appropriateness of the overall underwriting policy.

3. The actuarial report should contain recommendations to address the deficiencies identified by the responsible actuary with respect to the overall underwriting policy, taking into account the principles of materiality and proportionality.

4. The underwriting policy opinion should include at least the following areas:

4.1. Adequacy of premiums

The actuarial report shall contain a conclusion as to whether the pricing of the insurance products is consistent with the underwriting policy and whether the premiums are expected to be sufficient in the context of the operation of the overall underwriting policy. The assessment shall take into account the impact of all risks (including underwriting risks) to which the insurer or reinsurer is exposed and the effect of options and guarantees included in insurance and reinsurance contracts on the adequacy of premiums.

4.2. Main risk factors

4.2.1. The actuarial report should list the main risk factors affecting the profitability of the activity to be recorded in the following year, including the potential impact on the future

profitability of external factors, such as inflation, legal risk, changes in the volume of the activity performed and changes in the market environment.

4.2.2. When applicable, it should describe the possible financial impact of planned substantial changes in the terms of the insurance (reinsurance) contracts.

4.2.3. The actuarial report should contain information on the degree of possible deviations from the estimate of expected profitability and the compatibility of this degree of possible deviations with the risk strategy of the insurer (reinsurer).

#### 4.3. Premium adjustments

For products where premiums can be adjusted based on performance, the actuarial report should comment on the effect of systems for adjustment of the premiums policyholders pay based on their claims history („bonus-malus“) or similar systems implemented in specific homogeneous risk groups.

#### 4.4. Anti-selection

The actuarial report should include the responsible actuary's conclusions regarding the risk of anti-selection in the insurer's, respectively reinsurer's, contract portfolio if these risks may have an adverse effect on technical provisions or premium adequacy. The actuarial report should present the recommendations of the responsible actuary for the improvement of the underwriting policy which may reduce the risks.

#### 4.5. Connections with other internal rules, policies and procedures

1.5.4. The actuarial report should contain an assessment of the extent to which the overall underwriting policy of the insurer or reinsurer is consistent with other applicable policies.

4.2.5. The actuarial report should include an opinion on the conformity of the overall underwriting policy with its risk strategy, reinsurance agreements and technical provisions.

#### Subsection Three

##### Opinion on reinsurance agreements and their effectiveness

1. The actuary's report should include an opinion on the adequacy and effectiveness of the reinsurance arrangements, and the responsible actuary should also discuss the following issues:

1.1 the compliance of the reinsurance contracts of the insurer, respectively of the reinsurer, with its risk strategy and underwriting policy;

1.2. the effect of reinsurance on the determination of technical reserves after deduction of reinsurance;

1.3. the effectiveness of the reinsurance contracts of the insurer, respectively of the reinsurer, to reduce the volatility of its own funds.

1.4. assessment of the credit status of its reinsurance counterparties.

2. In the opinion on the adequacy of reinsurance contracts, the responsible actuary should include an assessment of how the reinsurance coverage, including coverage from special purpose schemes for alternative transfer of insurance risk, may react in a series stress scenarios, such as exposure of the portfolio to damage resulting from catastrophic events, to risk accumulation, to insolvency of reinsurers, or exhaustion of the reinsurance cover.

3. If the responsible actuary identifies deficiencies in the adequacy of the reinsurance arrangements, the actuarial report shall describe recommendations for improving the reinsurance arrangements, including actions that could lead to:

3.1. elimination of inconsistencies in reinsurance coverage;

3.2. reducing the risk of default by reinsurance counterparties;

3.3. expansion of reinsurance coverage with respect to significant risks.

4. The opinion should contain a justification for the way in which it was formed.

#### Subsection Four

##### Risk management support

1. The actuarial report should describe the areas in which the responsible actuary made a

significant contribution to risk management:

- 1.1. risk modeling underlying the calculation of capital requirements;
  - 1.2. recognition of significant deviations in the risk profile of the insurer or, respectively, the reinsurer compared to the assumptions underlying the standard formula;
  - 1.3. the own risk and solvency assessment process, including the opinion regarding the stress scenarios used;
  - 1.4. the role of the responsible actuary and its contribution in relation to the internal model.
2. The actuarial report may contain a summary of the main results of the aforementioned actions, in such cases appropriate references should be provided to the report of the risk management function."

**Annex No. 3 to Art. 22, para. 4**

**(Amend. - SG, No. 51 /2008; amended No. 66 of 2013, effective from 09.09.2013)**

**Annex No. 4 to Art. 24, para. 2**

**(new - SG. 83 /2018, effective from 19.11.2018; amended No. 41 /2019; amended and supplemented, No. 60 /2021)**

Content of the annual actuarial report under Art. 123, para. 1, item 5 of the SIC of a supplementary pension insurance fund

1. (Amended - SG, No. 60 /2021) Name of the pension insurance company, date on which the actuarial report was prepared, the three names and signature of the responsible actuary, the three names and signatures of the managers and representatives of the company.

2. A brief description of the pension schemes and a description of the methodology and assumptions used to create the actuarial model.

3. A description of the economic, demographic and political characteristics of the environment in which the fund operates.

4. Actuarial analysis of the fund's asset structure.

4.1. (Amended - SG, No. 60 / 2021) Analysis of the fund's assets at the end of the reporting year by sources of funds - from insurance contributions, income, transferred funds from or to other funds (funds for additional pension insurance, payment funds, the State Fund for guaranteeing the sustainability of the state pension system and the Pensions Fund and the Pensions for persons under Article 69 Fund of the state social insurance). Increase/decrease in fund assets during the reporting year by sources of funds.

4.2. Absolute and relative (percentage) distribution of funds from insurance contributions to the supplementary voluntary pension insurance fund for the reporting year by types of insurance contracts - contracts with personal contributions, contracts with an insurer, contracts with another insurer.

4.3. Absolute and relative (percentage) allocation of funds from social security contributions to the supplementary voluntary pension insurance fund under professional schemes for the reporting year by types of social security contributions - from insurance companies and individuals.

4.4. (repealed - SG, No. 41 /2019)

5. (Sup. - SG, No. 60 of 2021) Structural analysis and actuarial assessment of the contingent of participants in the supplementary pension insurance fund.

5.1. (Amended - SG, No. 60 of 2021) Structural analysis according to Annex No. 11 of the actual state of the contingent of insured persons by sex and age compared to the assumptions made at the end of the previous reporting year. Indicating the number and relative weight of insured persons who have terminated their participation in the fund due to: transfer to other funds for additional pension insurance, change of insurance under Art. 4b or Art. 4c SIC, transfer of funds under Art. 69b, para. 8 SIC, retirement, deferred payment of funds pursuant to Art. 167a SIC, death, one-time or deferred payment of the due funds.

5.2. Structural analysis according to Annex No. 11 of the contingent of newly insured

persons by sex and age during the reporting year and comparison with the assumptions made at the end of the previous reporting year.

