

DECISION no.  
3/133/18-11-2008  
of the Board of Directors

RE: “Regulation of matters of insurance against loss or damage”

**THE PRIVATE INSURANCE SUPERVISORY COMMITTEE**

Taking into account:

1. The provisions of L.D.<sup>1</sup> 400/1970 regarding “private insurance undertakings” (G.G.<sup>2</sup> A 10), as it stands, and especially articles 6 para. 3, 7 para. 1, and 6, 8 para. 12, 11, 13c, 17c para.1 and 4, 50a para.1 and 55 para. 2b.
2. The provisions of ministerial decisions K3-4383/7-6-2001 (G.G. 829/B/29-6-2001) “Codification and Amendment of Decision K3-3975/11.10.1999 (G.G. 8333/18.10.1999, SA<sup>3</sup> and LLC<sup>4</sup> issue) “Regulation of matters of loss insurance (technical reserves – book of technical notes, invoices and terms)”, as its stands” and K3-4382/7-6-2001 (G.G. 847/B/4-7-2001) “Codification and Amendment of Decision K3-3947/11.10.1999 (G.G. 8334/18.10.1999, SA and LLC issue) “Regulation of matters of life insurance (technical reserves – mathematical reserves – life and sickness tables, incompetence tables – technical interest rates – pricing – book of technical notes and terms – actuary certificate – special record in Unit Linked Life Insurances)”, as it stands.”,
3. The provisions of L. 3229/04 “private insurance supervision, supervision and control of lucky games, application of International Accounting standards and other provisions” (G.G. A 38), as it stands, and especially article 3 para. 1(b),(c) and (f).
4. Article 90 of p.d.<sup>5</sup> 63/2005 (G.G. A/98/2005) “Codification of legislation for the Government and government bodies”.
5. Joint Ministerial Decisions of the Ministers of Economy and Finance and Development no. 46511/B2147/29-10-2007 (G.G. B 2149) which determines PISC<sup>6</sup>'s operational readiness.
6. The proposal dated 13-11-08 of the General Manager, Mr. I. Vassis, for the approval of the Decision for the manner of calculation of loss insurance technical reserves titled “Regulation of matters of insurance against loss or damage”.

**UNANIMOUSLY DECIDES**  
**CHAPTER I: GENERAL PROVISIONS**

Article 1  
Scope of Application

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<sup>1</sup> Law Decree

<sup>2</sup> Government Gazette

<sup>3</sup> Societe Anonyme

<sup>4</sup> Limited Liability Company

<sup>5</sup> Presidential Decree

<sup>6</sup> Private Insurance Supervisory Committee

This decision applies to:

- a) insurance undertakings and mutual insurance co-operatives based in Greece for all loss insurance and reinsurance assumptions they enter into, in Greece as well as other EU and EEA<sup>7</sup> Member States through classes or under the status of free provision of services. This decision also applies to loss insurance and reinsurance assumptions that the above undertakings enter into in third countries, provided these undertakings are not subject to equivalent obligations in those countries.
- b) insurance undertakings and mutual insurance co-operatives of third countries, that is non - EU or EEA Member States, for loss insurance and reinsurance assumptions that they enter into in Greece herein referred to as “Companies”.

## Article 2

### Object

The objects of this decision are:

1. The assessment of the technical bases, particularly the correspondence of the operational and Administrative Expenses of the Companies, as well as the methods and manners of calculation, that the Companies must apply for the formation of sufficient technical reserves on their Portfolio according to legislation and the special provisions of article 7 of L.D. 400/1970, as it stands.
2. The assessment of special matters of the Companies’ administrative and accounting framework with regard to policies, which must be incorporated in their internal operation regulations and records, which the Companies must keep, according to legislation and the special provisions of article 6 para. 3 of L.D. 400/1970, as it stands.
3. The assessment of the type, content and certification of the Actuary Report on Technical Reserves and the Book of Technical Notes, Invoices and Terms, that the Companies issue and keep according to legislation and the special provisions of articles 11 and 55 of L.D. 400/1970, as it stands.

## Article 3

### Definitions

In the application of this decision:

1. “Premiums” are those provided in article 2a (kb) of L.D. 400/1970 as it stands.
2. “Net Earned Premiums (NEP)” are those provided in article 2a (25) of L.D. 400/1970 as it stands.
3. “Premium per Contract” is the premium paid in installments or flat, which corresponds to the duration of the insurance provided under the contract.
4. “Premium Installments Due (PID)” is the amount of the installments remaining to complete the Premium Per Contract that are not mature on the date of calculation of the reserves. The PID are calculated as follows:  $PID = [\text{Premium per Contract}] - [\text{Gross registered premium installments from the date of commencement of insurance provided under the contract until the date of calculation}]$ .
5. “Complex Insurance Contracts” are insurance contracts against loss that include insurance of risk categories falling under more than one classes of insurance against loss or damage.
6. “Costs and Expenses<sup>8</sup>” are “Acquisition Costs” and “Administrative Expenses”.

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<sup>7</sup> European Economic Area

<sup>8</sup> Translator’s note: Wherever the word ‘costs’ is used it is short for ‘costs and expenses’.

