



MINISTRY OF FINANCE

Office of the State Supervision in Insurance and Pension Funds



State Supervision in Insurance

A N N U A L R E P O R T 2 0 0 0



Annual report 2000

Ministry of Finance: Letenská 15, 118 10 Praha 1
Office: Legerova 69, Praha 1
Tel.: +420 2 5704 1111
Fax.: +420 2 5704 3049
E-mail: podatelna@mfcz.cz
URL: <http://www.mfcz.cz>

1. Introduction	7
2. Office of the State Supervision in Insurance and Pension Funds	9
2.1 Background	9
2.2 Co-operation with Supervisory Bodies in the Czech Republic	10
2.3 International Co-operation	10
3. Insurance Market in the Czech Republic	13
4. Legislation	17
4.1 Development up to 2000	17
4.2 Current Status	18
4.3 Process of Harmonisation with the EC Legislation	19
4.4 Completion of Harmonisation	20
5. Supervision Performance Methodology - Development and Current Status	21
5.1 Licensing Procedures	21
5.2 Supervision Methodology	21
5.3 Other Operations Methodology	22
6. Licensing	23
6.1 Insurance and Reinsurance Companies	23
6.2 Intermediaries	24
6.3 Responsible Actuaries	25
7. Inspection	27
7.1 Off Site Inspection	27
7.1.1 Reports Evaluation	28
7.1.2 Solvency Controls	28
7.1.3 Control of Reports Submitted Extraordinary at the Office Request	29
7.2 On Site Inspection	29
7.3 Czech Insurers Bureau and Motor Third-Party Liability Insurance	30
7.4 Complaints and Suggestions	31
8. Other Issues	33
9. List of used Acronyms and Abbreviations	35
10. List of Annexes	37

Dear reader,

in front of you, you find the first in series of annual reports on the activity of State Supervision in Insurance in the year 2000. A Report which has been expected both by specialists and general public and which goes beyond the scope of legal requirements.

It is significant that the annual report was prepared at the beginning of the third millennium, in a year, which marks the tenth year of the existence of a private insurance industry in the Czech Republic. That's why we consider it appropriate to supply the present first annual report with additional information, highlighting not only the status achieved in the insurance industry and the development of the insurance market so far, but also the gradual establishment of the Office of the State Supervision in Insurance and Pension Funds, which enables the reader to have a deeper inside view into its activity.

State Supervision in Insurance was established by the Ministry of Finance in 1993. In 1994, its activity was extended, and it has been including the State Supervision in Pension Funds as well. Since 1st September 2000, after considerable increase of the number of staff, it has been operating under the name Office of the State Supervision in Insurance and Pension Funds.

The annual report, which was also published in the "Finanční zpravodaj" (monthly MF bulletin), was a report on the State Supervision in Insurance. A similar report will subsequently be issued for the State Supervision in Pension Funds.

In particular the specialists got used to the Czech Insurance Association publishing yearly its annual report. It is a significant document, which has so far been the only published comprehensive information on the insurance industry.

It means that from this year on, besides the annual report of the Czech Insurance Association, the public will also get the annual report of the State Supervision in Insurance. The reports are not identical from the factual point of view. They differ in their content and method as they assess the insurance industry from the insurance market point of view and from the state supervision point of view.

Office of the State Supervision in Insurance and Pension Funds has become a regular member of the International Association of Insurance Supervisors in 2001. This fact as well as wide international contacts and the ongoing harmonisation of the legal provisions of the Czech Republic with the European Communities legislation made the authors not to feel satisfied with the annual report in the Czech language only. Therefore, the Report is also published in English.

We are glad that the first annual report of the State Supervision in Insurance is a significant step towards the strengthening of impartiality, quality and trans-

parency of information about the private insurance industry. We wish to thank to all those who took part in its elaboration as well as to those who, through their skills, contribute to the good results and good reputation of the private insurance industry in the Czech Republic.



Jaroslav Šulc



Václav Křivohlávek

Jaroslav Šulc, Deputy Minister

Václav Křivohlávek, Director of the Office

2. OFFICE OF THE STATE SUPERVISION IN INSURANCE AND PENSION FUNDS

2.1 BACKGROUND

The Ministry of Finance was entrusted with the supervision together with the de-monopolisation of the insurance market in the Czech Republic. As a result, other insurance companies were gradually established besides Česká státní pojišťovna, a.s. The Act No. 185/1991 Coll. regulated the supervisory activity. The first state supervision was carried out at the level of ministry department with just a few employees. In the beginning of 1993 it started to increase both in terms of the staff and staff qualification. In 1994, in relation to the existence of the pension insurance system, the department was extended and entrusted with the supervision of pension funds as well. In September 2000 it became the Office of the State Supervision in Insurance and Pension Funds as a part of the Ministry of Finance. The increase of staff is shown below. For impartiality reasons, the figures show details starting from 1997, when the state supervision authority started to operate as an integrated organisational body.

The Office of the State Supervision in Insurance and Pension Funds (hereinafter "the Office") currently consists of eight sections, four of which specialised in the insurance industry:

Section 321	Legislation and Legal Matters in Insurance
Section 322	Licensing in Insurance
Section 324	Control in Insurance I, which is engaged in the controlling of insurance companies
Section 325	Control in Insurance II, which specialises in the controlling of other entities on the insurance market

Two sections are specialised in the pension funds:

Section 326	Legislation and Legal Matters in the Pension Funds
Section 327	Pension Funds and Depositories Control

Two sections are cross-sectional:

Section 323	Supervision Methodology and Standardisation
Section 328	Analytics and Statistics

In addition to the above-mentioned sections, part of the

Office is the subsection of internal and external relations, which is directly subordinated to the Director of the Office. The main aim of the Office is to take care of a sound insurance market and the pension insurance market with a specific view to protect the customer. It has become apparent that it is necessary to create a powerful supervisory body that will be provided with human and material resources in the quality and at the levels, which will bear comparison with the partner domestic supervisory bodies, the supervisory bodies in the EU member states and those in other developed countries in the world as well. The staff of the Office and its qualification is shown in the tables below:

The office staff

Section	Managed by	Staff in Sections as at:	
		31.12. 2000	30.06. 2001
Director of the Office	Václav Křivohlávek	2	2
Subsection of Internal and External Relations	Vojtěch Bidrman	2	3
321 – Legislation and Legal Matters in Insurance	Petr Svoboda	5	5
322 – Licensing in Insurance	Miroslav Sýkora	7	7
323 – Supervision Methodology and Standardisation	Dana Vorlíčková	5	5
324 – Control in Insurance I	Naděžda Krátká	8	12
325 – Control in Insurance II	Renata Farková	5	5
326 – Legislation and Legal Matters in the Pension Funds	Jasněna Nohejlová	5	5
327 – Pension Funds and Depositories Control	Miroslav Vele	13	13
328 – Analytics and Statistics	Vladimír Krůpa	5	5
T o t a l		57	62

Office staff qualification

Staff	Number
University Graduates	47
Secondary Education	10
Total	57

■ 2.2 CO-OPERATION WITH SUPERVISORY BODIES IN THE CZECH REPUBLIC

Besides co-operation defined in the effective laws, co-operation also exists according to the trilateral agreement on mutual co-operation among the Ministry of Finance, the

Czech Securities Commission and the Czech National Bank (CNB), the three basic parts of the financial market supervision. The agreement was signed on 1st July 1998.

Of great importance seems to be the establishment of work teams for the co-operation among the Office of the State Supervision in Insurance and Pension Funds, CNB Bank Supervision and the Czech Securities Commission. These teams work on the possibilities of unifying the basic procedures applied by individual supervision bodies. With the development of financial groups and conglomerates it is necessary that the teams work together more closely in view of the expected overlapping of the individual parts of the capital market and its concentration into big, often multinational financial institutions. The co-operation with the CNB has turned into an even more specific form due to the current joint twinning project.

■ 2.3 INTERNATIONAL CO-OPERATION

In relation to the Czech Republic's preparation for accession to the EU, a twinning project is underway since November 1999 with the Federal Ministry of Finance of Germany. The aim of the project is to institutionalise the supervisory body in insurance and to gradually bring the legal provisions into compliance with the EC legislation. Over 15 specialised seminars and study visits with the participation of German specialists were held or will be held within the project both in Prague and the Federal Republic of Germany, and others are being continuously arranged.

The Office also makes use of the international assistance programmes prepared by the EU "Technical Assistance Information Exchange Office" (TAIEX) in the EU member states. The Office accepted the TAIEX offer in order to cover the topics which are not contained in the twinning program or which broaden it with the expertise of insurance supervisors from other EU member states.

Since January 2001 the Office is a regular member of the "International Association of Insurance Supervisors" (IAIS), which enables it to keep in touch with supervisors all over the world, as the IAIS members are in over 100

different countries. Moreover, the membership in this international organisation enables the Office to follow the trends in the insurance industry and to exchange opinions on further development of supervisory bodies as well as the insurance industry as a whole.

Since the admission of the Czech Republic into the Organisation for Economic Co-operation and Development (OECD), the state insurance supervision officials are regularly in contact with its Insurance Committee and its work teams and take part in the semi-annual sessions and contribute to the written documents published by the Committee.