5.3. (Sup. - SG, No. 60 of 2021) Structural analysis of the number of newly insured persons who transferred from other supplementary pension insurance funds during the reporting year and comparison with the number of those who terminated their participation in the fund due to transfer to other supplementary pension insurance funds or due to transfer of its funds under Art. 69b, para. 8 SIC, as well as an analysis of persons who have changed their insurance in accordance with Art. 4b or Art. 4c SIC and resumed their insurance under Art. 124a SIC.

5.4. (Sup. - SG, No. 60 of 2021) Structural analysis according to Annex No. 12 of the contingent of pensioners in a professional, voluntary and voluntary pension fund under professional schemes by sex and age and by types of pensions and the number of newly granted pensions in the reporting year compared to the assumptions made in the end of the previous accounting year. Indicating the number and relative weight of pensioners by sex have terminated their participation in the fund by types of reasons: due to expiry of the pension period or death.

5.5. Actuarial assessment of the sex-age composition of the participants in the fund and the estimated number of pensioners for the next year.

6. Actuarial analysis of investment risk and insurance risks under proposed pension schemes and their impact on insurance and pension payments during the reporting year.

6.1. Based on the analysis, an actuarial assessment is prepared of the effect of the actual manifestation of individual risks, as well as their impact on insurance and pension payments.

6.2. Analysis of the social insurance and pension payments actually made during the reporting year and comparison with the respective data according to the assumptions made at the end of the previous reporting year.

6.3. Assessment of the need for changes in actuarial calculations and the investment policy of the respective fund, resulting from the impact of investment risk and insurance risks.

7. Analysis and valuation of the actuarial balance sheet.

7.1. Actuarial assessment of the fund's obligations to the insured persons.

7.2. (Sup. - SG, No. 60 of 2021) Actuarial assessment of the fund's obligations to pensioners in occupational, voluntary and voluntary pension fund under occupational schemes under each type of pension scheme when reporting and specifying the accounting bases used (biometric mortality tables and technical interest rate) and the availability of deficit or surplus.

7.3. (Sup. - SG, No. 60 of 2021) Actuarial assessment of pensions paid and updates made by professional, voluntary and voluntary pension fund under professional schemes during the reporting year by months, according to Appendix No. 13.

7.4. (Amended - SG, No. 41 /2019; amended No. 60 /2021) Actuarial assessment of the pension reserve for a supplementary voluntary pension insurance fund and the process of their formation according to their source and comparison with the forecasts made in the previous actuarial report. Specifying the formed reserves for minimum profitability in a supplementary mandatory pension insurance fund and in the company, on the reserve under Art. 193a SIC, the amounts of reserves and their relative shares to the value of the fund's net assets.

7.5. (Sup. - SG, No. 60 / 2021) Description of the actuarial assumptions (demographic and economic assumptions) used in calculating the present value of obligations to persons with lifelong pensions in a supplementary voluntary pension insurance fund. Actuarial assessment of the sensitivity of the actuarial balance sheet to changes in actuarial assumptions.

8 Analysis and actuarial assessment of the liquidity of the pension fund.

8.1. (Amended - SG, No. 60 of 2021) Analysis of the state of the minimum liquid funds, indicating the amount and their constituent elements as a table. Comparison with the current liabilities of the fund and actuarial assessment of the liquidity of the supplementary pension insurance fund.

8.2. (Amended - SG, No. 60 / 2021) Assessment of liquidity shortage, if any, and recommendations to overcome it.

9. Forecast of the condition of the fund by insurance risks and types of pension schemes for the next year.

9.1. A description of the actuarial assumptions (demographic and economic assumptions) applied to develop the next year's forecast and their justification. Indication of changes to some of them compared to the assumptions made in previous years and the reasons thereof.

9.2. The forecast prepared in accordance with the requirements of item 9.3 for the reporting year in the previous annual actuarial report is compared with the results achieved during the reporting year and the reasons for the deviations from the forecast are analyzed.

9.3. In an analytical section on insurance risks, a description of the forecast for the next year is made according to basic parameters - number of participants in the fund, including insured persons and pensioners by types of pension schemes, newly insured persons, newly granted pensions, net asset value, income from insurance contributions, income from investments, amount of payments by types of payments and pension schemes.

10. Evaluation of the information base used in the actuarial report.

10.1. Data sources used for actuarial assumptions (demographic and economic assumptions).

10.2. (Amended - SG, No. 41 /2019; amended No. 60 / 2021) Formulas used to calculate the types of pensions and the pension reserve.

10.3. (repealed - SG, No. 41 /2019)

10.4. Evaluation of the possibility of errors in the database used.

10.5. Software used in preparing the actuarial report.

11. Conclusions and recommendations regarding the financial stability of the fund."

**Annex No. 5 to Art. 24, para. 3**

**(new - SG. 83 /2018, effective from 19.11.2018; amended and supplemented, No. 60 /2021)**

Actuarial balance

of

pension fund “

“

as of 31.12.

Assets	Amount in BGN reporting year	Liabilities	Amount in BGN reporting year
I. Total amount of assets according to accounts, of them:		I. Payables to persons with granted pensions – total, incl:	
		1. Old age pensions – total, incl.	
		2. Disability pensions - total, incl.	
		3. Inheritance pensions - total, incl.	
		II. Obligations to insured persons - total	
II. Deficit/(Surplus)		III. Other payables	
III. Total (I ± II)		IV. Total (I+II +II)	

Notes:

1. Section I is not completed for a universal pension fund.
2. In the actuarial balance sheet, information is filled in about all types of pensions paid, including fixed-term pensions.
3. The assessment of the obligations is carried out for each insured person and for each pensioner with a lifelong or term pension separately, and then it is summarized.
4. The obligations specified in the column "Other obligations" are indicated as a total and separate.
5. For the funds that continue to pay pensions in accordance with § 114, para. 2 of the transitional and final provisions of the Amending and Supplementing Act to the Mandatory Social Security Code (SG, No. 67 /2003) the obligations to persons with granted pensions are indicated on a separate line for each type of social insurance event.
6. The actuarial balance sheet is signed by the responsible actuary and the managers and representatives of the pension insurance company, indicating the date of preparation.

Prepared by:.....Representatives:.....  
(.....) (.....)