7. "Acquisition costs" are the costs arising from the conclusion of the insurance contract, particularly the commissions that the Company pays in any case to insurance intermediaries, according to the provisions of L. 1569/85 (G.G. 183/A/85), as it stands, which arise exclusively from the conclusion of the insurance contract. Acquisition Costs are distinguished as "Direct", which have an obvious and direct relation to the insurance product and "Indirect", which do not bear the aforementioned relation to the insurance product.

a) "Direct (Assessable) Acquisition Costs" are the following special categories: i) production commissions to intermediaries in the conclusion of insurance contracts, ii) Fees for the training of intermediaries set according to production commissions, iii) costs made for the drafting of insurance documents and information booklets for the insured and iv) costs made for the incorporation of the insurance contract in the portfolio (insurance risk assumption costs).

b) "Indirect (Assessable) Acquisition Costs" are the following special categories: i) fees and bonuses to intermediaries, offered besides the above mentioned under item (a) commissions, for attracting new businesses, ii) costs of advertising and marketing insurance products, iii) costs of advertising the company's trading name, iv) administration costs regarding the processing of insurance propositions and v) the costs of issuing the insurance contracts.

8. "Deferred Acquisition Costs (DAC)" are the Acquisition Costs that have been undertaken until the date of calculation of the reserve and are related to a time period after that date.

9. "Administrative Expenses" are costs not characterized as Acquisition costs which are categorized as follows:

a) Special category of Administrative Expenses of the Reinsurance undertaken or assigned ("Reinsurance costs")

b) Special category of costs for the materialization, administration and follow-up of Investments ("Investment Costs")

c) Costs incurred for the settling of compensations ("Settlement Costs"), which are further distinguished as per the following special categories: "Direct (-ly Imputed) Settlement Costs" meaning costs that are recognized and effected in particular for every claim file, such as costs to investigate whether the insurance case has occurred, legal costs, lawyer fees, and "Indirect (-ly Imputed) Settlement Costs", meaning costs incurred for the settlement of a total of claim files and cannot be imputed to a particular claim file, such as fees and relevant costs of claims settlement personnel, actuary fees for the supply of consulting and claims handling services.

d) "General Administrative Expenses", consisting of the following special categories: i) costs for the collection of premiums, ii) costs for the management of the premiums portfolio, iii) costs for the management of profit shares and returns iv) costs for the drafting of insurance documents and information booklets for the insured within the scope of insurance contract management, v) personnel costs and furniture and office equipment depreciation costs, provided they do not appear in the acquisition costs, vi) costs made for the development of insurance products, the engagement, training and financing of new intermediaries, vii) costs for the expansion of business to new classes of insurance, viii) costs for the transfer of portfolios, and ix) costs made in cases of mergers and acquisitions of insurance undertakings.

"Administrative Expenses" are distinguished, for each of the above categories (a) to (d) as costs regarding direct insurance and costs regarding reinsurance assumptions.

10. "Portfolio" is a Company's total insurance and reinsurance assumptions against loss.

11. "Sufficient Technical Reserve of an insurance class" is the technical reserve, which enables the Company, on a constant base, to respond to the reasonably anticipated obligations of the insurance class Portfolio.

12. "Head Actuary" is the person of article 55 case A of L.D. 400/1970 as it stands.

13. "Head of Administration" is the person exercising, according to article 55 case B of L.D. 400/1970 as it stands, management and administration in the Company and is solely responsible for all the matters arising out of L.D. 400/1970 besides those regarding the Head Actuary and the person of item (m) of case A article 13c of L.D. 400/1970.

## **CHAPTER II: TECHNICAL RESERVES**

### **Article 4**

#### **General Principles**

1. The Companies form and constantly preserve sufficient technical reserves per insurance class, for their whole Portfolio
2. Each Company sees to be in a position, after a relevant request by PISC, to calculate at any time, and in any case within a period of thirty (30) days from the date of the request, the Technical Reserves of its Portfolio.
3. If PISC deems that the sufficiency of a Company's reserves is not certified by the calculation of the reserves with the methods of this decision, it may request this Company to also calculate its reserves with other actuarial or statistical methods besides the provisions hereof.

### **Article 5**

#### **Unearned Premium Reserve (UPR)**

1. The UPR is calculated by the Head Actuary. It is calculated for every insurance contract separately ("contract to contract") with regard to insurance contracts including the insurance of risks falling under one insurance class. With regard to Complex Insurance Contracts, the calculation is effected for every insurance contract and every risk category separately.
2. The UPR includes the amount of Premiums, that have to be imputed to the time period from the date of calculation until the expiry of the period for which the Premiums have been recorded and is analysed per class of insurance.
3. For the calculation of the UPR the following are taken into account, without prejudice to para.4 of this article:
  - a) For all insurance classes apart from insurance class 7 "Transported Goods", the UPR is set at 20% of the Premiums corresponding to the last 12month period before the date of the calculation.
  4. To the classes of insurance where the characteristics of the risk do not correspond to the calculation methods of paras 3a and 3b of this article, the Head Actuary applies calculation methods that take into account the future course of the risk.
  5. The disposition in insurance investment of DAC which are calculated by correspondence to the UPR, according to the provisions of article 8 (para. 5, line 13) of L. D. 400/1970 as it stands, cannot exceed the amount of the Acquisition Costs corresponding to the UPR, with a maximum limit of:
    - a) 20% of the UPR for insurance class 10 "Civil liability from land motor vehicles"
    - b) 35% of the UPR for all other classes of insurance against loss or damage.

6. The UPR is also calculated for reinsurance assumptions and assignments according to the provision of this article, unless otherwise provided by an existing insurance contract.

7. The description of the calculation method and the result of the UPR per insurance class are quoted in the Actuarial Report of Technical Reserves.

#### Article 6

##### Operational Risks Reserve (ORR)

1. The ORR is calculated by the Head Actuary according to the forecast for insurance compensations and Administrative Expenses excluding Investment Costs, that are anticipated to occur after the date of calculation and burden the existing, at the time of calculation, insurance contracts.