On a long-term basis the Office co-operates with other world organisations, such as the World Trade Organisation (WTO), the International Monetary Fund (IMF) and the World Bank (WB) and its officials participate in the selected sessions of these organisations at home and abroad. The Office was also included in the Financial Sector Assessment Program, which is implemented on the basis of self-assessment and organised jointly by the IMF and the WB.

The current world-wide tendency towards close co-operation among the supervisory bodies of various jurisdictions also reflects the Office activities. The Office maintains very good contacts with majority of European supervisory bodies and in the future it intends to gradually formalise this co-operation. The first agreement on the co-operation with the Financial Market Authority of the Slovak Republic is currently being prepared for signing and the preliminary groundwork has been laid for the similar agreements with other supervisors.

3. INSURANCE MARKET IN THE CZECH REPUBLIC

In view of break-up of the former Czechoslovak Republic into the present Czech Republic and the Slovak Republic in the end of 1992, this very year was chosen for comparison purposes as the starting year for analysing the insurance market development.

As of December 31, 1993 there were 20 insurance companies in the Czech Republic authorised by the supervisory body to carry on business in insurance. Of this, 5 insurance companies provided only life assurance, 7 only non-life insurance and 8 were offering both life and non-life insurance (composite insurance companies). Through gradual development, which is shown in the table below, the industry grew and at 31st December 2000 there were 41 insurance companies operating on the Czech market – 3 of them providing life assurance, 20 non-life and 18 insurance of a composite nature.

Number of insurance companies

	1993	1994	1995	1996	1997	1998	1999	2000
Total	20	27	35	35	40	41	42	41
Of this:								
life	5	4	5	2	4	5	3	3
non-life	7	10	15	14	18	19	21	20
composite	8	13	15	19	18	17	18	18

In the beginning it was the domestic capital that significantly contributed to the increase in the number of insurance companies. In 2000, foreign capital prevailed in 16 insurance companies, compared to 7 in 1993. At the end of the year 2000 there were 35 domestic insurance companies, compared to 14 in 1993. The number of foreign insurance companies operating on the Czech market through their organisational units (branch offices) changed only slightly over years and in 2000 it achieved the same level as in 1993. The trend of the number of insurance companies in a breakdown by the capital origin and the share capital average amount is shown in the table on the next side.

The total gross premium written, (thereafter "premium written"), increased from CZK 22.8 billion in 1993 to

CZK 70.6 billion in 2000. The increase was to considerable extent caused by life assurance, where the premium written grew significantly in 1999. The non-life insurance increase from year to year depends mainly on the number of insurance companies pursuing non-life insurance. The claims costs were developing relatively evenly until 1996. The fluctuations that occurred in 1997-1999 were, among other things, caused by the increased indemnities for losses caused by heavy floods.

Insurance companies by capital origin and share capital average amount

	1993	1994	1995	1996	1997	1998	1999	2000
Total Number of Insurance Companies	20	27	35	35	40	41	42	41
Of this:								
Organisational units	6	7	8	8	7	7	7	6
Domestic Insurance Companies	14	20	27	27	33	34	35	35
Of this:								
Domestic with Prevailing Foreign Capital	7	10	12	12	13	15	15	16
Domestic with Prevailing Domestic Capital	7	10	15	15	20	19	20	19
Average Share Capital in mil. CZK	227	210	270	324	312	337	374	381

Premium written and claims cost in mil. CZK

	1993	1994	1995	1996	1997	1998	1999	2000
Total Premium Written	22 792	29 669	33 940	41 125	47 985	55 637	62 784	70 589
Of this:								
Non-life Insurance	16 915	22 222	24 598	30 188	35 293	40 548	42 991	47 819
Life Assurance	5 877	7 447	9 342	10 937	12 692	15 089	19 793	22 770
Claims Costs	17 581	17 789	18 734	21 692	33 023	33 070	35 523	34 176

Since 1993 the insurance sector has been acquiring an ever-stronger position in the national economy. This fact is

illustrated by the development of the share of the premium written in the gross domestic product (GDP) in current prices.

Share of the total premium written in the GDP in %

	1993	1994	1995	1996	1997	1998	1999	2000
Premium Written, bn. CZK	23	30	34	41	48	56	63	71
Gross Domestic Product, bn. CZK	1 020	1 183	1 381	1 567	1 680	1 837	1 887	1 959
Premium Written / GDP	2,25	2,54	2,46	2,62	2,86	3,05	3,34	3,62

The share of the individual insurance companies in the premium written significantly changed between 1993 and 2000. The insurance market development resulted in the reduction of the premium written share of the biggest insurance company in the country, Česká pojišťovna, a.s., from 86,8% of the total premium written in 1993 to 38,1% at the end of 2000.

Česká pojišťovna, a.s. share in the total premium written in %

	1993	1994	1995	1996	1997	1998	1999	2000
Česká pojišťovna, a.s. Share on the Market	86,8	76,7	69,2	63,1	59,9	58,4	52,7	38,1

The competition on the insurance market broadened the offer of insurance products. The Report, however, does not go into detail about these products in view of the fact that, pursuant to Insurance Act, the "re-licensing" process is currently underway, i.e. the legal conditions of insurance companies are reconciled with the recently passed Insurance Act. The insurance products will be classified in a new and, more importantly, uniform way into a system of individual insurance sectors and groups.

Under the Insurance Act and its implementing decree, since 1995 insurance companies have been obliged to create technical provisions in order to meet their liabilities arising from their insurance or reinsurance activities, and to place their assets derived from the technical provisions, in accordance with the relevant provisions. Between 1995 and 1999 it was possible to place technical provisions only in real estate, property securities, bonds, loans and deposits.

The tables below show the development of the volume of

the technical provisions and the share of individual items in the total placements of assets derived from the technical provisions. A comparatively significant increase in the placements into bonds and, on the opposite, the decrease of the placements in deposits is influenced by the fact that after implementation of the new Act the insurance companies started to use the wider possibilities of financial placements.

preconditions for its further prosperity in the future. Most insurance companies meet the demanding criteria applied in the assessment of their financial health, and the insurance sector, as a whole seems to be a stabilising element of the whole national economy.

Technical provisions in mil. CZK

	1995	1996	1997	1998	1999	2000
Total Amount of Technical Provisions	72 603	85 567	97 087	98 749	109 990	117 560
Of this:						
Life Assurance	55 216	57 504	63 828	68 313	76 869	86 256
Non-life Insurance	17 387	28 063	33 259	30 436	33 121	31 304

Financial placements in %

	1995	1996	1997	1998	1999	2000
Real Estate	7.6	6.6	7.3	7.3	8.2	7.7
Property Securities	11.7	18.8	16.1	15.0	10.0	7.9
Bonds	13.7	28.8	30.8	36.4	37.5	59.8
Loans	2.6	11.1	11.1	7.4	8.2	1.2
Deposits	64.4	34.7	34.7	33.9	36.1	12.
Other	x	x	x	x	x	10.6
Total	100.0	100.0	100.0	100.0	100.0	100.0

In 2000 the Czech insurance market continued to develop dynamically. Compared to 1999, the total premium written increased by 12,4 %, specifically life assurance by 15,0 % and non-life insurance by 11,2%. There were 16.112 employees working in the insurance, which, compared to 1993, represents increase of 46,9 %.

Number of employees in insurance

	1993	1994	1995	1996	1997	1998	1999	2000
Number of employees	10 971	11 543	13 423	15 189	16 215	16 404	16 451	16 112

A summary of the insurance market development in 2000, together with the other tables and charts is shown in the annexes of this Report. These are only selected indicators, which are to illustrate the overall economic results of the insurance market.

The current position of the Czech insurance market creates

4. LEGISLATION

■ 4.1 DEVELOPMENT UP TO 2000

After the principal political and economic changes that took place in Central and Eastern Europe at the turn of the 1980's and 1990's, one of the main targets of the former Czechoslovak Republic was the restructure of its insurance industry environment on the market economy principles. The effort was supported by the nature and content of the Insurance Act passed by the Czech National Council on April 26, 1991 and published in the Collection of Laws under No. 185/1991. The Act was effective in the territory of the Czech Republic and it regulated the specific conditions in the insurance industry and introduced state supervision of the sector. The performance of the state supervision was entrusted to the Ministry of Finance of the Czech Republic. The Act was supplemented by the implementing decree issued by the Ministry of Finance under No. 259/1991 Coll. and determined the method of creation and use of special-purpose insurance funds.

The Act No. 185/1991 Coll. was more or less based on the principles of material supervision corresponding to the transition period requirements. The licensing procedure was based on stating the permitted legal forms of domestic insurance and reinsurance companies and on the performance of state supervision on the approval of the general policy terms and conditions. This procedure complied with the very brief regulation governing the insurance contract contained in the Civil Code. Although this regulation does not correspond to the current stage of the insurance market development, it is still effective. From the financial supervision point of view, this legal regulation was limited to the payment of an obligatory deposit in the amount of CZK 10 million in favour of the Ministry of Finance of the Czech Republic, to the submission of three-year business and reinsurance schemes of operation and to the creation of special-purpose insurance funds.

The licensing procedure and control activity of the state supervision in areas related to the insurance industry, e.g. the intermediary activities in the insurance were also

rather general. Some provisions even established inequality of business conditions for domestic and foreign companies.