**Annex No. 6 to Art. 24, para. 3**

**(New - SG No. 83 /2018, effective from 19.11.2018; amended and supplemented, No. 60 /2021)**

**Number of participants in the supplementary pension insurance fund**

No.	Indicators	as at 31.12. (reporting year)	as at 31.12. (next year)
1.	Number of participants in the fund, including:		
1.1.	insured persons		
1.2	pensioners		
2.	Newly insured persons		
3.	Income from insurance contributions (in BGN thousand)		
4.	Funds received from the State Fund for Guaranteeing the Sustainability of the State Pension System (in thousand BGN)		
5.	Funds transferred from the reserve under Art. 193a SIC (in BGN thousand)		
6.	New pensioners		
7.	Newly granted pensions (BGN thousand)		
8.	Amounts for pensions (BGN thousand)		
9.	Granted pensions to heirs (BGN thousand)		
10.	Single payments and payments in installments (in BGN thousand)		
11.	Funds transferred to the fund for the payment of lifelong pensions (in BGN thousand)		
12.	Funds transferred to the fund for deferred payments (in BGN thousand)		
13.	Funds transferred to another supplementary pension insurance fund (in thousand BGN)		
14.	Funds transferred from another supplementary pension insurance fund (in thousand BGN)		
15.	Funds transferred to the State Fund for Guaranteeing the Sustainability of the State Pension System (in thousand BGN)		
16.	Funds transferred to the "Pensions" fund and the "Pensions for persons under Article 69" fund of the state social insurance (in BGN thousand)		



**Annex No. 7 to Art. 24, para. 3****(new - SG. 83 of 2018, effective from 19.11.2018) Net worth of assets and income from investments**

No. Indicators (in BGN thousand) as at 31.12. as at 31.12.

	(reporting year)	(next year)
1. Net asset value		
2. Return on investments		

**Annex No. 8 to Art. 24, para. 3 (new - SG. 83 /2018, effective from 19.11.2018; amended No. 60 /2021)**Amount of the pension reserve for.....  
(name of supplementary voluntary pension fund)

No.	Indicator	Amount
1.	Amount of the pension reserve under Art. 213, para. 2 SIC as of January 1 of the reporting year	
2.	Proceeds under Article 245(3) of and 5 MAMLA	
3.	Proceeds from the pension insurance company's own funds	
4.	Amount of the pension reserve under Art. 213, para. 2 SIC as of 31 December of the reporting year	
5.	Projected amount of the pension reserve under Art. 213, para. 2 SIC as of 31 December of the next year	

**Annex No. 9 to Art. 24, para. 3****(new - SG. 83 /2018, effective from 19.11.2018; amended No. 41 /2019)****Annex No. 10 to Art. 24, para. 3****(new - SG. 83 /2018, effective from 19.11.2018; amended No. 41 /2019)****Annex No. 11 to Art. 24, para. 3****(new - SG. 83 /2018, effective from 19.11.2018)****Insured persons by sex and age.**

No.	Number of insured persons	Sex	Forecast for the reporting year from the previous year	Total for the 15 - 2425 - 3435 - 4445 - 5455 reporting year	-over 64
1.	Number of insured persons, including:	Men Women Total			
1.1.	Newly insured persons	Men Women Total			

**Annex No. 12 to Art. 24, para. 3****(new - SG. 83 /2018, effective from 19.11.2018; supplemented No. 60 /2021)****Pensioners by sex and age**

Number of pensioners	Forecast for the reporting year	for the year from the reporting year	Total for the reporting year	15 49	-50 54	-55	-59	60 64	-65- 69	70 74	-Over 70
Pensioners total:	Men	Women	Total								
With lifelong pension for old age	Men	Women	Total								
With lifelong pension for disability	Men	Women	Total								
With inherited lifelong pensions	Men	Women	Total								
With term pension	Men	Women	Total								
Pensioners with newly granted pensions	Men	Women	Total								

**Annex No. 13 to Art. 24, para. 3 (new - SG. 83 /2018, effective from 19.11.2018; supplemented No. 60 /2021)**

**Pensions paid and updates made**

Months	1. Paid pensions during the month - total of them:	1.1. Newly granted pensions	1.2. Discontinued pensions	2. Updates made	
	number of them:	number	Paid last pensions*	Number updated pensions	of Increase / decrease of the funds paid against the previous month due to an update
	Funds paid	Funds paid	funds for pensions*		

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12

\*Note: Including the paid balance of the lots of the persons whose pension term has expired.  
Note:

The annex is filled for professional, voluntary and voluntary fund under professional schemes.

**Annex No. 14 to Art. 24, para. 6 (new - SG. 60 /2021)**

**Content of the annual actuarial report under Art. 123, para. 1, item 5 of the SIC of a payment fund for lifelong pensions**

1. Name of the pension insurance company, name of the payment fund the lifelong pensions, date on which the actuarial report was prepared, the three names and signature of the responsible actuary, the three names and signatures of the managers and representatives of the company.

2. A brief description of the pension schemes and a description of the methodology and assumptions used to create the actuarial model.

3. A description of the economic, demographic and political characteristics of the environment in which the fund operates.

4. Actuarial analysis of the fund's asset structure.

4.1. Analysis of receipts in the fund during the reporting year by sources of funds - transferred funds from the universal pension fund for the payment of lifelong pensions and the average amount per one person, transferred funds from the universal pension fund to deceased insured persons without heirs, transferred funds from the universal pension fund for recalculation of pensions in accordance with Art. 169, para. 2 SIC, transferred funds from the deferred payment fund for deceased persons without heirs, transferred funds from the pension insurance company to supplement the shortage (separately from the reserve for guaranteeing the payment of life pensions and from own funds).

4.2. Assessment of the maturity structure of the fund's assets and comparison with the previous reporting period.

4.3. Analysis of the income from investing the fund's assets and the costs of their acquisition and sale.

4.4. Analysis of the costs of paying lifelong pensions and funds to heirs of pensioners.

4.5. Amount of the charged fee for the pension insurance company under Art. 201, para. 1, item 3 SIC

5. A structural analysis of pensioners in the fund for the payment of lifelong pensions, which includes at least the following information:

5.1. Structural analysis according to Annex No. 16 of pensioners with newly granted

pensions by sex and age during the reporting year and comparison with the assumptions made at the end of the previous reporting year. Analysis of the effective retirement age and comparison with the statutory retirement age.

5.2. Structural analysis according to Annex No. 17 of pensioners by sex and age and by types of pensions at the end of the reporting year, and comparison with the assumptions made at the end of the previous accounting year. The number, sex and age structure of deceased pensioners is indicated.

5.3. Actuarial assessment of the sex-age composition and the average age of the participants in the fund and the estimated number of pensioners for the next year.

6. Actuarial analysis of investment and biometric risk and its impact on pensioners payments during the reporting year.

6.1. A description of the valuation methods used to determine the financial position of the payment pension fund for solvency purposes.

6.2. Actuarial assessment of the effect of the actual manifestation of risks, as well as their impact on pension payments.

6.3. Analysis of the pension payments actually made during the reporting year and comparison with the respective data according to the assumptions made at the end of the previous reporting year. Analysis of average payments and average present value of liabilities by type of pension products. Analysis of the number of pensioners with a guaranteed amount of payments and their average monthly amount.

6.4. Description of the approach used to determine the technical interest rate. Comparison with realized return on fund assets and sensitivity analysis for adverse deviations. Forecast of the return of each asset class and correlation with the approved technical interest rate.