2. The ORR equals the amount anticipated by para. 1 of this article, to the extent that this amount exceeds the total UPR and the amount of PID, provided the Acquisition Costs corresponding to this total are deducted.

$$\text{ORR} = [\text{FORECAST para.1}] - [\text{UPR} + \text{PID} - \text{UPR Acquisition Costs} - \text{PID Acquisition Costs}] \geq 0$$

3. In the calculation of the ORR any anticipated yields of the Company's investments are not taken into account.

4. The ORR is calculated and formed separately for each insurance class of the Portfolio. If the ORR is calculated by grouping of classes, the description of the calculation method, the analysis of the parameters and the substantiation of the result as well as the expediency of the grouping of classes, are quoted in the Actuary Technical Reserve Report. The grouping is allowed provided:

a. The risks, as to their nature, as well as any insurance claims arising from them, are of the same kind, or

b. The data of the risks and claims being grouped are of the same kind as above, but are proven to be statistically unreliable for separate calculation of the ORR.

5. The grouping of the above paragraph 4 should not in any case lead to a less reliable result for the total risks grouped.

6. In case a grouping of risks is selected, the Head Actuary appreciates, on the basis of an approaching method, the amount of the ORR corresponding to each class and quotes it separately in the Actuarial Report of Technical Reserves, describing in detail the approaching method.

#### Article 7

##### Mathematical Reserve for Old Age

1. The Mathematical reserve for old age is calculated by the Head Actuary according to the provisions of article 7 para. 2A case (e) and 2B case d(i) of L.D. 400/1970, as it stands, exclusively for Insurance Classes against Losses 1 "Accidents" and 2 "Illnesses", when these are managed according to article 17a para. 8 of L.D. 400/1970, as it stands.

2. The Mathematical reserve for old age is calculated according to the technical bases and actuary principles applied to Life Assurances and are quoted in the Actuarial Report of Technical Reserves.

3. The calculation of the reserve is effected per insurance class and kind (personal, group insurances).

#### Article 8

##### Pending Losses Reserve (PLR) – General

1. The PLR is calculated based on the cost anticipated to arise due to claims from insurance risks that have incurred by the date of calculation of this reserve, whether they were reported (declared) to the Company or not, until final and definite settlement of these claims.
2. The above anticipated cost includes the forecasted payments of compensation as well as Direct and Indirect Settlement Costs of these compensations, which are anticipated to incur until final and definite settlement of these claims.
3. The PLR is formed according to article 9 hereof, and is increased, if necessary, by the Head Actuary according to article 10 of this decision.
4. The PLR is calculated and formed separately for each insurance class for the whole Portfolio.

#### Article 9

##### PLR – File to File

1. The PLR is initially forecasted with the method “file to file” for each reported (declared) loss separately. The forecast is calculated by the Company on the date of calculation, taking into account all factors that influence the anticipated cost of its obligation and particularly the following:
  - a) Any technical reports existing regarding material losses or medical reports with regard to bodily injuries and illnesses,
  - b) Judicial decisions, final or not,
  - c) Any judicial claims pending according to forecast, in combination with any payments made and the extent of their obligations concerning them.
  - d) Overdue interest with regard to judicial cases.
  - e) Directly imputed settlement costs
2. For the specification of the anticipated cost of the loss, it is possible to use statistical methods, provided this forecast corresponds to data of a group of similar risks as their nature, and any insurance claims that may arise from those risks.
3. Especially when the allowances resulting from a loss must be paid in the form of an annuity (periodical payments), the relevant forecast of declared losses is calculated by the Head Actuary based on recognized actuarial methods and the technical bases applied in life assurances and they are quoted in the Actuarial Report of Technical Reserves.
4. For losses falling under the Immediate Payment System (IPS) [“Amicable Settlement”], the liable Company evaluates the relevant losses pending based on the average loss cost that results from the data kept by the Settlement Office of the Association of Insurance Companies Greece, which are submitted to the PISC.
5. The recoverable amounts that derive from the acquisition of rights of the insured against third parties (substitution) or from the acquisition of legal ownership of the insured assets (rescue), are recorded in the relevant loss file but do not reduce the amount of the forecasted loss. They are carried and recorded as an element of the Assets in the account “Other Claims”. They are forecasted with caution, and are quoted and justified separately in the Actuarial Report of Technical Reserves.

6. When a loss is revived, that is a new claim arises of either an insurance compensation or recovery of a amount from an already settled and closed loss, then the amount of the forecasted loss as well as any payment of insurance compensation or the amount of recovery, are reported to the relevant loss file, that is the file with the same code number as the one where the loss was first recorded. For the recoverable amounts that arise from an already settled and closed loss, the above are kept in para.5 of this article.

7. Without prejudice to the provisions of para. 3 of this article, no implicit reduction or discount of the PLR is allowed.

## Article 10

### PLR – Actuarial Statistical Methods

1. The PLR which has been calculated and formed according to article 9 hereof, is increased by the Head Actuary per insurance class according to the amount necessary, calculated with the method of “collective loss basis”, for the coverage of the following forecasts:

a) Forecast for losses that have incurred but have not been reported (declared) (Incurred But Not Reported – IBNR): this forecast includes claims from insurance risks that have incurred but were not reported until the date of calculation as well as the Direct Settlement Costs that are anticipated to arise until the final and definite settlement of these claims by the Company.

b) Forecast for the future course of the total amount to be claimed, plus that which was formed according to the method of article 9 hereof, for the full coverage of insurance compensations and Direct Settlement Costs, which are anticipated to arise for the final and definite settlement by the Company of all the claims from reported and non-reported risks that have incurred on the date of calculation of the PLR.

c) Forecast for future payments for losses that have already been settled on the date of calculation, but there is a chance of reviving according to the Company’s assessment.