Therefore, already in the mid-1990's, the legislation needed principal changes, especially as to better protection of the customer, i.e. in the financial control of entrepreneurial activities and in the adaptation of the national legislation in the area of private (contractual) insurance to the legislation of the European Communities. This manifested itself mainly in the enactment of the licensed insurance and reinsurance companies' obligation to cover their commitments by technical provisions created in accordance with the new chart of accounts for insurance companies, to cover the provisions with appropriate assets, and to produce statements on the required solvency margin.

This principal change was brought by the Amendment to the Insurance Act No. 320/1993 Coll. and by the Decree of the Ministry of Finance No. 52/1994 Coll., which at the same time replaced the previous Decree No. 259/1991 Coll. Irrespective of the changes made, the applicable regulations were a product of their time and needed more fundamental changes. Moreover, the amended Act No. 60/1995 Coll. brought into the law a problematic provision enabling health insurance companies to carry on business in the private insurance industry. The Act No. 185/1991 Coll. fulfilled its task by making the creation of the insurance market in the Czech Republic possible.

■ 4.2 CURRENT STATUS

The efforts made during the 1990's with the aim to put through some principal legislative changes, particularly in the de-monopolisation of the motor third-party liability insurance (hereinafter "MTPL"), failed. The first step of the solution was the passage of the Act No. 168/1999 Coll.

The second step was the adoption of the Act No. 363/1999 Coll., and the implementing decree No. 75/2000 Coll. Both these legal provisions, which came into force on 1st April 2000, fundamentally changed the conditions of carrying on the insurance and reinsurance business, of intermediary

activity in insurance, and of the method and scope of performing state supervision in insurance. The licensing started to be based on the capital sufficiency of the applicants according to the classes of insurance pursued, separately for life assurance, non-life insurance, reinsurance and on the scheme of operations worked out on the actuarial basis with an emphasis on the company's permanent ability to meet its commitments. A newly introduced criterion was the impeccability of the owners, of the companies and persons with decisive participation in the companies' management, i.e. ascertaining whether these people are without criminal record and whether they are impeccable as entrepreneurs. Similarly as in EU countries, the new law introduced an institute of the responsible actuary not only for life assurance but also for non-life insurance and reinsurance. The law also set down general conditions of intermediation in insurance and from the legal point of view specified the difference between insurance agents and insurance and reinsurance brokers.

The performance of the state supervision in insurance also underwent principal changes. The changes consisted of the strengthening of financial control with an emphasis on the protection of the customer. They resulted in an extension and more specific definition of the measures that the Ministry of Finance is not only authorised to adopt but which it has to adopt when it finds irregularities in the activity of the supervised entities. The law also brought other changes, in particular the creation of the technical provisions, the structure of financial placements and solvency of insurance and reinsurance companies. In order to protect the customer, insurance companies which were operating in the insurance market before the new insurance industry act came into effect were given a two-year period to adapt their activity to the new conditions and a ten-year period to change their activities from originally composite insurance companies into specialised insurers providing either life or non-life insurance.

Irrespective of all the positive changes, there is a number of issues to be resolved in the private insurance sector before the Czech Republic accesses the EU. The changes include, in particular, the introduction of a single licence principle, supervision of groups of insurance companies

and financial conglomerates with the participation of an insurance or reinsurance company, and the liberal approach to investment possibilities of insurance and reinsurance companies within the free movement of capital. These changes should be included in the amendment of the Act on Insurance, which is nowadays under preparation. Even after the adoption of these changes, it cannot be foreseen that the new regulations will stay unchanged for a long time. Similarly as in other EU countries with stable political and economic development, we have to react in right time and be flexible to the changes brought by the insurance market's dynamic development and on the one hand in suitable time to remove the obstacles to the development and, on the other hand, to strengthen the protection of the customer.

The third step is the preparation of a new act on insurance contract, aiming at modern regulation of private-law liability relations arising in insurance. The Office has worked out the bill in the form of a separate law with a subsidiary force of the Civil Code. The form of a separate law was not only influenced by the historical tradition (Act No. 145/1934 Coll. and Act No. 189/1950 Coll.), but especially by objective reasons. The regulations are specific, they cover a wide range of different relations and, therefore, require both general provisions running through all areas of the mentioned legal relations and specific provisions related to individual classes of insurance, including the choice of law within the free provision of services in relation to the Czech Republic's preparations for accession to the EU. After an alteration made by the Legislative Council of the Government, the legislation was incorporated into the amendment of the Commercial Code.

One of the basic prerequisites of future insurance market was the de-monopolisation of the motor third-party liability insurance. The mandatory insurance, which persisted in this class of insurance through the 1990's, was criticised not only by the competing insurance companies, but also by customers and the competent EU bodies. The main reasons for this principal change in MTPL insurance were the absence of the insurance contract and thus the impossibility of an individual approach to the risk insured, the monopolisation of this class of insurance, the influence of

political decisions on the determining of insurance rates by the Ministry of Finance and, in particular, the non-existence of the control of the set obligations with the use of statistics related to the motor vehicle registration.

The change was carried out by the Act No. 168/1999 Coll. As a result of this, at the beginning of 2000, twelve insurance companies that fulfilled the strict conditions of obtaining the authorisation to pursue this insurance could offer to 5 million vehicle owners a brand-new product – compulsory contractual insurance of motor third-party liability. In spite of certain restrictions in the determination of premium rates, which will apply until the end of 2002 and which the Chamber of Deputies of the Parliament of the Czech Republic incorporated into the Act, the insurance meets all parameters established in the EU. The customer thus has a possibility to choose the insurance company and product and safely rely on the high level of the protection of his rights in case of indemnification of losses he suffered.

Although the insurance market offers a number of mandatory insurance products and new ones keep arising, there is one insurance product that has not been reformed yet and that still has its original monopoly form of mandatory insurance with all the above-mentioned negative characteristics of "non-contractual (mandatory) insurance." It is the workman's compensation insurance for damage caused by work-related injuries and illnesses according to Art. 205d) of the Act No. 65/1965 Coll. This issue falls within the cognisance of the Ministry of Labour and Social Affairs.

■ 4.3 PROCESS OF HARMONISATION WITH THE EC LEGISLATION

Before the Act No. 185/1991 Coll. came into force, the insurance industry conditions were regulated only by the provisions of Chapter XV of the Civil Code No. 40/1964 Coll. and the Act No. 82/1966 Coll., the content of which did not comply with legislation in the EC. Not even the Act No. 185/1991 Coll. brought any substantial changes. Although it principally amended the contractual insurance, it did not mean any progress in the process of harmonisation the Czech law with the EC insurance legislation.

The process of approximation of legal provisions of both the CR or the CSFR the EC legislation was launched by the Government Resolution No. 533/1991 on ensuring the compatibility of the Czechoslovak legal order with the law of European Communities. In the insurance industry, this process was opened by the Government Decree No. 704/1997, which became the basis for preparation of the new legislation.

Substantial changes were achieved by the passage of the Act No. 363/1999 Coll., which improved the situation in the insurance law harmonisation. Tables, which compare the status achieved in harmonising legal provisions in the CR with the EC legal provisions (CONCORDANCE tables), specifically with the first three generations of the EC insurance directives (life and non-life), clearly show that over half of provisions of the above mentioned directives have been incorporated into the Czech legislation.

The current situation in the motor third-party liability insurance is significantly better. In the past, the situation was undoubtedly also influenced by the fact that the Czech Republic is a signatory of the Unified as well as the Multilateral Guarantee Agreement between National Insurers Bureaux.

The adoption of the Act No. 168/199 Coll. fully harmonised the Czech legislation in the area of motor third-party liability insurance with the respective legal provisions of the EC. The situation has been changed in relation to the adoption of the fourth directive on the motor third-party liability insurance. This change does not represent any substantial changes in the Czech legislation. It is only necessary to enact the restructuring of information centres and the placing of insurance companies' representatives abroad, especially in EU member states.

■ 4.4 COMPLETION OF HARMONISATION

An amendment to the Act No. 363/1999 Coll., and a bill on insurance intermediaries, insurance advisers and independent loss adjusters is under preparation.

From the above part relating to the MTPL it is obvious that the process of harmonisation of the Czech law with the EC

legislation will continue. This conclusion also applies to information on the prepared new legislation in the EC, where the discussion has currently focused on the proposed solvency directives (for life and non-life insurance respectively), insurance intermediaries and financial conglomerates, which will also have to be incorporated into the Czech insurance legislation.

The Office co-ordinates all legislative activities to reach full harmonisation with the EC legislation on January 1, 2003.

5. SUPERVISION PERFORMANCE METHODOLOGY - DEVELOPMENT AND CURRENT STATUS

The Act No. 363/1999 Coll. stipulates new powers and obligations of the Office, which have to be supported by appropriate procedures. Therefore, the Office, on the one hand, works out its own internal methodological procedures and, on the other hand, tries to influence insurance companies and their behaviour by issuing guidelines regulating the insurance companies reporting. This way, the Office wants to support the establishment of a standard and trustworthy insurance market.

The procedures for performing supervision in the insurance industry are prepared with regard to the Czech Republic's approximation to the European Union and they respect the rules contained in European Communities directives in insurance and related activities. Thus in interactive co-operation with the twinning partner of the Federal Republic of Germany, the Office makes use of long time experience of the German supervision expert with the insurance industry in the EU states.