6.5. Analysis of the biometric risk and its manifestation against the mortality tables, current at the time of signing the relevant pension contracts.

6.6. Assessment of the need for changes in actuarial estimates in and the fund's investment policy resulting from the impact of investment and biometric risk.

6.7. Analysis of performed updates and recalculations of payments.

6.8. Analysis of the records during the reporting year and the balances as of December 31 on the analytical account under Art. 192b, para., 2 of the SIC and on the account under Art. 6, para. 3 of Ordinance No. 70 of 29.06.2021 on the requirements to payment funds (SG, No. 60 /2021), (Ordinance No. 70).

7. Analysis and valuation of the actuarial balance sheet.

7.1. Actuarial assessment of obligations to pensioners and their heirs by types of pension payments, taking into account the accounting bases used (tables of mortality and technical interest rate) and the presence of a deficit or surplus.

7.2. Comparison of the amount of the fund's assets with the amount of liabilities to pensioners and their heirs. Analysis of the dynamics of the funds transferred to the reserve for guaranteeing the payment of lifelong pensions in accordance with Art. 192a, para. 15, item 1 and para. 17 SIC.

7.3. Actuarial assessment of the amount of the reserve to guarantee the payment of lifelong pensions.

7.4. Actuarial assessment of the sensitivity of the actuarial balance to changes in the technical interest rate.

7.5. Analysis of the financial condition of the pension fund and the amount of the solvency margin.

8. Analysis and actuarial assessment of the liquidity of the fund.

8.1. Analysis of the state of the minimum liquid funds, indicating the amount and their constituent elements as a table. Comparison with the current liabilities of the fund and actuarial assessment of the liquidity of the fund according to the regulatory requirements.

8.2. Assessment of liquidity shortage, if any, and recommendations to overcome it.

9. Forecast of the condition of the fund by types of pension payments for the next year.

9.1. A description of the demographic and economic assumptions applied to develop the next year's forecast and their justification.

9.2. The forecast prepared in accordance with the requirements of item 9.3 for the reporting year in the previous annual actuarial report is compared with the results achieved during the reporting year and the reasons for the deviations from the forecast are analyzed.

9.3. In an analytical section, a description of the forecast for the next year is made according to basic parameters - number of pensioners in the fund, including by types of pension payments, persons with newly granted pensions, net asset value, income in the fund by sources, income from investments, average amount of payments by types of payments.

10. Evaluation of the information base used in the actuarial report.

10.1. Data sources used for the assumptions in the actuarial report.

10.2. Evaluation of the possibility of errors in the database used.

10.3. Software used in preparing the actuarial report.

11. Conclusions and recommendations regarding the financial stability of the fund."

**Annex No. 15 to Art. 24, para. 7**

**(new - SG. 60 /2021)**

Actuarial balance sheet  
of

.....

(payment fund for lifelong pensions)

as at 31.12.....

Assets	Amount in BGN	Liabilities	Amount in BGN
I. Total asset value		I. Payables to persons with granted pensions – total, incl.	
1. Capital		With a lifelong pension without additional conditions	
2. Debt		with a lifelong pension with a guaranteed payout period	
- with maturity up to 1 year		with lifelong pension: including deferred payment	
- with maturity from 1 to 5 years			
- with maturity than 5 year		II. Obligations to heirs	
3. Hedging instruments			
4. Deposits and cash		III. Liabilities, other than those specified in Sections I and II	
II. Shortage/surplus according to accounting balance			
III. Total (I+ II)		IV. Total (I +II+III)	
Assets for financing the analytical account and the deficit under Section II			
1. Surplus under Section II		1. Balance of the analytical account under Art. 192a, para. 11 of the SIC	
2. Funds from the reserve to guarantee the payment of lifelong pensions		2. Surplus under Section II	

3. Own funds			
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Notes:

1. The assessment of liabilities is performed for each person individually, then it is summarized.
2. Rows can be added if necessary.
3. The actuarial balance sheet is signed by the responsible actuary and the managers and representatives of the pension insurance company, indicating the date of preparation.

Prepared by:	Representatives:		
(.....)	(..... > < .....		

**Annex No. 16 to Art. 24, para. 7**  
(new - SG. 60 /2021)

Distribution of new pensioners by sex and age.  
Of  
(payment fund for lifelong pensions)  
as at

Section I. Distribution of persons by sex and age

Sex	Total	up to 64 y.	65-70	71-75	76-80	Over 80	Average age
Reporting year							
Men							
Women							
Total							
Forecast for next year							
Men							
Women							
Total							

Section II. Average amount of receipts from UPF for the year  
(BGN)

Sex	Total	up to 64 y.	65-70	71-75	76-80	over80
Reporting year						
Men						
Women						
Total						
Forecast for next year						
Men						
Women						
Total						



Total											
With lifelong pension, including deferred payment											
Men											
Women											
Total											
Sex	Total	up to 64 y.	65-70	71-75	76-80	81-85	86-90	91-95	96-100	over100	Average age
Men											
Women											
Total											

Prepared by:	Representatives:		
(.....)		(.....)	(.....)

### Annex No. 18 to Art. 24, para. 7

(new - SG. 60 /2021)

Pensions paid and updates made by month

Of

.....

(payment fund for lifelong pensions)

	Pensions paid -total		Pension contract concluded during the month	Discounted pension s	Number of recalculated pensions	Numbers of updated pensions	Amount of income, which are pensions updated	Increase decrease of the funds disbursed against the previous month due to an update
	Nu mb er	Cash in BGN						
M. 1								
m. 2								
m. 3								
m. 4								
m. 5								
m. 6								
m. 7								
m. 8								
m. 9								
m. 10								
m. 11								
m. 12								
Total								
Prepared by: .....				Representatives:				
(.....)						1		

### Annex No. 19 to Art. 24, para. 7



**(New – SG, No. 60 of 2021)**

Forecast for the development of the payment fund for lifelong pensions.

Of

.....  
(payment fund for lifelong pensions)

No.	Indicators	as at 31.12. (accounting year)	As at 31.12. (next year forecast)
1.	Number of pensioners		
2.	New pensioners		
3.	Funds transferred from UPF (in BGN thousand )		
4.	Paid pensions (BGN thousand)		
5.	Average amount of monthly payments		
	with lifelong pension: without additional conditions		
	with a lifelong pension with a guaranteed payout period		
	with lifelong pension: including deferred payment		
6.	Average amount of present value of liabilities to pensioners in total, including:		
	with lifelong pension: without additional conditions		
	with lifelong pension: with a guaranteed payout period		
	with lifelong pension, including deferred payment		
7.	Number of pensioners with a guaranteed amount of pensions under Art. 169. para. 4 SIC		
8.	Average amount of pensions with a guaranteed amount under Art. 169. para. 4 SIC		
3.	Obligations to heirs (BGN thousand)		
10.	Transferred funds to the reserve for guaranteeing the payment of lifelong pensions		
11.	Funds transferred to cover shortages		
12.	Income from investing funds		

PREPARED

BY

Representatives:

( ..... )

( ..... ) ( ..... )

**Annex No. 20 to Art. 24, para. 8**

**(new - SG. 60 /2021)**

**Content of the annual actuarial report under Art. 123, para. 1, item 5 of the SIC for a**

## **fund for deferred payments**

1. Name of the pension insurance company, name of the deferred payment fund, date on which the actuarial report was prepared, the three names and signature of the responsible actuary, the three names and signatures of the managers and representatives of the company.

