

**THE DIRECTOR GENERAL
OF THE CENTRAL BANK OF THE REPUBLIC OF SAN MARINO**

IN VIEW of Law No. 165 of 17 November 2005 and, in particular, of article No. 39, which assigns the Central Bank of the Republic of San Marino the power to issue measures containing mandatory provisions of a general nature;

IN VIEW of the Statutes of the Central Bank of the Republic of San Marino approved by Law No. 96 of 29 June 2005 and in particular Article 30, paragraph 3 of the Statutes, based on which the Central Bank's acts on supervision, duly passed by the Supervision Committee, are issued by the Director General;

IN VIEW of Regulation No. 2008-01 on life insurance business;

IN VIEW of Regulation No. 2009-01 on preparing the financial statements of insurance undertakings, life insurance branch;

IN VIEW of the resolutions taken by the Supervision Committee and Governing Council, whereby approval was given to Regulation No. 2013-02 making up Update I to Regulation No. 2008-01 on life insurance, as well as Update I of Regulation No. 2009-01 on preparing the financial statements of insurance undertakings, life insurance branch;

ISSUES

the attached Regulation No. 2013-02 which enters into force as from 18 July 2013.

San Marino, 15 July 2013

SIGNED: THE DIRECTOR GENERAL
Mario Giannini

**REGULATION ON LIFE INSURANCE
BUSINESS**

UPDATE NO. I

**REGULATION ON THE PREPARATION OF THE
FINANCIAL STATEMENTS OF INSURANCE
UNDERTAKINGS
EXERCISING LIFE
INSURANCE**

UPDATE NO. I

year 2013 / number 02

Article 1 – Amendments to Regulation No. 2008-01 on Life Insurance business.

1. Article 16, paragraph 2 is replaced as follows:

"2. Within thirty days from the date of receipt of the application, the CENTRAL BANK, after assessing whether the amendments correspond with the provisions of LISF and the relevant implementing measures, as well as with the sound and prudent management of the INSURANCE UNDERTAKING and with the effective exercise of the supervision activities, issues an authorisation or a rejection order."

2. The following paragraph is added to article 16:

"3. The term referred to above is interrupted and suspended in the cases provided for in Art. 3, paragraphs 8 and 9."

3. Letter d) of article 84, paragraph 1 is replaced by the following:

"d) cash at banks with banks in San Marino or with their registered office in one of the Member States of the European Union or belonging to the "Group of ten" (G-10), within the limit of 20 percent of the total gross amount of the assets used as cover, considered in their entirety, provided that such deposits:

- 1) do not have a maturity of more than twelve months;
- 2) may be repaid on demand or with prior notice of less than fifteen days;"

4. Article 84, paragraph 3 is replaced as follows:

"3. The debt securities referred to in paragraph 1 and the counterparties of the transactions in derivative financial instruments must have a rating of at least "BB" or the equivalent, assigned by at least one primary rating agency, provided that no other agency has assigned a lower rating. Investments in assets with a rating lower than "BB", or not rated are allowed within the aggregate limit of 5 percent of the total gross amount of the assets used as cover considered in their entirety. This limit does not include the unlisted and not rated debt securities - issued by authorised parties in the Republic of San Marino within the scope of the exercise of the activity referred to in Letter A of Annex 1 of the LISF - which are subject to a limit of 20 percent of the aggregate gross amount of the assets used as cover taken into account in their entirety. The limits provided for in Art. 87, paragraph 1, letter b), and the provisions of the paragraph 4, letter a) below, remain unprejudiced."

5. Article 94, paragraph 4 is replaced as follows:

"4. The debt securities referred to in paragraph 2 and the counterparties of the transactions in derivative financial instruments must have a rating of at least "BB" or the equivalent, assigned by at least one primary rating agency, provided that no other agency has assigned a lower rating. Investments in assets with a rating lower than "BB" or not rated are allowed within the limit of 5 percent of the total assets of the internal fund. This limit does not include the unlisted and not rated debt securities - issued by parties subject to prudential supervision for stability purposes on an individual basis in the Republic of San Marino - which are subject to the limit of 20 percent of the aggregate of the assets of the internal fund, except as provided for in Art. 95, paragraph 1 below."

Article 2 – Amendment to Annex C of Regulation No. 2009-01 on preparing the financial statements of insurance undertakings, life insurance branch.

1. Table No. 1 entitled "Activities covering the technical reserves in class C", and Table No. 2.1 entitled "Activities covering the reserves in the INTERNAL FUND" of Annex C to Regulation No. 2009-01 regarding the statement evidencing the activities covering the technical reserves, are replaced by the forms attached to this Regulation.