The Office prepares methodology and procedures related in particular to:

- ◆ licensing
- ◆ supervision
- ◆ other activities

■ 5.1 LICENSING PROCEDURES

Licensing procedures in the area of the insurance refer to bringing legal relations of insurance companies in compliance with the Insurance Act (the so-called re-licensing) and with issuing authorisations to pursue insurance or reinsurance activities. The Office has elaborated guidelines which were communicated to insurance companies, stating how to prove that their legal matters were brought in compliance with the Act.

■ 5.2 SUPERVISION METHODOLOGY

In order to unify and standardise the performance of supervision, the Office prepares guidelines focusing on on

site inspections, i.e. directly in the insurance companies, and on off site inspections, i.e. the control of reports and statements.

The guidelines worked out for on site inspection focus on life assurance, non-life insurance, motor third party liability insurance and activity of intermediaries. Special attention is paid to the establishment of technical provisions and financial placements of the assets derived from technical provisions.

Off site inspections are done in the form of uniform reports which the insurance companies draw up in accordance with the Office guidelines and which they submit in regular intervals. For the off side inspection the form for uniform reports as well as the methodology for their completion have been elaborated by the Office. The insurance companies have to submit these reports to the Office in regular intervals. The reports are published in the Finanční zpravodaj and insurance companies also receive them in the electronic manner. Analysis of these forms enables the Office to monitor the financial health and stability of individual insurance companies and the results of these analyses are also used for the on site inspections. The main reports are as follows:

- ◆ report on the establishment and amount of technical provisions and structure of their financial placements of assets derived from technical provisions;
- ◆ survey of selected insurance classes of life / non-life insurance portfolios;
- ◆ report on activities of intermediaries;
- ◆ survey of reinsurance;
- ◆ report on MTPL.

The respective reports are updated according to the insurance market development and the needs of the supervisory body.

■ 5.3 OTHER ACTIVITIES METHODOLOGY

The Office also creates guidelines regulating operations which are related to the insurance but which do not fall within any of the previous categories. These are in particular

the guidelines for handling applications for the prior approval of the acquisition or increase in the shares in an insurance or reinsurance company, for prior approval of the change in the statutory or supervisory body, of the proxy holder or head of the organisation unit, for the entry of the responsible actuary in the list, for the registration of intermediaries and for the release of the employees of insurance companies and of the Office from obligation of confidentiality.

6. LICENSING

6.1 INSURANCE AND REINSURANCE COMPANIES

The long time development of granting licences to carry on insurance business is shown in chapter 3 and the annexes to this Report.

There were two parallel methods used for handling the applications for licences in the year 2000. The applications for licences to carry on insurance activity and for the approval of the general insurance terms and conditions or their changes that were made before December 31, 1999, inclusive, the Act No. 185/1991 Coll. applied, and the applications for licences to carry on insurance business according to classes of insurance that were made after December 31, 1999, the Act. No. 363/1999 Coll. applies.

Individual licensing activities in 2000 in the wider sense are shown in the summary below:

Authorisation for change of the licence (pursuant to the Act No. 185/1991 Coll.)	1
Authorisation for the extension of the insurance or reinsurance activity by other classes of insurance (pursuant to the Act No. 363/1999 Coll.)	12
Withdrawal of the authorisation to carry on the insurance activity done upon the request of the insurance company (pursuant to the Act No. 185/1991 Coll.)	1
Approval of new or amended general insurance terms and conditions – total number of applications	16
Of them:	
pursuant to a special Act	11
decision on the scope of insurance and reinsurance activities, the "re-licensing" of insurance companies	1
approval of the acquisition of shares in an insurance or reinsurance company	4
Approval of change in the membership of the statutory or supervisory body, in the person of the proxy holder or a head of organisational unit of the foreign insurance company	64
Approval of the method of allocating items common to life and non-life insurance to individual activities of composite insurance companies until their termination	18

In 2000, the Office granted no licence to carry on insurance activity pursuant to the Act No. 185/1991 Coll., and neither did it grant any licence to carry on insurance or reinsurance activity according to classes of insurance or groups of non-

life insurance. The number of insurance companies in 2000 even decreased by one, Poístovňa OTČINA, a.s. – Obchodné zastupiteľstvo Praha (organisational unit of the foreign insurance company) whose licence was withdrawn at its own request. This fact has not caused any problems to the insurance market.

There was one case in 2000 when the Office, based on an application made by a non-life insurance company before 31st December 1999, approved the extension of the subject of activity to life assurance activity.

In 2000 the authorisations to extend the insurance activity to other classes of insurance pursuant to the Act No. 363/1999 Coll. were granted mainly in relation to the implementation of the Act No. 159/1999 Coll., an amendment to the Act No. 40/1964 Coll. and the Act No. 455/1991 Coll., which enacts tour organisers to take out insurance in accordance with Article 6 of the mentioned Act. Based on such insurance, the client of the tour organiser (the insured) has the right to claim in cases when the tour organiser for bankruptcy reasons is not able to provide to the customer the services that it committed itself to provide under the travel contract. According to classes of insurance included in the annex to the Act No. 363/1999 Coll., this insurance comes under class 15 – suretyship insurance. The authorisation to provide this class of insurance was granted to a total of ten insurance companies, which met the requirements and conditions established by the Insurance Act. Nine of them formed an association of insurers (the "pool") in order to pursue jointly this class of insurance.

Under the new Insurance Act, general insurance terms and conditions (hereinafter "GITC") are not subject to approval by the Office. Insurance companies are obliged to submit the GITC for approval only in cases referred to in a special provision. In 2000, besides the "obligatory" GITCs, the Office approved only the GITCs which the insurance companies submitted for approval by December 31, 1999 and which the Ministry approved after this date.

Since the new Insurance Act took effect, a natural or legal person that intends to acquire or increase its share in the insurance (reinsurance) company so that its share in the

voting rights would reach or exceed 20%, 33% or 50% respectively has been obliged to request the Office in writing for its prior consent. The application has to contain all legal particulars, namely a certificate confirming the clean criminal record of the natural person who intends to acquire or increase his share in the insurance (reinsurance) company or who is a proxy holder or member of the statutory or supervisory body of a legal person that intends to acquire or increase its share in the insurance (reinsurance) company. These persons must also meet other requirements set down by the Act. In 2000, the Office approved four such applications.

Since 1st April 2000, a natural or legal person that proposes replacement of the member of the statutory or supervisory body or the person that is to hold the position of the proxy holder or head of the organisation unit of a foreign insurance company, is obliged to request the Office in writing for the prior consent to such change. In 2000, consent was given to 64 nominations.

During a transition period of two years starting since the new Insurance Act has come into effect, insurance companies that were granted their licence before April 1, 2000 are obliged to make their legal relations compatible with the Act. Based on documents provided by the insurance companies documenting the fulfilment of obligations provided for in the law, the Ministry of Finance issues a decision about the scope of the authorised insurance or reinsurance activity. The "re-licensing" process is very time-consuming. The current insurance companies intending to remain in the insurance market will have to adapt their activities to the stricter conditions (until July 30, 2001 the Office "re-licensed" two foreign insurance companies carrying on the insurance activity on the Czech insurance market through their organisational units).

■ 6.2 INTERMEDIARIES

On 1st April 2000, new obligations came into effect for insurance intermediaries. The intermediary activities in the insurance industry may be pursued by insurance agents or insurance or reinsurance brokers.

An insurance agent is a legal or natural person who pursues the insurance mediation on the basis of contract with the insurance company – no other authorisation is needed for this activity. An insurance or reinsurance broker is a legal or natural person that pursues the insurance mediation on the basis of contract with a person (client) who intends to conclude an insurance or reinsurance contract (policy). According to the Insurance Act, the insurance or reinsurance brokers are obliged to be registered with the Office and cannot carry on their activity without the registration. Natural or legal person that carried on the above mentioned activities before the effect of the Insurance Act were obliged to submit to the Office the application for the registration of an insurance or reinsurance broker together with all requested documents pursuant to Article 25 of the Insurance Act within three months from its effective date, i.e. by July 30, 2000. The same procedures applied to persons who decided to carry on intermediary activities after the Insurance Act came into effect.

The Office received the highest number of applications for the registration of insurance or reinsurance brokers between April and June 2000. A total of 236 insurance or reinsurance brokers were registered with the Office at the end of 2000 (see the table below). As of June 30, 2001, the number increased to 285.

Number of insurance and reinsurance brokers registered by December 31, 2000

Total number of the registered	236
Of them: natural persons	56
legal persons	180
Insurance broker	212
Reinsurance broker	2
Insurance and reinsurance broker	22
Total number of refusals	1

The web sites of the Ministry of Finance show information on the new Insurance Act together with particulars on the procedures applied to the registration of insurance or reinsurance agents in the breakdown to legal and natural persons. A list of brokers, which will continuously be updated, is under preparation for publication on the web sites of the Ministry of Finance.

6.3 RESPONSIBLE ACTUARIES

The position of a responsible actuary (hereinafter the "RA") was obligatorily introduced for the entities of the Czech insurance market on April 1, 2000. The basic precondition for the performance of this position is the natural person's registration in the list kept by the Office. The already existing insurance companies were given a statutory time limit of six months (i.e. until October 1, 2000) during which they had to find a suitable person who would perform this highly responsible position and whose name would be notified to the Office. In spite of a relative shortage of these experts in the labour force market due to the strict criteria that the applicants have to meet when applying for the registration in the Office list, most insurance companies successfully met the time limit. However, some insurance companies, especially the ones with a lower share in the market, underestimated the situation and had difficulties with occupying this key position. In mutual co-operation between the Office, the Czech Association of Actuaries, the Czech Insurance Association and the above-mentioned insurance companies this insufficiency was relatively quickly resolved and, as a matter of fact, at the end of 2000 all the insurance companies already met the legal requirement of filling this post.