2. A description of the economic, demographic and political characteristics of the environment in which the fund operates.

3. Actuarial analysis of the fund's asset structure.

3.1. Analysis of receipts in the fund during the reporting year by sources of funds - transferred funds from the universal pension fund for deferred payments and the average amount per one person, transferred funds from the universal pension fund for recalculation of pensions in accordance with Art. 169, para. 2 SIC, transferred funds from the pension insurance company to supplement the shortage (separately from the reserve for guaranteeing the gross contributions and from own funds).

3.2. Assessment of the maturity structure of the fund's assets and comparison with the previous reporting period.

3.3. Analysis of the income from investing the fund's assets and the costs of their acquisition and sale.

3.4. Analysis of the costs of making deferred payments and payments to heirs.

3.5. Amount of the charged fee for the pension insurance company under Art. 201, para. 1, item 3 SIC.

4. A structural analysis of the persons with deferred payments in the fund, which includes at least the following information:

4.1. Structural analysis according to Annex No. 22 of persons with newly allocated payments by sex and age during the reporting year and comparison with the assumptions made at the end of the previous reporting year.

4.2. Structural analysis according to Annex No. 23 of the persons with deferred payments by sex and age at the end of the reporting year and comparison with the assumptions made at the end of the previous reporting year. The number of persons who terminated their participation in the fund for reasons such as expiration of the payment term or death is indicated.

4.3. Estimated number of persons in the fund for the next year.

5. Actuarial analysis of investment risk and its impact on payments during the reporting year.

5.1. A description of the valuation methods used to determine the financial position of the deferred payment fund for solvency purposes.

5.2. Analysis of the payments actually made during the reporting year and comparison with the respective data according to the assumptions made at the end of the previous reporting year.

5.3. Assessment of the need for changes in the fund's investment policy resulting from the impact of investment risk.

5.4. Analysis of performed updates and recalculations of payments.

5.5. Analysis of the records during the reporting year and the balances as of December 31 on the analytical account under Art. 192b, para. 3, item 2 of the SIC and on the account under Art. 11, para. 3 of Ordinance No. 70.

6. Analysis and valuation of the actuarial balance sheet.

6.1. Actuarial valuation of liabilities to persons with deferred payments and their heirs and the existence of a deficit or surplus.

6.2. Comparison of the amount of assets of the fund with the amount of the liabilities to the persons with deferred payments and their heirs. Analysis of the dynamics of funds transferred to the reserve for guaranteeing the gross amount of contributions under

Art. 192b, para. 6, item 1 and para. 8 SIC and the funds transferred to the payment fund for lifelong pensions and to the reserve for guaranteeing the payment of lifetime pensions to persons without heirs in accordance with Art. 170, para. 9, item 3 SIC.

6.3. Analysis of the financial condition of the deferred payment fund and the amount of the solvency margin.

6.4. Actuarial assessment of the amount of the reserve under Art. 193a SIC.

7. Analysis and actuarial assessment of the liquidity of the fund.

7.1. Analysis of the state of the minimum liquid funds, indicating the amount and their constituent elements as a table. Comparison with the current liabilities of the fund and actuarial assessment of the liquidity of the fund according to the regulatory requirements.

7.2. Assessment of liquidity shortage, if any, and recommendations to overcome it.

8. Forecast of the condition of the fund for the next year.

8.1. The forecast prepared in accordance with the requirements of item 9.3 for the reporting year in the previous annual actuarial report is compared with the results achieved during the reporting year and the reasons for the deviations from the forecast are analyzed.

8.2. In an analytical section, a description of the forecast for the next year is made according to basic parameters - number of persons with deferred payments, persons with newly granted payments, net asset value, receipts in the fund by sources, income from investments, average amount of payments.

9. Evaluation of the information base used in the actuarial report.

9.1. Data sources used for the assumptions in the actuarial report.

9.2. Evaluation of the possibility of errors in the database used.

9.3. Software used in preparing the actuarial report.

10. Conclusions and recommendations regarding the financial stability of the fund."

#### **Annex No. 21 to Art. 24, para. 9**

**(new - SG. 60 /2021)**

Actuarial balance sheet

Of

.....

(deferred payment fund)

as at 31.12.....

Assets	Amount in BGN	Liabilities	Amount in BGN
I. Total value on the assets		I. Payables to persons with deferred payments – total, incl.	
1. Capital		With residual period up to 1 year	
2. Debt		With residual period from 1 to 3 years	
- with maturity up to 1 year		With residual period over 3 years	
- with maturity from 1 to 3 years			
- with maturity over 3 year		II. Obligations to heirs	
3. Hedging instruments			
4. Deposits and cash		III. Payables other than those in sections I and II	
II.. Accounting balance shortage /(Surplus)			
III. Total (I+ II)		IV. Total (I ± II)	
Assets to finance the analytical account and the shortage under Section II			

1. Shortage under Section II		1. Balance of the analytical account under Art. 1926, para. 3, item 2 SIC	
2. Funds from the reserve to guarantee gross contributions		2. Shortage under Section II	
3. Own funds			

Notes:

1 The assessment of liabilities is performed for each person individually, then it is summarized.

2. Rows can be added if necessary.

3. The actuarial balance sheet is signed by the responsible actuary and the managers and representatives of the pension insurance company, indicating the date of preparation.

Prepared by:			
	Representatives:		
<.....)		(.....)	(.....)

## Annex No. 22 to Art. 24, para. 9

(New – SG, No. 60 of 2021)

### Distribution of persons with newly granted deferred payments by sex and age of

(deferred payment fund)

As at

#### Section I. Distribution of persons by sex and age.

Sex	Total	up to 64 y.	65 - 70 y.	71 - 75 y.	76-80 y.	Over 80 y.	Average age
<b>Reporting year</b>							
Men							
Women							
Total							
<b>Forecast for next year</b>							
Men							
Women							
Total							

#### Section II. Average amount of receipts from UPF for persons (BGN)

Sex	Total	up to 64 y.	65 - 70 y.	71 - 75 y.	76-80 y.	Over 80 y.
<b>Reporting year</b>						
Men						
Women						
Total						
<b>Forecast for next year</b>						
Men						
Women						
Total						



Women											
Total											
With residual period over 3 years											
Men											
Women											
Total											

**Annex No. 24 to Art. 24, para. 9**

**(new - SG. 60 /2021)**

Deferred payment made and updates made by month.