2. The PLR which was calculated according to articles 9 and 10 para.1 hereof is further increased by the Head Actuary by the forecasted amount of Indirect Settlement Costs, which necessarily reflects the historical elements of the Portfolio and the Costs Description Record of para. 4 article 12 hereof, as well as the Company’s assessment for the future tendency and course of these costs which are anticipated to arise from the date of calculation of the reserve until final and definite settlement of all claims resulting from the risks incurred on the date of calculation of the reserve, reported or not.

3. The Head Actuary may assess, either as a whole (in total) or separately, the forecasts of para.1 of this article, based on sufficiently supported actuarial hypotheses. The assessment is effected with an approved actuarial sample (model) which is compatible with its portfolio and according to the following principles:

a) Future compensation payments as well as any loss revivals are taken into account, the Direct Settlement Costs as well as the time in which these are anticipated to arise until final and definite settlement by the Company of all claims, including all recognizable and material risks that may be quantified and derive from the above claims.

b) Prudent acknowledgments, methods and samples applied in connection with the analysis of the risk, are taken into account, as well as management techniques which are compatible with the Company’s assessment for the risk it has assumed. In this

context, the Head Actuary may use meditative techniques or other means to analyze the risk that the Company has assumed.

c) The experience and data of the Company is taken into account, while at the same time the extent of their statistic reliability is calculated, in order to determine the acknowledgments in relation to parameters that, to an extent, are within its control.

d) The experience and data of external sources is taken into account, if this is deemed necessary.

4. The assessment of the forecasts of paras 1 and 2 of this article must necessarily be founded on the analysis of the data available from the past and their historical course, as well as on the assessment of future tendencies that will effect the course of the compensations and the formation of the Settlement Costs.

5. The Head Actuary may, for the assessment of the forecasts of para. 1b and 1c of this article, also calculate, on the basis of sufficiently supported actuarial hypotheses, any recoverable amounts as well as the Direct Settlement Costs related to them according to the principles of para. 3 and 4 of this article. In that case, according to article 1 of this article, a sum equal to any recoverable amounts of para. 5 and 6 article 9 of this decision, is added to the sum required for the increase of the PLR calculated and formed according to article 9 of this decision.

6. Implicit reduction or discount of the calculated forecasts of this article in order to take account of investment costs, apart from discount which corresponds to the increase of article 9 para.3 of this decision, are not allowed.

7. The participation of reinsurers in the above forecasts will be assessed according to what is set in the existing reinsurance contract, and especially according to the type of reinsurance contracts, the breadth of the reinsurance assignment and the nature of insurance business and will be certified with a certificate provided by the reinsurers.

8. The selection of methods for the calculation of the PLR according to this article is carried exclusively by the Head Actuary, who must examine the signs and results arising from more than one methods responding to the characteristics and particularities of each insurance risk, justify the differences between results, certify their sensitivity in changes of the basic parameters, and report these in the Actuarial Report of Technical Reserves.

9. In case of a unified (total) assessment of the forecasts of art. 1 of this article, the Head Actuary will assess based on an approaching method the amount corresponding to the forecast of para.1a of this article and quote it in the Actuarial Report of Technical Reserves describing the approaching method.

10. Especially for the three (3) first years of operation of the Company in a particular insurance class, for the calculation of the forecasts of this article, the Company will also assess the elements of the approved activity plan of article 15, para.2 of L.D. 400/1970, as it stands.

## Article 11

### Balancing Reserve

1. The Balancing Reserve is meant to balancing the technical deficit that may arise in any future financial year exclusively for insurance class 14 "Credits". This reserve is calculated by the Head Actuary, formed and invested (it is disposed in an insurance investment) according to article 8 of L.D. 400/1970, as it stands, by the Company at the closure of the annual financial statements for direct insurance and reinsurance assumptions, in the first (officially) closed financial year and subsequent ones, by respectively applying paras 2 to 5 of this article.



2. The Balancing Reserve is calculated at the closure of the accumulated financial statements, taking into account on the one hand, the Balancing Reserve of the previous year and on the other hand, 75% of the technical surplus that arises in the above class, without exceeding 12% of the NEP counted in the closed financial year for the above class, until the above reserve reaches 150% of the highest annual amount of NEP counted during the past five closed financial years.
3. The technical result (surplus or deficit) of the above class, for the application of this article, at the closure of the audited financial year, results from its working account according to chapter 4.7 article 1 P.D. 148/1984, as it was amended by paras 11 and 12 of article 5 P.D. 64/1999 without taking into account the above technical reserve as well as the proportion of returns/expenses of the investments recorded in it.
4. The use of the Balancing reserve takes place when the technical result of para.3 hereof of insurance class 14 “Credits” is showing a deficit and up to the amount of its balancing.
5. The above calculated, formed and invested (disposable in insurance investment) Balancing Reserve is deducted from the available solvency margin in case the rules of accounting standards that the Company officially follows, do not allow its accounting entry.