As of December 31, 2000, the Office has registered 30 responsible actuaries. It is obvious from the figure that in the initial period there are cases when one responsible actuary performs this job for several insurance companies. The list of the registered RAs is amended on a regular basis and is published in the Finanční zpravodaj, which is also available on the Ministry of Finance web sites.

7. INSPECTION

The main purpose of supervisory activity carried out by the state supervisory body in insurance is the protection of the customer. The means used by the Office in order to achieve the above goal have gradually been focused mainly on a prospective approach, i.e. on the prevention of adverse development of the supervised entities. The Office discloses irregularities in the individual insurance companies' activity, monitors potential future development, examines the insurance companies' financial health and regularly reviews the trend of the established economic indicators and reported data.

The Office carries out inspections in the following basic areas:

- ◆ observance of the Act No. 363/1999 Coll., on Insurance and on amendments to some related acts;
- ◆ concordance of the activities carried on with the granted authorisation ;
- ◆ economic performance of an insurance company from the point of view of meeting its commitments ;
- ◆ supervision of establishment and use of technical provisions, of the financial placements of assets derived from technical provisions, and of solvency of the insurance companies;
- ◆ implementation of measures, decrees and directives issued by the Office;
- ◆ administrative and accounting procedures and internal auditing.

The two basic methods of supervision used by the Office are off site and on site inspections.

■ 7.1 OFF SITE INSPECTION

The off site inspection most often focuses on:

- ◆ reports on the establishment and amount of technical provisions and structure of the financial placements of

assets derived from the technical provisions (hereinafter "reports evaluation");

- ◆ solvency;
- ◆ reports submitted irregularly upon the Office decision.

■ 7.1.1 REPORTS EVALUATION

This is a regular control and evaluation of the submitted reports of the establishment and amount of technical provisions and structure of the financial placements of assets derived from the technical provisions. Insurance companies are, in accordance with the Act, obliged to submit these reports to the Office always by 30th June and 31st December of the current year within a period of 60 days following the above date. If the nature of the discovered serious irregularities in the economic performance of the company so requires, within the measures for removal of the above irregularities the Office will impose on the insurance company the obligation to submit reports more often, i.e. quarterly or monthly.

The control focuses in particular on the establishment of technical provisions as provided for by the Act No. 185/1991 Coll., the Act No. 363/1999 Coll., Decree 52/1994 Coll. and Implementing Decree No. 75/2000 Coll.

A total of 81 controls of reports were made in 2000 and 18 administrative proceedings were initiated based on them. The most frequent irregularities in the submitted reports were differences in the placements of assets derived from the technical provisions (12 cases) and the failure to submit the reports within the time limits provided by the Act (6 cases). During the initiated administrative proceedings, the insurance companies removed the discovered irregularities within the time limit set by the Office. In cases there were formal irregularities in the submitted reports, the Office called on the insurance companies to remove them, which they did in all the cases.

The most frequent irregularities were the infringement of the principles of profitability and adequate diversification of assets derived from the technical provisions and, further, the excess of permitted limits for deposits, unjustified use of works of art for covering the technical provisions,

excess of permitted limits in real estate, and wrong classification of bonds and debentures (mix-up of publicly tradable bonds and government bonds).

■ 7.1.2 SOLVENCY CONTROLS

Pursuant to provisions of the Art. 22 of the Act No. 363/1999 Coll., insurance companies are obliged to regularly submit their solvency reports (the ability of the insurance or reinsurance company to meet the liabilities from insurance or reinsurance activity by means of their own sources at any time.)

An insurance or reinsurance company is obliged to have available its own resources equal at least to the amount of the minimum solvency margin for the entire duration of its activity which means the amount of the own resources calculated in a manner stipulated by Decree No. 75/2000 Coll.

The above-mentioned decree unambiguously determines the method of calculation of the minimum solvency margin, the procedure of determination of the value of the insurance companies' own resources, and the method of solvency reporting.

The Act stipulates two methods of solvency reporting:

- ◆ in a fixed term of 30 days from the date of the examination of the annual accounts by an auditor;
- ◆ occasional reporting upon the Office request, which can be made at any time.

The Office controlled 34 solvency reports for the year 2000 (this control does not apply to organisational units.) At the time of submitting the reports, one insurance company already did not have the licence. Irregularities were found in the reports of some insurance companies. Two composite insurance companies had their actual solvency margin lower than the minimum solvency margin, however, in just one of the provided classes of insurance. The removal of the irregularities, whether in the calculation method or in the value of own resources, is settled with the respective companies individually, within the inspection.

7.1.3 CONTROL OF REPORTS SUBMITTED EXTRAORDINARY AT THE OFFICE REQUEST

Upon the decision of the Office, the insurance or reinsurance company is obliged to submit by the stated extraordinary date the annual accounts, report on the establishment and amount of the technical provisions and on the financial placements of assets derived from the technical provisions, and other documents.

In 2000 the statements submitted to the Office for control at its request at extraordinary dates were as follows:

	No. of cases
balance sheet	12
profit and loss statement	12
report on the establishment and amount of the technical provisions and of the financial placements of assets derived from the technical provisions	6

7.2 ON SITE INSPECTION

The Office performs the on site inspections in the insurance company's premises on the basis of a written authorisation to carry out the control in accordance with the Act No. 552/1991 Coll., on Government Supervision.

Within the on site inspections the Office inspectors focus particularly on the following:

- ◆ observance of the provisions of the Insurance Act and related acts;
- ◆ the overall economic performance of the insurance company from the point of view of meeting its commitments, which should be in this connection understood as the insurance company's ability to meet all liabilities arisen from the insurance or reinsurance activity carried on at given time;
- ◆ observance of the Decree of the Federal Ministry of Finance stating the chart of accounts and accounting procedures

for insurance companies, ref. No. V/2-25 430/1992;

- ◆ observance of the provisions of the Act No. 563/1991 Coll., on the Law of Accounting as amended;
- ◆ method of establishment and use of technical provisions and the financial placements of assets derived from the technical provisions pursuant to Decree No. 75/2000 Coll. or the preceding Decree No. 52/1994 Coll.

The Office performs the on site inspection as comprehensive or as target-oriented:

- ◆ comprehensive inspections are focused on the observance of conditions stated in the licensing procedure and on the analysis of the insurance company's economic and financial activities with regard to the observance of applicable legal provisions;
- ◆ target inspections are focused on a specific area of activity.

One of the preconditions for performing supervision is the authorisation of a competent office inspector to take part in the insurance or reinsurance company's meetings discussing its annual accounts, measures imposed by the Office, the insurance or reinsurance company's economic performance, as well as to take part in the meetings of the Supervisory Board of an insurance or reinsurance company founded as a joint-stock company or at the meetings of the Control Team as a statutory body of an insurance company founded as a co-operative.

In 2000, officials of the Office took part on random basis in the ordinary and extraordinary General meetings of insurance companies.

Eleven on site inspections were initiated in 2000. Out of them, 4 inspections were initiated from January 1st through to August 31st, 2000, i.e. before the Office was established. Seven inspections of total 11 inspections initiated in 2000 were closed as at 31st December 2000 by handing over the inspection report. Most of the inspections lasted from 3 weeks to 6 months, depending on the facts discovered.

The most frequent irregularities in the activities of the supervised entities:

	No. of cases
Breach of Decree No. 75/2000 Coll., on the establishment and use of technical provisions and the financial placements of assets derived from the technical provisions (undervaluation of the provisions for claims, undervaluation of the provision for the motor third party liability insurance, and the provision for unearned premium, which does not accurately reflect the real state)	7
Breach of the Act No. 563/1991 Coll., on the Accounting (inconclusiveness, failure to observe the mandatory chart of accounts, and accounting procedures for insurance companies)	5
Insufficient amount of own assets	4
Unpaid aggregate business loss exceeding 50% of the company's share capital	3
Breach of obligation provided by the Act No. 513/1991 Coll., the Commercial Code (the Board of Directors does not perform its activity with due care, in cases stipulated by the Act, the General meeting isn't called by the Board of Directors)	3
Breach of the Act No. 40/1964 Coll., the Civil Code (failure to observe the 15 days' time limit for payment of claims)	2
Distortion of economic results	2
Breach of the Act No. 591/1992 Coll., on Securities (illegal implementation of lien to securities)	1
Breach of the Insurance Act (discrepancy between the authorised and actually carried on activities, conflict of interests)	1

In some of the inspected insurance companies, the Office found more than one of the above types of irregularities.