(deferred payments fund)

Months	Deferred payments		Concluded deferred payment contracts during the month	Discontinued deferred payments	Number of deferred payments recalculated	Number of deferred payments updated	Amount of income with which deferred payments have been updated	Increase /decrease of the funds paid against the previous month due to an update
	Number	Cash in BGN						
m. 1								
m. 2								
m. 3								
m. 4								
m. 5								
m. 6								
m. 7								
m. 8								
m. 9								
m. 10								
m. 11								
m. 12								
Total								

Prepared by: ....	Representatives:		
(.....)		(.....)	(.....)

**Annex No. 25 to Art. 24, para. 9**

**(new - SG. 60 /2021)**

Forecast for the development of the fund for deferred payments

Of

.....

(deferred payment fund)

No.	Indicators	31-12 (reporting year)	31-12 (next year)
1	Number of persons with deferred payments		
2.	New members		

3.	Funds transferred from UPF (in BGN thousand )		
4.	Paid amounts for deferred payments (in BGN thousand)		
5.	Average amount of monthly payments		
	With residual period up to 1 year		
	With residual period from 1 to 3 years		
	With residual period over 3 years		
6.	Average amount of balances on analytical accounts under Art. 192b. para. 3, item 1 SIC		
	With residual period up to 1 year		
	With residual period from 1 to 3 years		
	With residual period over 3 years		
7.	Payables to heirs (in BGN thousand)		
8.	Funds transferred to the fund for the payment of lifelong pensions (in BGN thousand)		
3.	Funds transferred to cover shortages		
10.	Income from investing funds		

Prepared by:	Representatives:		
(.....)		(.....)	(.....)

**Transitional and final provisions to ORDINANCE No. 51 of 28.04.2016 on own funds and on the solvency requirements of insurers, reinsurers and groups of insurers and reinsurers  
(SG No. 38 / 20.05.2016, effective from 20.05.2016)**

§ 9. In Annex No. 1 to Art. 21, para. 1 of Ordinance No. 31 of 2006 on the conditions and procedure for conducting an examination and for the recognition of legal capacity as a responsible actuary, for the recognition of legal capacity acquired outside the Republic of Bulgaria, for the form of actuarial certification, the form and the content of the actuarial report and the statements under the Insurance Code that the responsible actuary certifies (amended SG No. 71 /2006; amended and supplemented, No. 51 /2008, No. 66 /2013, No. 54/2014) Section VII is amended as follows:

“Section VII

Analysis of the solvency of insurers without the right to access the single market

Lists the constituent elements of actual solvency (own funds, reduced by the intangible assets reported on the balance sheet) and the required solvency, calculated according to the methods defined by Ordinance No. 51 of 28.04.2016 on own funds and solvency requirements of insurers, reinsurers and groups of insurers and reinsurers, analyzing the result obtained by

the different methods.

**Transitional and final provisions to ORDINANCE No. 53 of 23.12.2016 on the requirements for reporting, the assessment of assets and liabilities and the formation of technical provisions of insurers, reinsurers and the Guarantee Fund (SG, No. 6 of 19.01.2017, effective from 19.01.2017)**

§ 7. In Art. 22, para. 4 of Ordinance No. 31 of 2006 on the conditions and procedure for conducting an examination and for the recognition of legal capacity as a responsible actuary, for the recognition of legal capacity acquired outside the Republic of Bulgaria, for the form of actuarial certification, the form and the content of the actuarial report and the statements under the Insurance Code that the responsible actuary certifies (amended SG No. 71 /2006; amended and supplemented, No. 51 /2008, No. 66 /2013, No. 54 /2014 and No. 38 /2016) the words “**Ordinance No. 30 of 2006 on the requirements for accounting, form and content of financial statements, reports and appendices of insurers and reinsurers**” are replaced by “**Ordinance No. 53 of 2016 on the requirements for reporting, the assessment of assets and liabilities and the formation of technical provisions of insurers, reinsurers and Guarantee Fund (SG, No. 6/2017)**”.

**Final provisions to Ordinance to amend and supplement Ordinance No. 48 of 2013 on the remuneration requirements (SG, No. 41 / 21.05.2019)**

§ 12. Ordinance No. 31 of 02.08.2006 on the conditions and procedure for conducting an examination and for the recognition of legal capacity as a responsible actuary, for the recognition of legal capacity acquired outside the Republic of Bulgaria, for the form of actuarial certification, the form and the content of the actuarial report and the statements under the Insurance Code that the responsible actuary certifies, as well as for the form and mandatory content of the annual actuarial report under the Social Insurance Code; (amended SG, No. 71 /2006; amended and supplemented, No. 51 /2008, No. 66 /2013, No. 54 /2014; amended No. 38 /2016, No. 6 /2017; amended and supplemented, No. 83 / 2018) the following amendments and additions are made:

1. In Art. 4, para 2:
  - a) in item 5 the word “**notarized**” is deleted;
  - b) a new item 6 is created:

“6. the number and date of the certificate from the National Center for Information and Documentation for recognition of higher education degree under item 5, when it was acquired in a foreign higher education institution;”
  - b) the previous item 6 becomes item. 7.
2. In Art. 6:
  - a) in item 2 after the words **Art. 4, para. 2, item 97**, a comma is placed and then the words “**the acquired higher education in a foreign higher education institution is not recognized in accordance with the Ordinance on the state requirements for recognition of higher education degrees and completed periods of study in foreign higher education institutions(SG, 69/ 2000)**” and the words “**has not covered the required hours**” are replaced with “**the required hours are not covered**”;
  - b) in item 4 the words “**Art. 4, para. 2, item 6**” are replaced by “**Art. 4, para. 2, item 7**”.
3. In Art. 13a, para. 1 the words “**Art. 95**” are replaced by “**Art. 97**”.
4. In Art. 13d, para. the 3 words “**Art. 30, para. 1, item 13 of the FSCA**” are replaced by “**Art. 30, para. 1, item 20 of the FSCA**”.
5. In Art. 14, para. 2 the words “**the tariff under Art. 27, para. 2 of the FSCA**” are replaced by “**the tariff - appendix to Art. 27, para. 1 FSCA**”.
6. In Art. 15, para. 2, item 2 the word “**notarized**” is deleted.
7. In Art. 18, para. 3 the words “**Art. 30, para. 1, item 13 of the FSCA**” are replaced by “**Art.**



30, para. 1, item 20 of the FSICA".