CHAPTER III  
**POLICIES AND RECORDS FOR THE FORMATION OF TECHNICAL  
RESERVES**

Article 12

Costs Designation Policy (CDP)

1. Every Company includes in its internal rules of operation, which constitute a decision of its Board of Directors, taken after a proposal by the Head of Administration, a Costs Designation Policy (CDP) with the following principles:
  - a) The Company’s total Costs and Expenses are taken into account. In review, the total Costs realized agrees with the total Costs registered in the company’s statements. Before review, the total Costs agrees with the total Costs registered in the activity plan, provided the cases for its drafting incur according to the provisions of L.D. 400/1970, as it stands, and the decisions of the PISC.
  - b) Every Cost, is **separated** according according to what is set under (c) below and is **designated** with an analysis of its kind and expediency according to what is set under (d) below. Provided the requirements under (e) below are met, the Cost is **marked** as a Non-Recurring Cost (“NRC”).
  - (c) The **separation** of Costs is effected as follows:
    - i) Separation of Costs per kind of activity (direct insurance business, reinsurance assumptions).
    - ii) Separation of Costs per class of insurance. Exclusively for Classes of Insurance against loss or damage 1 “Accidents” and 2 “Illnesses”, when these are managed according to article 17a para. 8 of L.D. 400/1970, as it stands, the separation is carried per category of insurance risk or kind of insurance product.
    - iii) In case of a Company with mixed insurance activity (exercise of insurance against loss or damages and life assurance), the separation is also effected per insurance activity (insurance against loss or damage, life assurance).
  - d) The specification of Costs is effected as follows:

i) Every Cost must necessarily be listed in one of the special categories of article 3 para.7 and 9 of this decision, with which it bears an obvious and directly measurable relation.

ii) Allocation of the Cost in more than one special categories is only allowed if, from the analysis of the kind and expediency of the Cost, no obvious and directly measurable relation to one and only special category of article 3 para. 7 and 9 of this decision exists.

(e) The Company is responsible for the designation of a Cost as a NRC and according to the CDP, provided the Cost has such a character, that is, it does not concern the Company's usual course of exercise of its insurance and reinsurance activities.

2. The CDP describes in detail and justifies the method of separation, designation and marking of the Costs and NRC.

3. The CDP as well as any amendment of it, is communicated to PISC, care of the Head of Administration, within five working days from date the relevant decision was taken by the Company's BD.

4. The Company maintains and makes available, care of the Head of Administration and based on its CDP, a electronic "Record of Separation, Designation and Marking of Costs" in which the Costs are analyzed for a period set from the beginning of the financial year until the date of calculation, according to paras 1,2 and 3 of this article. This record is updated every six months and is submitted by the Company's B.D. to PISC along with the Actuarial Report of Technical Reserves.

### Article 13

#### Company Portfolio

1. Every Company maintains and makes available, care of the Head of Administration, for at least fifteen (15) years, analytical electronic data records per class of insurance, contract and claim file, with regard to at least the following:

a) insurance contracts in force

b) premiums

c) premiums assigned

d) the amount of PID

e) UPR

f) reinsurer's proportion of the UPR

g) insurance compensations (compensations pending, compensations paid, collections of recoverable amounts in case of substitution or rescue of a residual value) as well as reinsurer participation, provided such a thing directly arises from the insurance contract.

2. The Company is also obliged, care of the Head of Administration, to keep on a special electronic file, a table regarding the course of settlement of the claim (run-off) per class of insurance and separately for each class loss, the course of settlement of the claim from the date the loss was reported (declared), with an update circle of the record for the purposes of this decision, every calendar month. More specifically, this record must include at least the class of insurance regarding the loss, the risk or sub-risk it concerns, the number of the insurance contract, the number or code of the loss, the date the loss occurred, the insurance forecasts for the loss pending, the amounts of payments, the collections of recoverable sums (substitution and rescue of residual value) as well as the amounts borne by the reinsurer.

3. For the needs of recording and keeping the necessary data in relation to the above records of insurance compensation, the Company takes into account the following:

- a) the update circle which, for the purposes hereof, corresponds to a calendar month
  - b) the validation period of the insurance contract
  - c) the date of the occurrence of the loss/damage
  - d) the date of reporting of the loss/damage
  - e) the date of revival of the loss/damage
  - f) judicial claims (losses/damages for which the claim for insurance compensation or their settlement takes place with a recourse to the bodies of justice). In the case of judicial claims the date of the suit must also be recorded as well as its serving to the Company in separate fields.
  - g) the amount of payment distinguished in payment total and reinsurer participation in the payment, provided such a thing directly arises from the insurance contract.
  - h) the forecast for pending losses a) forecast amount and b) reinsurer participation in the forecast, provided such a thing directly arises from the insurance contract,
  - i) Direct Settlement Costs with a special note on their kind (i.e. expert report costs, lawyer costs, etc.)
4. In case there is compensation in the form of an annuity, these compensations must be presented separately. The same will be for cases of amicable settlement of claims with an indication of the participating Company.
5. In case there is use of article 3 para. 1 of L.D. 400/1970, as it stands (incidental risks), the losses of each classes are presented separately.
6. In order to categorize the above data per class of insurance according to the classification of article 13 para.1 of L.D. 400/1970, as it stands, the Company may keep and categorize loss data also with an analysis of insurance risk in one or more classes but taking into account the following:
- a) Class 3 “Land Vehicles”: loss data for subcategories (risks) of fire, theft, own damages/losses and other insurance cover are recorded and kept separately.
  - b) Class 9 “Other losses to goods”: loss data for subcategories (risks) of theft and other insurance cover are recorded and kept separately.
  - c) Class 10 “Civil liability from land motor vehicles”: loss data for subcategories (risks) of a) material damage b) bodily injury (passengers, third parties) are recorded and kept separately.
  - d) Class 13 “General Civil Liability”: loss data for subcategories (risks) of doctors, hotels, and other insurance cover are recorded and kept separately.
  - e) Class 17 “Legal Cover”: loss data for subcategories (risks) of car drivers and others, are recorded and kept separately.
  - f) Class 18 “Assistance”: loss data for subcategories (risks) concerning cars and other insurance cover are recorded and kept separately.
7. Every Company keeps in document form, care of the Head of Administration i) the print-outs of the electronic records of points a), b), c), d), e) and f) of para. 1 of this article, as well as ii) documents relating to its Portfolio, especially those related to claims files. The obligation to keep these is valid for at least ten (10) years, from the drafting of each record mentioned under point i) and each document mentioned under point ii) from the full settlement of each case. The PISC may, in exceptional cases, request the Company to keep certain or all of its records or documents for a longer period.