In order to remove the identified irregularities, in 2000, the Office initiated administrative action and imposed the following sanctions and measures:

	No. of cases
Receivership	1
Obligation not to follow the decision of the Board of Directors or the General Meeting without the Office consent	2
Obligation not to use the assets of the insurance company without the Office consent	2
Obligation not to conclude further insurance contracts	1
Obligation to submit a restoration plan in accordance with the Insurance Act	2
Obligation to submit new scheme of operations	2
Obligation to submit regular quarterly evaluation of the individual insurance products profitability	1
Obligation to submit the report on the establishment and	

value of technical provisions and the structure of the financial placements of assets derived from the technical provisions	2
Within the time limit set by the Office, to place assets derived from the technical provisions in accordance with the decree applied by the insurance company	2
To submit the missing internal guidelines	1
To complete the system of administrative service and to remove irregularities in the operations	1
Obligation to keep updated accounting entries on technical provisions	1
Obligations to pay a fine in the total amount of CZK 5.5 mil.	2

In 2000, the off site and on site inspections discovered the irregularities in the activities of the insurance companies in time and, due to the remedial measures taken, the interests of the clients were not severely jeopardised. Of great importance for the protection of the clients, also, was the supervision of assets in two insurance companies, where the Office afterwards decided to impose the receivership.

Based on its findings from the supervisions performed in 2000, in two cases the Office worked together with bodies responsible for penal proceeding and in two cases the Office reported its findings to the financial and analytical department of the Ministry of Finance. In connection with the suspicion of criminal activity in insurance companies, the Office, upon request, released members of statutory and supervisory bodies and the insurance companies' staff from confidentiality.

The preventive measures of the Office, as of the state supervision body in the insurance industry, contributed in 2000 to the healthy development of the Czech insurance market.

7.3 CZECH INSURERS BUREAU AND MOTOR THIRD-PARTY LIABILITY INSURANCE

During the first year, the Office supervised the activities of the Czech Insurers Bureau (hereinafter "CIB") with the head office in Prague, which was established as a legal person in accordance with the Act No. 168/1999 Coll.

The membership of insurance companies in the CIB is obligatory and is conditioned by the granting of the authorisation

for motor third-party liability insurance by the Office. The authorisation has so far been granted to 12 insurance companies (see Annex No. 4). There were over 5 million motor third-party liability insurance contracts registered in the Czech Republic at the beginning of 2000. The premium written for this class of insurance amounted to about CZK 14 bn., which represents about a fifth of the total premium written in 2000.

In the first year of its existence, the functioning of the new system was influenced by the "teething troubles." These were, for example, the gradual unification of documents confirming the conclusion of the motor third-party liability contract, which are issued by individual insurance companies, and the elimination of discrepancies in the number of registered vehicles and the number of concluded insurance contracts. The problems were gradually solved and, in the first year of its actual existence, the Czech Insurers Bureau reached the full operational capacity in all its main activities. Although the crucial year 2000 was very difficult for the motor third-party liability insurance, we can state that the new system is viable. The purpose of the reform – to achieve greater transparency and better protection of the customer in this class of insurance – is gradually being achieved.

Specific procedures were set for monitoring the basic development indices of this product within the granted authorisations. Since it is a high-risk area, it can affect practically all participants of the road traffic and, in some cases, it can even very seriously jeopardise the insurance company's stability. Insurance companies reported to the state supervision the basic data, on the basis of which their economic results were assessed. On site inspection was initiated in two insurance companies.

■ 7.4 COMPLAINTS AND SUGGESTIONS

Part of the supervision activity is settlement of civil complaints. In 2000, the Office registered a total of 106 written complaints classified as complaints, questions, and suggestions related to the insurance industry.

Out of the above-mentioned number of delivered documents there were 49 complaints, 43 queries, 4 proposals

to amend legal provisions, 3 pieces of information, and the remaining 7 complaints were classified as "others".

The Office received 7 complaints related to non-life insurance and a total of 83 complaints related to the life assurance – 33 of them referring to the Act No. 168/1999 Coll. Another 16 complaints were presented as a request for a methodological interpretation of some provisions of the Act No. 363/1999 Coll., and the Act No. 168/1999 Coll. or a request for the interpretation of general terms contained in the pertinent legal provisions. 15 complaints of the total number of complaints received (i.e. about 30% of all the advanced complaints) were considered as justified complaints; in one case, the insurance company was sent a letter with a reproach.

The Office uses all the received complaints as supporting documents for its supervisory activity as well as for its work in the area of methodology and legislation.

8. OTHER ISSUES

Pursuant to the Act No. 168/1999 Coll., the district authority is the competent administrative body authorised to impose fines for the violation of obligations by motor vehicle owners. According to the Act No. 200/1990 Coll., the central state administration body responsible for these matters is the Ministry of Finance, i.e. the Office.

The first year after the Act No. 168/199 Coll. became effective, the Office investigated 56 cases of misdemeanour procedure. Out of them, 25 were appeals against the decision of district authorities and 17 were answers to questions regarding specific cases of misdemeanour procedure. In one case an action was brought to the respective court against the Office's decision (still pending).

Absence of some measures, such as the imposition of the receivership, had an impact on trying to find a solution to the situation of the insurance company POJIŠŤOVNA MORAVA, a.s.

Since 1991, the department of the insurance and pension funds of the MF was engaged in the preparation and, later, the implementation of the Government Regulation No. 232/1999 Coll., on the provision of financial aid to persons insured with POJIŠŤOVNA MORAVA a.s. and whose property was damaged by floods in 1997.

At the beginning of 2000, the Ministry of Finance registered 1.478 applications. The amount allocated from the state budget did not cover the claims of the damaged parties, and therefore it was necessary to thoroughly analyse the applications in order to exclude unjustified indemnification. The applications were processed in co-operation with the Czech Insurance Association and on 17th May 2000, 1.478 decisions were rendered in the administrative procedure. Many applicants submitted a complaint and it was also necessary to wait for the close of several inheritance proceedings. In September 2000 the Office prepared the list of applicants requesting the financial aid and the list of the allocated amounts so that the competent regional authorities could start with payments in October of the same year. The entire process of payments was finished at the beginning of December 2000 and the total amount paid was CZK 65,035.301.



9. LIST OF USED ACRONYMS AND ABBREVIATIONS

CR	Czech Republic
CIB	Czech Insurers Bureau (Česká kancelář pojistitelů)
CNB	Czech National Bank (Česká národní banka)
CSFR	Czechoslovak Federative Republic
EC	European Communities
EU	European Union
FRG	Federal Republic of Germany
GDP	Gross Domestic Product
GITC	General Insurance Terms and Conditions
IAIS	International Association of Insurance Supervisors
IMF	International Monetary Fund
MF	Ministry of Finance
MTPL	Motor third-party liability insurance
OECD	Organisation for Economic Co-operation and Development
Office	Office of the State Supervision in Insurance and Pension Funds
RA	Responsible actuary
TAIEX	Technical Assistance Information Exchange Office
WB	World Bank
WTO	World Trade Organisation

10. LIST OF ANNEXES

- ANNEX No. 1** Summary of legal provisions in the chronological order
- ANNEX No. 2A** List of insurance companies which on December 31, 2000 held the authorisation of the supervisory body to carry on insurance activity
- ANNEX No. 2B** List of insurance companies which on June 30, 2001 held the authorisation of the supervisory body to carry on insurance activity
- ANNEX No. 3A** List of responsible actuaries registered as on December 31, 2000
- ANNEX No. 3B** List of responsible actuaries registered from January 1, 2001 to June 30, 2001
- ANNEX No. 4** List of insurance companies carrying on motor third-party liability insurance pursuant to the Act No. 168/1999 Coll. by June 30, 2001
- ANNEX No. 5** List of insurance companies, which were granted the authorisation to carry on insurance activity under class of insurance No. 15 (suretyship insurance) for the mandatory insurance of a tour operator for the event of its bankruptcy
- ANNEX No. 6A** Number of insurance companies in 1993-2000 (structure of licensed classes - Chart
- ANNEX No. 6B** Number of insurance companies in 1993-2000 (structure according to capital origin)- Chart
- ANNEX No. 7** Average amount of share capital in 1993-2000 - Chart

- ANNEX No. 8** Premium written in 1993-2000 - Chart
- ANNEX No. 9** Claims costs in 1993-2000 - Chart
- ANNEX No. 10** Number of employees in insurance in 1993-2000 - Chart
- ANNEX No. 11** Technical provisions in 1995-2000 - Chart
- ANNEX No. 12** Financial placements of assets derived from technical provisions, in 1995-2000 - Chart
- ANNEX No. 13** Balance sheet as at December 31, 2000
- ANNEX No. 14** Profit and loss statement as at December 31, 2000