8. In Art. 21, para. 1 the words "Art. 97" are replaced by "Art. 100".

9. In Art. 22 the following amendments are made:

a) in para. 1:

aa) in item 1 the words "annual statement No. ΓΑ" are replaced by "annual statement No. ΓЖ"; bb) in item 2 the words "annual statement No. ΓΑ" are replaced by "annual statement No. ΓЖ"; cv) in item 3 the words "annual statement No. ΓΑ 1.3" are replaced by "annual statement No. ΓЖ. 1.3 Б";

dd) in item 4 the words "quarterly statement No. ТА" are replaced by "quarterly statement no ТЖ";

ee) in item 5 the words "quarterly statement No. ТА" are replaced by "quarterly statement No. ТЖ";

b) In para. 2:

aa) item 1 the words "annual statement No. ΓБ" are replaced by "1. annual statement No. ΓΟ"; bb) in item 2 the words "annual statement No. ΓБ" are replaced by "annual statement No. ΓΟ"; cv) in item 3 the words "annual statement No. ΓБ" are replaced by "annual statement No. ΓБ"; gg) in item 4 the words "quarterly statement No. ΓБ. 1 Technical provisions from January 1 to the end of each quarter of the respective year" are replaced by "quarterly statement No. TO. 1.1: Technical reserves from January 1 to the end of each quarter of the respective year (Part I)";

b) item 5 is created:

"5. quarterly statement No. TO. 1.2: Outstanding claims reserve at the end of each quarter of the relevant year."

10. In Art. 24:

a) in para. 3 items 5 and 6 are repealed;

b) in para. 4 the words "pension, respectively technical provisions," are replaced by "pension provisions";

c) in para. 5 the words "or technical" are deleted, and the words "relevant provisions" are replaced by "the provisions".

11. In § 1 of the additional provisions, the following amendments are made:

a) in item 3 the words "types of insurance" are replaced by "insurance classes";

b) in item 4 the words "types of insurance" are replaced by "insurance classes".

12. Annex No. 1 to Art. 21, para. 1 is amended as follows:

"Annex No. 1 to Art. 21, para. 1

Form and content of the actuarial report under Art. 100, para. 2, item 2 of the IC ANNUAL ACTUARIAL REPORT Section I

Analysis and structure of the insurance portfolio as at the end of the reporting year

1. In an analytical section (graphical or tabular form), the main characteristics of the insurance portfolio by insurance classes and the changes in the last three reporting years are indicated.

2. The structure of the insurance portfolio is presented as a graph based on premium income by classes of insurance for which the insurer has been issued a permit according to Annex No. 1 to the Insurance Code

3. The operating software product from which the data was extracted is disclosed.

Section II

Analysis and structure of premiums by insurance classes

The amount of premium income for the last three years by insurance classes is analyzed, examining the trends in terms of:

- the value of the collection ratio (the ratio of due and received premiums) and the period of overdue payment of premiums by the insured persons;

- receivables from insurance brokers, insurance agents and an intermediary offering insurance products as an additional activity, and the period of default;
- the ratio between individual and group contracts;
- premium income by sales channels;
- the number of insurance contracts and insured objects;
- the duration of the contracts;
- contracts terminated early and returned premiums.

### Section III

#### Analysis and cost structure of paid claims by insurance classes

1. The size and structure of the claims made and the benefits and amounts paid are analyzed by insurance class.
2. The development of claims over time (the date of occurrence of the insured event, of making the claim and of its payment), as well as the trends in the number and amounts of the claims, are examined.
3. Payments by insurance class are analyzed, looking at the frequency and severity of claims.
4. Payments are considered in relation to assumed limits of liability, analyzing the risks transferred to reinsurers and the benefits recovered by reinsurers in view of the type of reinsurance contracts.
5. Payments are compared with the calculated costs to cover the risk in the insurance technical plans. The results of risk development are reported.
6. An assessment is made of the measures taken and necessary to predict and avoid the unfavorable development of risks.

### Section IV

#### Analysis and structure of acquisition and administrative costs

1. The amount and method of distribution of costs by insurance classes are indicated.
2. The amount of accrued actually paid and deferred commissions is analyzed. The amount of paid acquisition and collection commissions by insurance class is compared with the amount provided for in the insurance technical plan, and in case of differences, the reasons are analyzed. The relative share of paid commissions compared to premium income by insurance class is indicated, taking into account the structure of premium income by sales channels. In the case of long-term "Life" insurances, the amount of the first-year, second-year and one-time commissions, the weight of each type of commission in the total amount and the relative share of each type of commission in relation to the premium income are analyzed.

### Section V

#### Technical provisions

1. Analysis of the technical provisions formed at the end of the reporting year. Amount of the gross reserves and the share of reinsurers in them in view of the type and conditions of the reinsurance contracts.
2. Detailed description of the methods used for the formation of the individual types of technical provisions in accordance with Chapter Eight, Section II of the CC and Ordinance No. 53 of 2016 on the requirements for reporting, the assessment of assets and liabilities and the formation of the technical provisions of insurers, reinsurers and the Guarantee Fund (SG, No. 6 /2017), (Ordinance No. 53). The description of the methods contains:
  - features and modifications;
  - basic parameters and formulas used;
  - the information on the basis of which the calculations were made;
  - justification of expert assumptions and assessments made;
  - sufficiency of reserves - assessment of possible unfavorable deviations from the technical

provisions.

3. Changes in the amount of gross technical provisions and the share of reinsurers in them in view of changes in the volume of the insurer's activity, the amount of ceded premiums to reinsurers, the development of payments.

4. Comparative analysis of the amounts of technical provisions determined by each individual method specified in Ordinance No. 53, in cases where the possibility of applying more than one method is foreseen, and a reasoned justification for choosing the applied method.

5. A detailed description of the trends in the development of claims and their submission over time, given the choice of statistical methods for forming the reserve for claims incurred but not reported Reasoned justification of the methods used to form the reserve for claims incurred but not reported by insurance classes in view of the development of claims by insurance classes over a sufficiently long period of time.

6. Description of the currency in which the technical provisions are formed, in view of the currency in which the liabilities under the insurance and reinsurance contracts are, the currency in which the premium is agreed, and the country in which the risk is located.

7. Information on the amount of income and expenses when investing in technical provisions and realized profitability. The scheme used in life insurance for the distribution of income from investments of assets between the insurer and the insured persons. Data on the technical interest rate used and the income distributed during the reporting year by the lots of the policy holders.

8. Amount of the technical result by insurance classes and the part of it set aside for the formation of a reserve fund. Analysis of the use of funds from the reserve fund.

9. Comment on data security and possibility for error and the need to change the data collection system for insurance statistics.

10. Need to change the methods of formation of technical provisions.

## Section VI

### Analysis and Manifestation of Risks

1. Risks are analyzed by insurance classes and their impact on payments and insurance reserves.

2. Reinsurance risks and their impact on the portfolio are considered.

3. The total effect of impact of risks (profit or loss) by classes of insurance is determined by analyzing the gross result, the result for the reinsurer and the participation of the insurer in it.

4. The trends in the development of the claims ratio, the cost ratio and the combined ratio (the sum of the previous two) by insurance classes are analyzed.