1. Every Company includes in its internal regulations of operation, which constitutes a decision of the Board of Directors taken following a proposal of the Head of Administration, a Portfolio Certification Policy. Portfolio Certification is used to define its fullness regarding the impression of insurance risks assumed by the Company, as well as the accuracy of data contained in the Portfolio.
2. The Portfolio Certification Policy records the kind and form of records, the name (brief description of the records, the lining of these records (the code of data fields that they bear as well as their brief description), the process of production and update of these records by the primary elements of the insurance contract or reinsurance contract or claim file (insurance proposal data, claim file data, compensations paid calendar) as well as reinsurance contracts, internal procedures as well as audit mechanisms set by the Company to ensure and certify the completeness and accuracy of data included in these records regarding the total risks assumed by the insurance undertaking.
3. The PCP as well as any amendment of it is communicated to the PISC, care of the Head of Department, within five working days from the date the relevant decision was taken by the Company's BD.
4. The Company keeps appropriate records which prove that the PCP is applied and reviewed, at least on a monthly basis, for the purposes hereof. The Head of Administration sees to the improvement of the procedures and audit mechanisms in order to ensure certification of the portfolio of insurance contracts.
5. The Head of Administration drafts every six months a Portfolio Certification Report, which he sends to the Company's BD and communicates it to the Head Actuary, in order for him to take it into account in his calculations of the Technical Reserves and the drafting of the Actuarial Report of Technical Reserves. The Report is submitted by the Company's BD to the PISC along with the Actuarial Report of Technical Reserves of article 15 of this decision.
6. The Portfolio Certification Report states, according to the PCP, the findings as to the achievement or not of the certification of the portfolio for the closed financial year and includes the following paragraphs in line of order:
  - a) The Company's name
  - b) The financial year to which the portfolio certification relates.
  - c) The certification procedure's gaps and weak points as to the completeness of the portfolio as well as the degree of credibility of the data.
  - d) The findings with regard to the completeness or not of the portfolio in relation to the total insurance risks assumed by the Company.
  - e) The findings with regard to the degree of credibility of the data used for the calculation and formation of the Technical Reserves.
  - f) The activity plan, provided the conditions of cases (c) to (e) are in place.
  - g) The name of the Head of Administration.
  - h) The date of signing the Portfolio Certification Report.
  - i) The signature of the Head of Administration.

## **CHAPTER IV UPDATES AND TECHNICAL RESERVE REPORTS**

### **Article 15**

#### **Actuarial Report of Technical Reserves (ARTR)**

1. The Company's B.D. approves and submits to the PISC, by February 28<sup>th</sup> of each year for the data of yearly financial statements and by September 15<sup>th</sup> of each year,

for the data of the half-yearly financial statements, the ARTR drafted, signed and addressed to it by the Head Actuary. With regard to the data of the yearly financial statements, the ARTR must be accompanied by a special report of the Certified Auditor-Accountant in relation to the procedures set in the provisions of this decision.

2. The ARTR is also submitted extraordinarily for any period of the financial year under examination following a written request of the PISC to that Company.

3. The ARTR is structured per class and category of technical reserve, and it includes the following in line of order:

A) A Statement from the Head Actuary (for all classes and categories of reserves)

i. The data of the Company (name, SARno.<sup>9</sup>, Full natural and electronic Address) and the Head Actuary (Name, Actuary License no., Tel. & Fax no., E-mail)

ii. the following:

“Statement of the Head Actuary

To: The B.D. of the Company .....

In the context of the exercise of my legal duties as an Head Actuary of the Above Company, I declare that the calculation of the Technical Reserves of the Company’s Portfolio, which took place on ..... (date of calculation), was effected according to insurance legislation and certify that the above calculated Technical Reserves as sufficient within the scope of reasonable predictable.”

iii. The date of signing by the Head Actuary

iv. The signature of the Head Actuary.

B) Per class and category of reserve, a Technical Analysis of the reserves distinguished in the following unities:

i. Summary results and comparison to the previously submitted ARTR,

ii. Description of the actuarial methods and the general reservation policy, particularly with regard to any security margins, as well as any changes in them in relation to the previous ARTR,

iii. Evaluation of the sufficiency, appropriateness and quality of the data used, according to what is set in para. 4 of this article,

iv. Description of the hypotheses and acknowledgments as well as any changes in them in relation to the previous ARTR,

v. Analysis of the calculations and commentary, according to what is set in para. 6 of this article,

vi. Analysis of the results and commentary mentioning the effect that business decision altering practices and policies of the Company had or are about to have on them.

vii. Sensitivity of the results in changes of the basic parameters,

viii. Quantitative analysis and commentary on the difference between technical reserves forecasted during the previous ARTR and obligations that finally occurred,

ix. Other information deemed necessary for the full under of the content of the ARTR.