Article 3 – Entry into force.

1. This Regulation shall enter into force on 18 July 2013.

Article 4 – Consolidated texts.

1. The texts of Regulation No. 2008-01 and 2009-01, consolidated to include the amendments introduced by this regulation, shall be made available on the website of the Central Bank of the Republic of San Marino (www.bsm.sm).

San Marino, 15 July 2013

The Central Bank of the Republic of San Marino

Regulation No.2009-01 on the preparation of the financial statements of insurance undertakings
exercising the life insurance business

- ANNEXES -

Annex C

ANNEX

C

Statement of assets used to cover technical reserves

1. Assets used to cover the technical reserves in class C

TECHNICAL RESERVES TECHNICAL RESERVES TO COVER	Figure at the end of the financial year (Euro)		Figure at the end of the previous financial year (Euro)	
	1		39	
	Max limit	Figure at the end of the financial year (Euro) %	Figure at the end of the previous financial year (Euro) %	
TOTAL ASSETS USED TO COVER TECHNICAL RESERVES		2	40	
INVESTMENTS		3	41	
a. Financial instruments listed on regulated markets	100%	4	42	
Shares and other capital securities		5	43	
Debt securities		6	44	
<i>of which money market securities</i>		7	45	
b. Financial instruments not listed on regulated markets	10%	8	46	
Shares and other capital securities		9	47	
Debt securities		10	48	
<i>of which money market securities</i>		11	49	
c. Unlisted and not rated debt securities issued by authorised parties exercising the activity pursuant to Lett. A of Annex 1 of LISF	20%	12	50	
d. Parts of CIS UCITS III	100%	13	51	
e. Cash at banks	20%	14	52	
f. Repurchase agreements with retrocession obligation and securities deposits with a bank	20%	15	53	
g. Land and buildings for unencumbered portions to mortgage	30%	16	54	
Land		17	55	
Buildings		18	56	
LOANS		19	57	
h. Receivables, subject to the prior deduction payable to the debtor:				
to reinsurers		20	58	
to insurers and intermediaries		21	59	
to insurers deriving from loans on policies in respect of the State (tax credits)		22	60	
		23	61	
OTHER ASSETS		24	60	
i. Other assets:				
Tangible fixed assets instrumental in carrying out the business, other than land and buildings		25	61	
Tangible fixed assets not instrumental in carrying out the business other than land and buildings		26	62	
Acquisition commissions to amortise		27	63	
Accrued revenues for interest on securities appropriate to cover technical reserves		28	64	

2.1. Assets to cover the reserves of the INTERNAL FUND

(Ord. No.)

(name of the internal fund)

TECHNICAL RESERVES TECHNICAL RESERVES TO COVER	Figure at the end of the financial year (Euro)		Figure at the end of the previous financial year (Euro)	
	1		32	
	Max limit	Figure at the end of the financial year (Euro) %	Figure at the end of the previous financial year (Euro) %	
TOTAL ASSETS USED TO COVER TECHNICAL RESERVES		2	33	
a. Financial instruments listed on regulated markets	100%	3	34	
Shares and other capital securities		4	35	
Debt securities		5	36	
<i>of which money market securities</i>		6	37	
b. Financial instruments not listed on regulated markets	10%	7	38	
Shares and other capital securities		8	39	
Debt securities		9	40	
<i>of which money market securities</i>		10	41	
c. Unlisted and not rated debt securities, issued by parties subject to prudential supervision for stability purposes on an individual basis in the Republic of San Marino	20%			
d. Parts of CIS UCITS III	100%	11	42	
e. Parts of NON CIS UCITS III	30%	12	43	
f. Parts of closed-end listed CIS	20%	13	44	
g. Parts of closed-end unlisted CIS	5%	14	45	
h. Alternative mutual investment funds pursuant to art. 94, paragraph 2, letter g) of Central Bank Regulation No. 2008-01	10%	15	46	
i. Cash at banks pursuant to art. 94, paragraph 2, letter h) of Central Bank Regulation No. 2008-01	100%	16	47	
j. Repurchase agreements with retrocession obligation and securities deposits with a bank	20%	17	48	
k. Liquidity				
l. Listed derivative financial instruments pursuant to article 94, paragraph 2, letter k) of Central Bank Regulation No. 2008 - 01		18	49	
		19	50	
m. Unlisted derivative financial instruments pursuant to article 94, paragraph 2, letter k) of Central Bank Regulation No. 2008 - 01		20	51	
		21	52	