5. The adopted measures to protect against technical risks are reflected.

6. Motives are expressed for changing the risk assessment methods, general conditions, tariffs and insurance technical plans, as well as the reinsurance policy.

## Section VII

### Analysis of the solvency of insurers without the right to access the single market

Lists the constituent elements of actual solvency (own funds, reduced by the intangible assets reported on the balance sheet) and the required solvency, calculated according to the methods defined by Ordinance No. 51 of 2016 on own funds and solvency requirements of insurers, reinsurers and groups of insurers and reinsurers, analyzing the result obtained by the different methods.

## Section VIII

### Independent assessment of the insurer's assets and liabilities and financial condition

A review and actuarial evaluation of the relevant items from the insurer's balance sheet is performed and their impact on the financial situation and its changes during the reporting year is taken into account.

13. In Annex No. 4 to Art. 24, para. 2

a) item 4.4 is repealed;

b) in item 7.4 the words "schemes and of technical provisions (with the capitalized value of pensions and residual reserve) to a fund for additional voluntary pension insurance under professional schemes" are deleted;

c) in item 10.2 the words "types of pensions, pension provisions and technical provisions" are replaced by "types of pensions and pension provisions";

d) item 10.3 is repealed.

14. Appendix No. 9 to Art. 24, para. 3 and Annex No. 10 to Art. 24, para. 3 are cancelled.  
**Transitional and final provisions to Ordinance for amending and supplementing Ordinance No. 29 of 2006 on the minimum level of credit ratings of banks and on determining the countries, international financial organizations, markets and indices of these markets according to Art. 176, para. 2 of the Social Security Code (SG, No. 81 of 15.09.2020)**

§ 2. Ordinance No. 31 of 2.08.2006 on the conditions and procedure for conducting an examination and for the recognition of legal capacity as a responsible actuary, for the recognition of legal capacity acquired outside the Republic of Bulgaria, for the form of actuarial certification, the form and the content of the actuarial report and the statements under the Insurance Code that the responsible actuary certifies, as well as for the form and mandatory content of the annual actuarial report under the Social Insurance Code; (amended SG, No. 71 /2006; amended and supplemented, No. 51 /2008, No. 66 / 2013, number 54 /2014; amended No. 38 /2016, No. 6 /2017; amended and supplemented, No. 83 /2018, No. 41 / 2019) the following amendments and additions are made:

1. In Art. 7, para. the 3 words "within 7 days of receiving the decision under para. 1" are deleted and the following is added at the end "no later than 5 days before the announced date of the examination, respectively before the first date of the examination - when the exam is held in parts".

2. In Art. 14:

a) in para. 1 sentence two is created: The certificate is issued on paper according to a template approved by the FSC, within 7 days of receiving the decision under Art. 13, para. 1, Art. 13d, para. 1 or Art. 18, para. 1.

b) para. 2 is amended as follows:

(2) Persons with legal capacity recognized by the FSC shall pay a fee for issuing a certificate according to the tariff - appendix to Art. 27, para. 1 of the FSCA , and present a document certifying the payment upon receiving the certificate."

3. In Art. 15 para 4 is created:

"(4) When submitting the application, the person pays a fee for recognition of acquired legal capacity according to the tariff - appendix to Art. 27, para. 1 of the FSCA."

4. In Art. 20 the words "under Art. 15" are replaced by "Art. 15, para. 1 - 3".

5. In Section V of Annex No. 1 to Art. 21, para. 1, item 11 is created:

„11. Information regarding the amount of claims under Art. 90, para. 10 and 11 of Ordinance No. 53 of 2016 on the requirements for reporting, the assessment of assets and liabilities and the formation of technical provisions of insurers, reinsurers and the Guarantee Fund, as well as the information under Art. 90, para. 14 of the same regulation.

**Transitional and final provisions ORDINANCE No. 7 of 27.05.2021 on the procedure for acquisition, recognition and revocation of legal capacity of financial instrument brokers and investment consultants**

**(SG, No. 48 of 08.06.2021)**

§ 10. Ordinance No. 31 of 02.08.2006 on the conditions and procedure for conducting an examination and for the recognition of legal capacity as a responsible actuary, for the

recognition of legal capacity acquired outside the Republic of Bulgaria, for the form of actuarial certification, the form and the content of the actuarial report and the statements under the Insurance Code that the responsible actuary certifies, as well as for the form and mandatory content of the annual actuarial report under the Social Insurance Code; (amended SG, No. 71 /2006; amended and supplemented, No. 51 /2008, No. 66 /2013, No. 54 /2014, No. 38 /2016, No. 6 /2017 and No. 83 / 2018) the following amendments are made:

1. In Art. 9 the words "in its official bulletin" are replaced by "on its website", and the second sentence is amended as follows: "These circumstances may also be announced in another appropriate manner."

2. Art. 10 para. 2 is amended as follows:

"(2) The FSC shall announce the decision under para. 1 and the date, respectively the dates for the examination on its website." The decision under para. 1 and the date or dates of the examination may be announced by the FSC in another appropriate manner.

3. In § 6 of the transitional and final provisions, the words "Art. 95, para. 2, item 5 and para. 3 and Art. 97, para. 6 of the Insurance Code" are replaced by "Art. 97, para. 2, item 5 and para. 4 and Art. 100, para. 4 of the Insurance Code".

**Transitional and final provisions to Ordinance to amend and supplement Ordinance No. 53 of 23.12.2016 on the requirements for reporting, the assessment of assets and liabilities and the formation of technical provisions of insurers, reinsurers and the Guarantee Fund (SG, No. 101 / 20.12.2022, effective from 01.01.2023;)**

§ 41. Ordinance No. 31 of 02.08.2006 on the conditions and procedure for conducting an examination and for the recognition of legal capacity as a responsible actuary, for the recognition of legal capacity acquired outside the Republic of Bulgaria, for the form of actuarial certification, the form and the content of the actuarial report and the statements under the Insurance Code that the responsible actuary certifies, as well as for the form and mandatory content of the annual actuarial report under the Social Insurance Code; (amended SG, No. 71 /2006; amended and supplemented, No. 51 /2008, No. 66 /2013, No. 54 /2014; amended No. 38 /2016, No. 6 /2017; amended and supplemented, No. 83 /2018, No. 41 /2019, No. 81 /2020; amended No. 48 /2021; amended and supplemented, No. 60 /2021 and No. 23 / 2022) the following amendments are made:

1. Article 22 is repealed.

2. In Annex No. 1, Section V "Technical Provisions":

a) in item 2 the words "and Ordinance No. 53 of 23.12.2016 on the requirements for reporting, the assessment of assets and liabilities and the formation of technical provisions of insurers, reinsurers and the Guarantee Fund (SG, No. 6 /2017), (Ordinance No. 53)" are deleted;

b) item 4 is repealed.