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<sup>9</sup> Societes Anonymes Record number

4. For the evaluation of the sufficiency and quality of the data used for the calculation of technical reserves, the following will be mentioned per class and technical reserve:
- i. Analytical description of the data, in the form of tables and diagrams, wherever this is deemed necessary.
  - ii. Sources of the data.
  - iii. Summary description of the procedure followed for the evaluation of the data, in relation to completeness, appropriateness and accuracy of data and comparison, in relation to the above, to the data of the previous ARTR.
  - iv. Description and justification of the expediency of any adaptations, acknowledgments and modifications made on the data.
  - v. Methodology and justification of any grouping of the data.
  - vi. In case the data does not meet the accuracy, completeness or appropriateness required for the calculation of technical reserves, the methodology that the Head Actuary used to calculate the above reserves in an appropriate way so as to ensure their sufficiency, within the scope of reasonable predictable, taking into account the total real insured risks the undertaking has assumed.
5. For the evaluation and description of the actuarial methods and acknowledgments, the following will be mentioned per class and technical reserve:
- i. Detailed description of the mathematical sample of actuary methods used for the calculation of technical reserves, their application and justification, per kind of reserve and similar risk groups and marking of the differences with the relevant methods of the previous ARTR.
  - ii. Detailed description and justification of the acknowledgment used for the calculation of the technical reserves, per kind of reserve and similar risk groups and marking of the differences with the relevant acknowledgments of the previous ARTR.
6. a. For the presentation and analysis of the results there will be an analysis of the technical reserves in a comprehensible and comparable manner, with the use of tables wherever this is deemed necessary, separating the technical results of direct insurance, reinsurance assumptions as well as reinsurer participation and providing full commentary and interpretation for each forecast. The above analysis will be presented for the whole company as well as analytically for every country in which the company operates in the form of a branch or under the status of free provision of services.
- b. Furthermore, the presentation and analysis of the results will include a comparison between:
- i. the amount of the total reserves of articles 9 and 10 hereof, per year of loss/damage incident, of the previous ARTR and
  - ii. claims paid, per year of loss/damage incident, within the time period from the previous ARTR and the total reserves of articles 9 and 10 hereof, per year of incident, of the current ARTR.
- c. In case the forecast of para. 1a of article 10 is calculated separately, then it will be analyzed, at least per forecasted year of incident.

## Article 16

### Book of Technical Notes, Invoices and Terms

1. The Book of Technical Notes, Invoices and Terms, which the Companies must keep, according to article 11 (para.1 and 2) of L.D. 400/1970, as it stands, is

authenticated by the PISC and kept by the persons of article 55 of L.D. 400/1970, as it stands, and includes the following unities (chapter):

a) Unity (Chapter) of Technical Notes

aa) This unity includes the technical notes: i) of classes 1 “Accidents” or/and “Illnesses” when these are managed according to article 17a (para.7) of L.D. 400/1970, as it stands, and ii) the actuarially calculated pending losses, estimated with the “file by file” method, to which of which a code number is issued which must include:

- a1. Its special name.
- a2. The class or classes of insurance it covers.
- a3. The description of the risks it covers.
- a4. The currency to which it applies.
- a5. The country to which it applies.
- a6. The distinctive name of tables of life, sickness-incompetence as well as the complex tables of many causes of expenses (in relation to the insurance risks of mortality, sickness, incompetence, incompetence restitution and old age), wherever these are used for the calculation of risk premiums and the mathematical reserve, or for the calculation of pending losses estimated with the “file to file” method.
- a7. The guaranteed technical interest used for the above calculations.
- a8. The Acquisition Costs paid and born by the premiums.
- a9. The Administrative Expenses as well as the contract rights borne by the premiums.
- a10. The mathematical types of the premiums.
- a11. The types of momentary mathematical reserves (applied on the date of calculation), of DAC, as well as the actuarially calculated losses pending calculated with the method “file to file”.
- a12. The tables of indicative rates of mathematical reserves, momentary mathematical reserves (date of closure of the financial statements).
- a13. The tables of risk premiums and commercial premiums as well as the indirect taxes born by commercial premiums.
- a14. The code number and special name of general and special terms of insurance contracts of unity (c) that it corresponds to.
- a15. The actuarial sample of viability of the insurance products of classes 1 “Accidents” or/and 2 “Illnesses” when these are managed according to article 17a (para. 7) of L.D. 400/1970, as it stands, including the actuarial hypotheses that govern the sample, based on which it is sufficiently justified that the premiums are sufficient and that the Company is in a position fulfill all its obligations arising from the insurance product without there being added systematically and permanently an addition of means foreign to these premiums and the acquired income.

b) Invoice Unity (Chapter)

This unity includes the invoices of the remaining classes [in case classes 1 or/and 2 are managed according article 17a (para.7) of L.D. 400/1970, as it stands], to each of which a code number is given which must include:

- b1. Its special name.
- b2. The class or classes of insurance it covers.
- b3. The description of the risks it covers.
- b4. The currency to which it applies.
- b5. The country to which it applies.
- b6. The commercial premiums or rates applied for each insurance class or risk covered.

- b7. The indirect taxes and rights born by the commercial premiums.
- b8. The commissions paid.
- b14. The code number and special name of general and special terms of insurance contracts of unity (c) that it corresponds to.

c) Unity (Chapter) of general and special terms

In this unity, the general and special terms of the insurance contracts as well as the information given to the contracting parties according to article 4 of L.D. 400/1970, as it stands, are classified in groups according to the invoice or the technical note they concern. To each group a code number is given and the class or classes of insurance are stated as well as its special name. Also, each group states the code number and the special name of the invoice or technical note of the unities (a) and (b) it concerns.

d) Tables Unity (Chapter)

In this unity the full table of life, sickness-competence as well as the complex tables of multiple causes of expenses (in relation to insurance risks of mortality, sickness, incompetence, restitution of incompetence and old age), wherever these are used for the drafting of the technical notes of unit (a) above.