ANNEX No. 1

SUMMARY OF LEGAL PROVISIONS IN THE CHRONOLOGICAL ORDER

145/1934 Coll.,	Insurance Contract Act
189/1950 Coll.,	Insurance Act
40/1964 Coll.,	Civil Code
65/1965 Coll.,	Labour Code
82/1966 Coll.,	Act on Insurance 200/1990 Coll., Act on Misdemeanours
185/1991 Coll.,	Act on Insurance
259/1991 Coll.,	Decree of the Ministry of Finance stating the method of the creation and use of specific insurance funds
455/1991 Coll.,	Trades Licensing Act 513/1991 Coll., Commercial Code
552/1991 Coll.,	Government Supervision Act
563/1991 Coll.,	Law of Accounting
591/1992 Coll.,	Securities Act
320/1993 Coll.,	Act which amends and supplements the Czech National Council Act No. 185/1991 Coll., on Insurance
52/1994 Coll.,	Decree of the Ministry of Finance regulating the establishment, use and method of placements of technical provisions of an insurance company
60/1995 Coll.,	Act as amended, the Czech National Council Act No.551/1991 Coll., on the General Health Insurance Companies of the Czech Republic, as amended, the Czech National Council Act No. 280/1992 Coll., on Departmental, Sectional, Corporate and other Health Insurance Companies, as amended, Act No. 20/1966 Coll., on the Health Care, as amended and the Czech National Council Act No. 185/1991 Coll., on the Insurance Industry, as amended
159/1999 Coll.,	Act on some Conditions of Business Operation in the Tourism Industry and on the amendment to Act No. 40/1964 Coll., the Civil Code, as amended, and of the Act No. 455/1991 Coll., on Trades (the Trades Licensing Act) , as amended 168/1999 Coll., Act on Liability Insurance for Damage Caused by Operation of Vehicle and on the amendment to some related acts (the Motor Third-Party Liability Insurance Act)
232/1999 Coll.,	Government Regulation on the Provision of Financial Aid to Persons insured with POJIŠŤOVNA MORAVA, a.s., and whose property was damaged by floods in 1997
363/1999 Coll.,	Act on insurance and on amendment to some related acts (the Insurance Act)
75/2000 Coll.,	Decree of the Ministry of Finance, implementing the Act No. 363/1999 Coll., on Insurance and on amendment to some related acts (Insurance Act)

ANNEX No. 2A

LIST OF INSURANCE COMPANIES WHICH ON DECEMBER 31, 2000 HELD THE AUTHORISATION OF THE SUPERVISORY BODY TO CARRY ON INSURANCE ACTIVITY

1.	Allianz pojišťovna, a.s.	Římská 12, 120 00 Praha 2
2.	CERTUSIA, pojišťovna a.s.	U Rajske zahrady 3, 130 00 Praha 3
3.	Cestovní pojišťovna ADRIA Way družstvo	Mírové náměstí 3d/519, 703 00 Ostrava
4.	Commercial Union, životní pojišťovna, a.s.	Londýnská 41, 120 21 Praha 2
5.	ČESCOB, úvěrová pojišťovna, a.s.	Jankovcova 2, 170 88 Praha 7
6.	Česká podnikatelská pojišťovna, a.s.	Budějovická 5/64, 140 00 Praha 4
7.	Česká pojišťovna a.s.	Na Pankráci 121, 140 00 Praha 4
8.	Česká pojišťovna ZDRAVÍ a.s.	Bělohorská 37, 169 00 Praha 6
9.	Česká úrazová pojišťovna, a.s.	Masarykovo náb. 28, 110 00 Praha 1
10.	Česko-rakouská pojišťovna, a.s.	Bělohorská 19, 160 12 Praha 6
11.	ČP DIRECT pojišťovna, a.s.	Molákova 11, 186 00 Praha 8
12.	ČS – Živnostenská pojišťovna, a.s.	Smilova 547, 530 02 Pardubice
13.	ČSOB Pojišťovna a.s.	Sladkovského 383, 530 02 Pardubice
14.	D.A.S. pojišťovna právní ochrany, a.s.	Rostovská 25, 101 00 Praha 10
15.	Evropská Cestovní Pojišťovna, a.s.	Kozí 5/916, 111 21 Praha 1
16.	Exportní garanční a pojišťovací společnost, a.s.	Vodičkova 34, 112 21 Praha 1
17.	Generali Pojišťovna a.s.	Bělehradská 132, 120 84 Praha 2
18.	GERLING-Konzern Všeobecná pojišťovací akciová společnost-organizační složka	Na Zátorce 5, 160 00 Praha 6
19.	GOTHAER VERSICHERUNGEN — pobočka pro Českou republiku	Radimova 36/2257, 169 00 Praha 6
20.	HALALI, všeobecná pojišťovna, a.s.	Jungmannova 32/25, 117 18 Praha 1
21.	Hasičská vzájemná pojišťovna a.s.	Římská 45, 120 00 Praha 2
22.	HDI Haftpflichtverband der Deutschen Industrie Versicherungsverein auf Gegenseitigkeit, organizační složka	V Jámě 12, 110 00 Praha 1
23.	IPB Pojišťovna, a.s.	Smilova 315, 530 02 Pardubice
24.	Komerční pojišťovna, a.s.	Jindřišská 17, 111 21 Praha 1
25.	Kooperativa, pojišťovna, a.s.	Templová 5, 110 01 Praha 1
26.	KRAVAG-SACH, Pojišťovna německé silniční dopravy, vzájemný pojišťovací spolek- organizační složka pro Českou republiku	Šmeralova 7, 170 00 Praha 7
27.	Nationale Nederlanden pojišťovna, a.s.	Nádražní 25, 150 00 Praha 5
28.	Nationale-Nederlanden životní pojišťovna, organizační složka	Nádražní 25, 150 00 Praha 5
29.	POJIŠŤOVNA CARDIF PRO VITA, a.s.	Na Rybníčku 5, 120 00 Praha 2
30.	Pojišťovna Slavia a.s.	Ve struhách 27/1076, 160 00 Praha 6
31.	Pojišťovna UNIVERSAL, a.s.	Hradební 768/9, 110 15 Praha 1
32.	POJIŠŤOVNA PATRIE, a.s.	Braunova 1, 150 00 Praha 5
33.	PRVNÍ AMERICKO-ČESKÁ POJIŠŤOVNA, a.s.	V celnici 10, 117 21 Praha 1
34.	První česká servisní pojišťovna a.s.	Kvítkovická 583, 763 61 Napajedla
35.	Triglav pojišťovna, a.s.	Novobranská 1, 602 00 Brno
36.	Union pojišťovna, a.s.	Gorkého ul. 2, 702 00 Ostrava
37.	VICTORIA pojišťovna, a.s.	Francouzská 28, 120 00 Praha 2
38.	Všeobecná zdravotní pojišťovna ČR	Orlická ul. č. 4/2020, 130 00 Praha 3
39.	Winterthur pojišťovna, a.s.	Panská 7, 110 00 Praha 1
40.	Wüstenrot, životní pojišťovna, a.s.	Janáčkovo nábř. 41, 150 21 Praha 5
41.	Zürich Versicherungs-Gesellschaft, organizační složka	Milešovská 5/1136, 130 00 Praha 3

ANNEX No. 2B

LIST OF INSURANCE COMPANIES WHICH ON JUNE 30, 2001 HELD THE AUTHORISATION OF THE SUPERVISORY BODY TO CARRY ON INSURANCE ACTIVITY

1.	Allianz pojišťovna, a.s.	Římská 12, 120 00 Praha 2
2.	CERTUSIA, pojišťovna a.s.	U Rajske zahrady 3, 130 00 Praha 3
3.	Cestovní pojišťovna ADRIA Way družstvo	Mírové náměstí 3d/519, 703 00 Ostrava
4.	Commercial Union, životní pojišťovna, a.s.	Londýnská 41, 120 21 Praha 2
5.	ČESCOB, úvěrová pojišťovna, a.s.	Jankovcova 2, 170 88 Praha 7
6.	Česká podnikatelská pojišťovna, a.s.	Budějovická 5/64, 140 00 Praha 4
7.	Česká pojišťovna a.s.	Na Pankráci 121, 140 00 Praha 4
8.	Česká pojišťovna ZDRAVÍ a.s.	Bělohorská 37, 169 00 Praha 6
9.	Česká úrazová pojišťovna, a.s.	Masarykovo náb. 28, 110 00 Praha 1
10.	ČP DIRECT pojišťovna, a.s.	Molákova 11, 186 00 Praha 8
11.	ČS — Živnostenská pojišťovna, a.s.	Smilova 547, 530 02 Pardubice
12.	ČSOB Pojišťovna a.s.	Sladkovského 383, 530 02 Pardubice
13.	D.A.S. pojišťovna právní ochrany, a.s.	Rostovská 25, 101 00 Praha 10
14.	Evropská Cestovní Pojišťovna, a.s.	Kozí 5/916, 111 21 Praha 1
15.	Exportní garanční a pojišťovací společnost, a.s.	Vodičkova 34, 112 21 Praha 1
16.	Generali Pojišťovna a.s.	Bělehradská 132, 120 84 Praha 2
17.	GERLING-Konzern Všeobecná pojišťovací akciová společnost-organizační složka	Na Zátorce 5, 160 00 Praha 6
18.	GOTHAER VERSICHERUNGEN — pobočka pro Českou republiku	Radimova 36/2257, 169 00 Praha 6
19.	HALALI, všeobecná pojišťovna, a.s.	Jungmannova 32/25, 117 18 Praha 1
20.	Hasičská vzájemná pojišťovna a.s.	Římská 45, 120 00 Praha 2
21.	HDI Haftpflichtverband der Deutschen Industrie Versicherungsverein auf Gegenseitigkeit, organizační složka	V Jámě 12, 110 00 Praha 1
22.	IPB Pojišťovna, a.s.	Smilova 315, 530 02 Pardubice
23.	Komerční pojišťovna, a.s.	Jindřišská 17, 111 21 Praha 1
24.	Kooperativa, pojišťovna, a.s.	Templová 5, 110 01 Praha 1
25.	KRAVAG-SACH, Pojišťovna německé silniční dopravy, vzájemný pojišťovací spolek- organizační složka pro Českou republiku	Šmeralova 7, 170 00 Praha 7
26.	Nationale Nederlanden pojišťovna, a.s.	Nádražní 25, 150 00 Praha 5
27.	Nationale-Nederlanden životní pojišťovna, organizační složka	Nádražní 25, 150 00 Praha 5
28.	POJIŠŤOVNA CARDIF PRO VITA, a.s.	Na Rybníčku 5, 120 00 Praha 2
29.	Pojišťovna Slavia a.s.	Ve struhách 27/1076, 160 00 Praha 6
30.	Pojišťovna UNIVERSAL, a.s.	Hradební 768/9, 110 15 Praha 1
31.	PRVNÍ AMERICKO-ČESKÁ POJIŠŤOVNA, a.s.	V celnici 10, 117 21 Praha 1
32.	První česká servisní pojišťovna a.s.	Kvítkovická 583, 763 61 Napajedla
33.	Triglav pojišťovna, a.s.	Novobranská 1, 602 00 Brno
34.	Union pojišťovna, a.s.	Gorkého ul. 2, 702 00 Ostrava
35.	UNIQA pojišťovna, a.s.	Bělohorská 19, 160 12 Praha 6
36.	VICTORIA pojišťovna, a.s.	Francouzská 28, 120 00 Praha 2
37.	Všeobecná zdravotní pojišťovna ČR	Orlická ul. č. 4/2020, 130 00 Praha 3
38.	Winterthur pojišťovna, a.s.	Panská 7, 110 00 Praha 1
39.	Wüstenrot, životní pojišťovna, a.s.	Janáčkovo nábř. 41, 150 21 Praha 5
40.	Zürich Versicherungs-Gesellschaft, organizační složka	Milešovská 5/1136, 130 00 Praha 3

