

DECISION

Národná banka Slovenska, as the competent supervisory authority under Section 79(1) and (2), Section 16(5) and Section 17(7) of Act No 39/2015 on insurance (and amending certain laws), as amended (hereinafter 'Act No 39/2015') — with its Financial Market Supervision Unit / Supervision and Financial Consumer Protection Division being the competent body for conducting proceedings and taking decisions of the first instance pursuant to Section 1(2) and (3)(a), in conjunction with Section 5(1) and (2), Section 16(1) and (2) and Section 29(1), of Act No 747/2004 on financial market supervision (and amending certain laws), as amended (hereinafter 'Act No 747/2004') — (hereinafter 'the supervisory authority')

has decided,

in the proceedings brought against NOVIS Insurance Company, NOVIS Versicherungsgesellschaft, NOVIS Compagnia di Assicurazioni, NOVIS Poist'ovňa, a.s. – whose company registration number (IČO) is 47 251 301 and which has its registered office at Námestie Ľudovíta Štúra 2, 811 02 Bratislava and is registered in the Commercial Register maintained by Bratislava I District Court (Section: Sa; File number: 5851/B) (hereinafter 'the party to proceedings' or 'the party'), being represented by the law firm Prosman a Pavlovič advokátska kancelária, s.r.o., whose company registration number (IČO) is 36 865 281 and whose registered office is at Hlavná 31, 917 01 Trnava (hereinafter 'the legal representative') – initiated by the notification of 4 October 2021 of the commencement of sanction proceedings (recorded under document number 100-000-308-211 and file number NBS1-000-064-454) for shortcomings in the party's activities which the supervisory authority has demonstrated on the basis of facts established through its off-site supervision activity and on the basis of evidence established during these sanction proceedings (recorded under file number NBS1-000-064-454), as follows:

The party, in its conduct of insurance business from 30 June 2021 to 17 August 2021, **did not proceed prudently, i.e. in a manner which takes into account and mitigates the party's risk exposure and which is not detrimental to the party's financial situation, nor did it have sufficient own funds eligible to cover the Solvency Capital Requirement as defined in Section 48(1) of Act No 39/2015 (hereinafter 'the SCR');** specifically, the party:

- in its best estimate calculation for technical provisions made pursuant to Section 38(2) of Act No 39/2015 (hereinafter ‘the TP best estimate’), did not use realistic assumptions for:
 - the probability of insurance contract cancellation in the Italian and Icelandic markets (hereinafter ‘cancellation probability’) and
 - the unit costs per insurance contract (hereinafter ‘the insurance cost’) (together hereinafter referred to as the ‘selected assumptions’);
- by using the unrealistic selected assumptions, was generally underestimating its TP best estimate;
- applied the selected assumptions, which as at 30 June 2021 were set in an inconsistent and groundless manner, and so in its calculations based thereon came to the incorrect conclusion that it sufficiently covers the SCR with eligible own funds;

and as at 30 June 2021 the party did not have sufficient own funds eligible to fully (100%) cover the SCR contrary to the obligation laid down in Section 48(1) of Act No 39/2015.

The party thereby committed an administrative delict – breaching Section 23(3)(a) and (c) of Act No 39/2015, in conjunction with Section 37(2) and 38(2) of Act No 39/2015, with Article 22(1)(a), (c) and (d) and Article 27 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 the business of Insurance and Reinsurance (Solvency II) (hereinafter ‘Delegated Regulation 2015/35’), and with Section 48(1) of Act No 39/2015 – for which the supervisory authority, acting in accordance with Section 139(11) of Act No 39/2015, orders the party:

- I. XXX;
- II. XXX;
- III. in accordance with Section 139(1)(g) of Act No 39/2015, in conjunction with Section 139(8) of the same, to refrain until 15 March 2022 from any use of assets other than required in the ordinary course of its business, in particular from:
 1. performing any acts whose purpose, whether in return for payment or free of charge, is to transfer the right of ownership in, or establish a security interest in, a thing, right or other asset;
 2. performing any acts leading to a decrease in the value of assets;
 3. paying out any claims to persons in a specific relationship to the party, in particular to persons whose relationship to the party is that of its shareholder, a member of its statutory body, a member of its supervisory board, any other of its managers or key function holders, or a person closely linked with one of these, or that of a legal person whose statutory body, supervisory board or other members of management include anyone whose relationship to the party is that of a member of its statutory body, a member of its supervisory board, any other of its managers or key function holders, or a person closely linked with one of

these, or in which any one of these persons has a participating interest, or that of a legal person that has controlling interest in the party (hereinafter 'persons related to the party');

4. increasing liabilities in excess of the amount required for the performance of ordinary business activities.