2. In insurance, contracts, sold, as well as in the information given to the contracting parties, the code numbers of the technical notes, the general and special terms, mentioned in unities (a), (b) and (c) above.

3. Insurance undertakings that are based in Greece, and which have a registered office in EU and EEA, keep by analogy, only unity (c) of the book of para. 1 above, taking into account articles 4, 42c, and 42d of L.D. 400/1970, as it stands. Also, they apply by analogy para. 2 above.

4. For insurance undertakings, with registered offices in EU and EEA countries, operating in Greece under the status of free provision of services, the provisions of articles 4,42c and 42d of L.D. 400/1970, as it stands.

5. The Companies are obliged to update the Book of Technical Notes, Invoices and Terms in any case of completion or modification of it before the commencement of application of the technical notes as well as before the circulation of invoices or/ and General or Special Terms of the insurance products.

## Article 17

### Technical Reserves Update

1. The Technical Reserves of article 5 “UPR” and 9 “PLR – File to File” of this decisions are calculated per month.
2. The Technical Reserves of article 6 “ORR” and 10 “PLR – Actuarial Statistical Methods” are calculated per trimester and remain stable until closure of the next trimester, without prejudice to para. 5 of this article and para.2 article 4 of this decision.
3. The Technical Reserve of article 11 “Balancing reserve” is calculated at the closure of the financial year and remains stable until the closure of the next financial year.
4. The Head Actuary submits every trimester to the PISC, and the latest within thirty (30) days from the closure of the final month of the trimester, the Technical Reserves Quarterly Update, in a summary form, which includes the technical reserves of Chapter II of this decision, per category of Technical Reserve and insurance class.
5. In case the composition of the Company’s Portfolio has been significantly modified as to the risks or the methods or parameters of calculation of the Technical Reserves have been modified in comparison to the previous Technical Reserves Quarterly



Update, the Head Actuary notifies and explains in writing to the PISC by the date set in para. 4 of this article.

#### Article 18

With regard to the Head Actuary

1. The Head Actuary, for the purposes of this decision, bears the responsibility for ranking and classifying the risks of the insurance offered through the contract among the relevant classes of insurance against loss or damage, according to article 13 para. 1 and 3 of L.D. 400/1970.
2. The Head Actuary bears the responsibility against any auditing authority for the calculation and justification of the sufficiency evaluation of the Technical Reserves of this decision, except for what was calculated according to article 9, paras 1,2,4,5,6 and 7 hereof.
3. In the exercise of its duties, the Head Actuary is entitled to inspect every book, document, record and data of the Company's Portfolio and to access any service of the Company.
4. The members of the Board of Directors collaborate with and provide information to the Head Actuary and generally facilitate his work in any way. The management of the Company provides the Head Actuary with all necessary means in order to facilitate his work.

### **CHAPTER V TRANSITIONAL AND FINAL PROVISIONS**

#### Article 19

Transitional Provisions

1. By December 31<sup>st</sup> 2008, all Companies must have stated in writing and in detail the available data and records as well as the years for which they possess these, according to article 13 of this decision.
2. In deviation to what is set in article 10 hereof, and without prejudice to para. 3 of this article, the PLR calculated according to art.10 is formed and recorded at least to the following percentages:
  - a) By 31-12-2009, to a percentage of at least 40%.
  - b) By 31-12-2010, to a percentage of at least 70%.
  - c) By 01-01-2011, to a percentage of 100%.
3. A Company which forms and records, according to para.2 of this article, a percentage less than 90% of the PLR calculated according to art. 10, is obliged, within two months from the discovery of the difference, to submitted to PISC for approval, a three-year plan for financial recovery, according to the provisions of art. 17c para.3 of L.D. 400/1970.
4. In deviation to what is set in para.4 of article 12, para. 5 of art. 14 and para. 1 of article 15 hereof, the Record of Separation, Designation and Marking of Costs, the Portfolio Certification Report and the Actuarial Report of Technical Reserves (ARTR) with report date the 31/12/2008 as well as the Quarterly Update of Technical Reserves with report date the 31/3/2009, are drafted within the time periods provided herein, kept in the company's records, and submitted following a relevant request by the PISC.

Article 20  
Final Provisions

1. This decision is to be published in the Government Gazette (Issue B).
2. This decision enters into force from the date of its publication in the Government Gazette.
3. This decision bears no expense on the State Budget.
4. From the date of entry into force of this decision, M.D.<sup>10</sup> K3-4383/7-6-2001 is abolished as well as any previous contrary regulation, without prejudice to para.6 of this article.
5. From the date of entry into force of this decision, wherever in legislation mention is made of the M.D. K3-4383/7-6-2001, it shall mean this decision, without prejudice to para. 6 of this article.
6. By exception to the provisions of paras 4 and 5 of this article, for as long as M.D. K3-4382/7-6-2001 remains in force, wherever in legislation mention is made of M.D. K3-4382/7-6-2001 in relation to the regulation of life insurance matters, the provisions of M.D. K3-4382/7-6-2001 will apply.
7. From the entry into force of this decision, any previous decision or approval of formation of further technical reserves of insurances against loss or damage, is abolished.

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<sup>10</sup> Ministerial Decision