

## 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 'Národná banka Slovenska' or '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') initiated by the supervisory authority's Decision on an interim measure of 9 September 2020 (document number 100-000-249-678; file number NBS1-000-053-337) for shortcomings in the party's activities which the supervisory authority has demonstrated on the basis of facts established during its on-site inspection of the party conducted from 6 March 2020 to 19 January 2021 (recorded under file number NBS1-000-048-009) and on the basis of evidence established during these sanction proceedings (recorded under file number NBS1-000-053-337), as follows:

### I.

The party, in its conduct of insurance business from 31 December 2019 to 31 August 2020, 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 its policyholders' interests – in that:

**by its actions, the total value of the assets invested by the party**

in accordance with the statutes of the insurance funds under the party's management and constituting part of the contractual relationships under insurance contracts which require the investment of any part of the received premiums in accordance with the statutes of the insurance funds under the party's management and which the party concluded with policyholders either under authorisation number ODT-13166/2012-16, granted to the party by the supervisory authority with effect from 7 October 2013, or in accordance with Section 15 of Act No 39/2015, through the establishment of a branch in the territory of another Member State of the European Union (EU), or in accordance with Section 17 of Act 39/2015, under the freedom to provide services in another EU Member State without establishing a branch (hereinafter 'insurance contracts' or, if referred to in the singular, an 'insurance contract'),

excluding the party's assets for which no insurance fund statutes were established and which in its insurance contracts concluded in Hungary constituted the part designated by the party as 'Díjtartalék' (in Hungarian),

(hereinafter 'the value of investments' or 'the value of invested assets')

**was lower than**

**the aggregate outstanding balance of insurance accounts** which are **held by policyholders** with whom the party has concluded an insurance contract and which also have a positive balance, excluding loyalty bonuses and otherwise designated bonuses which under the insurance contracts do not constitute part of the outstanding balance of insurance contracts (hereinafter 'loyalty bonuses') and excluding Díjtartalék

(hereinafter the 'outstanding balance of insurance accounts'),

notwithstanding that the party was obliged to invest assets to the extent of policyholders' outstanding balance of insurance accounts;

and the party thereby breached Section 23(3)(a) and (b) of Act No 39/2015, committing an administrative delict for which the supervisory authority, acting in accordance with Section 139(11) of Act No 39/2015, **orders the party,**

1. in accordance with Section 139(1)(a) of Act No 39/2015, to eliminate and remedy the identified shortcoming by requiring it:
  - a) to increase the value of invested assets so that they are invested in a minimum amount and a manner pursuant to the party's contractual obligation – arising under insurance contracts with individual policyholders, including general insurance terms and conditions (GTC) and the statutes of the insurance funds under the party's management, valid as at the issuance date of this Decision – to invest assets in the amount of the outstanding balance of insurance accounts; hence to increase the aforementioned by
    - €20 million (twenty million euro) by no later than 30 June 2021,
    - and by the necessary remaining amount by no later than 30 September 2021;
  - b) to ensure that, as from the party's receipt of this Decision, all premiums received by the party under insurance contracts are invested in a minimum amount and a manner

pursuant to the party's contractual obligation – arising under insurance contracts with individual policyholders, including general insurance terms and conditions and the statutes of the insurance funds under the party's management – to invest assets in the amount of the outstanding balance of insurance accounts;

and simultaneously,

2. in accordance with Section 139(1)(b) of Act No 39/2015, to submit to the supervisory authority – via the Statistics Collection Portal of Národná banka Slovenska, using the *Sii (KVT) 01* template – separate reports containing the following information for each of the calendar months from April 2021 to September 2022, with the information to be as at the last day of each month and submitted by no later than the tenth day of the following month:
  - a. the outstanding balance of insurance accounts;
  - b. the outstanding balance of insurance accounts that have a positive balance excluding loyalty bonuses, broken down into:
    - i. that part in which, at the choice of the policyholder, funds were allocated to *Díjtartalék*;
    - ii. that part in which, at the choice of the policyholder, funds were allocated to one or more of the insurance funds under the party's management, stating into which insurance funds the allocations were made;
  - c. a monthly summary in the Microsoft Excel format (.xlsx) of the party's investment assets, including the following data broken down between the insurance funds under the party's management and the underlying assets:
    - i. the balance of investments as at the start of the given calendar month;
    - ii. investment acquisitions during the given calendar month, whether through the purchasing of underlying assets or increases in bank account balances;
    - iii. investment disposals during the given calendar month, whether through the selling or maturing of underlying assets or decreases in bank account balances;
    - iv. investment gains and losses during the given calendar month through the revaluation of underlying assets;
    - v. the balance of investments as at the end of the given calendar month;
  - d. the outstanding balance of the party's bank accounts and of its other financial assets not included in point (c), whose use by the party is not restricted by another person's right in rem;
  - e. the outstanding balance of the party's bank accounts and of its other financial assets not included in point (c), whose use by the party is restricted by another person's right in rem;
  - f. data for the whole portfolio of active and inactive insurance contracts as at the end of the given month, provided in the Microsoft Excel format (.xlsx) according to the following template:

- columns A – G:

Číslo poistnej zmluvy (Policy ID)	Názov produktu (Product name)	Krajina (Country)	Číslo VPP (Number of GTC)	Začiatok poistenia (Entry date)	Koniec poistenia (End date)	Durácia (duration)
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- columns H – N:

Aktívna na začiatku mesiaca (1- áno, 0- nie) (Valid beginning of month: 1=yes; 0=no)	Aktívna na konci mesiaca (1- áno, 0- nie) (Valid end of month: 1=yes; 0=no)	Zrušená od počiatku počas aktuálneho mesiaca (1- áno, 0- nie) (Terminated from Inception; 1=yes; 0=no)	Zmluva so spätným prepočtom v aktuálnom mesiaci (1- áno, 0- nie) (Recalculated; 1=yes; 0=no)	Ročné poistné (Annual Premium)	Stav poistného účtu na začiatku mesiaca (Saldo of insurance account in the beginning of month)	
					Stav poistného účtu s vernostnými bonusmi (Saldo of insurance account with bonuses)	Stav poistného účtu bez vernostných bonusov (Saldo without bonuses)
				EUR	EUR	EUR

- columns O – U:

Zaplatené poistné za aktuálny mesiac (Paid premium in the current month)	Vernostný bonus pripísaný za aktuálny mesiac (Loyalty bonus credited in the current month)	Štartovací, rastový, cieľový bonus pripísaný za aktuálny mesiac (Start, fast grow, achieve bonus credited in the current month)	Odkupy, čiastočné odkupy za aktuálny mesiac (Surrenders, Partial Surrenders in the current month)	Strhnuté zrážky za poistné krytie za aktuálny mesiac (Deduction for the insurance coverage in the current month)	Zrážky za náklady spojené s poistnou zmluvou za aktuálny mesiac (Deductions related to the conclusion and administration of the insurance contract in the current month)	Pokuta maďarskému daňovému úradu v prípade vrátenia daňového bonusu za aktuálny mesiac, zrážková daň (Penalty of Tax Bonus in case of Returned Tax Bonus to tax authority in the current month, Withholding tax)
EUR	EUR	EUR	EUR	EUR	EUR	EUR

- columns V – AB:

Zrážky za náklady spojené s investičným procesom bonusov za aktuálny mesiac (Deductions related to the investment process of bonuses in the current month)	Zhodnotenie pripísané na poistný účet za aktuálny mesiac (Credited investment return in the current month) s bonusmi	Zhodnotenie pripísané na poistný účet za aktuálny mesiac (Credited investment return in the current month) bez bonusov	Stav poistného účtu na konci mesiaca (Saldo of insurance account)		Bonusy (Bonuses)	
			Stav poistného účtu s vernosťnými bonusmi (Saldo of insurance account with bonuses)	Stav poistného účtu bez vernosťných bonusov (Saldo without bonuses)	Vernosťný bonus (Loyalty bonus)	Štartovací, rastový, cieľový bonus (Start, fast grow, achieve bonus)
EUR	EUR	EUR	EUR	EUR	EUR	EUR

- columns AC – AI:

Odkupné poplatky (Surrender fee)		Odkupná hodnota (Surrender value)		Poistné plnenia, ktoré znižujú stav poistného účtu (Insurance benefits that reduce the balance of the insurance account)	Technické rezervy podľa IFRS (Technical provision - accounting)	Poistná suma pre hlavné krytie (Sum insured for main risk)
Hodnota nesplatených obstarávacích nákladov (Surrender Fee; aquisition costs)	Hodnota odkupného poplatku (Surrender Fee)	Odkupná hodnota bez bonusov (surrender value without bonuses)	Odkupná hodnota len bonusy (surrender value only bonuses)			
EUR	EUR	EUR	EUR	EUR	EUR	EUR

## II.

Národná banka Slovenska, in accordance with Section 25(3) of Act No 747/2004, on its own initiative hereby **revokes** Decision on an interim measure of 9 September 2020, issued against the party and recorded under document number 100-000-249-678 and file number NBS1-000-053-337 (hereinafter 'the Interim Measure'), as amended by Decision of the Bank Board of Národná banka Slovenska of 11 February 2021, recorded under document 100-000-273-424 and file number NBS1-000-054-940, on the grounds that, by virtue of the issuance of this Decision, the reasons for the issuance of the Interim Measure have ceased to exist.

(Hereinafter 'the Decision'.)