ANNEX No. 3A

LIST OF RESPONSIBLE ACTUARIES REGISTERED AS ON
DECEMBER 31, 2000

Ser. No.	Name	Reg. date
001	Jarmila Šlechtová	1.4.2000
002	Tomáš Cipra	1.4.2000
003	Tomáš Herbst	1.4.2000
004	Jiří Blanda	1.4.2000
005	Václav Šafanda	10.4.2000
006	Ivo Drápela	27.4.2000
007	Petr Zahrádka	22.5.2000
008	Jan Šrámek	22.5.2000
009	Jiří Běťák	22.5.2000
010	Josef Lukášek	22.5.2000
011	Josef Chaloupka	22.5.2000
012	Vít Šroller	22.5.2000
013	Martin Janeček	30.5.2000
014	Zuzana Kepková	7.6.2000
015	Helena Radovanská	14.6.2000
016	Jiří Fialka	19.6.2000
017	Bohuslav Vorel	20.6.2000
018	Jan Hora	23.6.2000
019	Karel Hereš	26.6.2000
020	Andreas Gadmer	26.6.2000
021	Luboš Kavalíř	28.6.2000
022	Pavel Semela	30.6.2000
023	Hana Pleskačová	19.7.2000
024	Martin Hromádko	19.7.2000
025	Radovan Gregor	19.7.2000
026	Ivana Plundrová	21.7.2000
027	Jana Popelová	30.8.2000
028	Šárka Doležalová	27.9.2000
029	Václav Sedláček	8.12.2000
030	Kateřina Šmuková	11.12.2000

ANNEX No. 3B

LIST OF RESPONSIBLE ACTUARIES REGISTERED FROM 1ST
JANUARY 2001 TO 30TH JUNE 2001

Ser. No.	Name	Reg. date
031	Jan Brebera	13.1.2001
032	Vladimír Krejčí	19.1.2001
033	Martin John Brooks	17.1.2001
034	Pavel Martynek	18.1.2001
035	Rudolf Kučera	5.3.2001
036	Václav Bohdanecký	9.4.2001
037	Petr Mandl	19.6.2001
038	Petr Bohumský	22.6.2001

ANNEX No. 4

LIST OF INSURANCE COMPANIES CARRYING ON MOTOR THIRD-PART LIABILITY INSURANCE PURSUANT TO THE ACT NO. 168/1999 COLL. BY JUNE 30, 2001

1.	Allianz pojišťovna, a.s.	Římská 12, 120 00 Praha 2
2.	Česká podnikatelská pojišťovna, a.s.	Budějovická 5/64, 140 00 Praha 4
3.	Česká pojišťovna a.s.	Na Pankráci 121, 140 00 Praha 4
4.	ČS – Živnostenská pojišťovna, a.s.	Smilova 547, 530 02 Pardubice
5.	ČSOB Pojišťovna a.s.	Sladkovského 383, 530 02 Pardubice
6.	Generali Pojišťovna a.s.	Bělehradská 132, 120 84 Praha 2
7.	IPB Pojišťovna, a.s.	Smilova 315, 530 02 Pardubice
8.	Komerční pojišťovna, a.s.	Jindřišská 17, 111 21 Praha 1
9.	Kooperativa, pojišťovna, a.s.	Templová 5, 110 01 Praha 1
10.	Union pojišťovna, a.s.	Gorkého ul. 2, 702 00 Ostrava
11.	UNIQA pojišťovna, a.s.	Bělohorská 19, 160 12 Praha 6
12.	Zürich Versicherungs-Gesellschaft, organizační složka	Milešovská 5/1136, 130 00 Praha 3

ANNEX No. 5

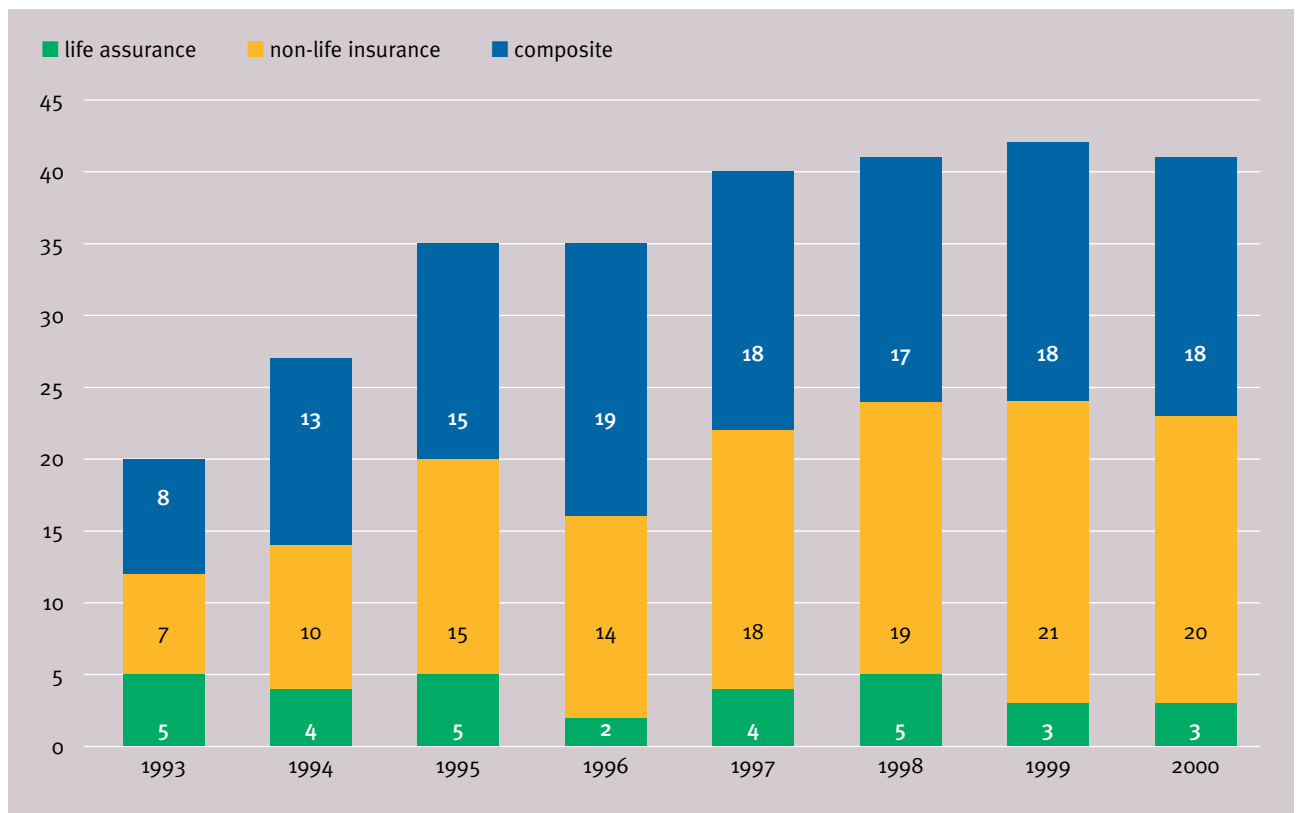
LIST OF INSURANCE COMPANIES WHICH WERE GRANTED THE AUTHORISATION TO CARRY ON INSURANCE ACTIVITY UNDER CLASS OF INSURANCE NO. 15 (SURETYSHIP INSURANCE) FOR THE MANDATORY INSURANCE OF TOUR OPERATOR FOR EVENT OF ITS BANKRUPTCY

1.	Allianz pojišťovna, a.s.	Římská 12, 120 00 Praha 2
2.	Česká podnikatelská pojišťovna, a.s.	Budějovická 5/64, 140 00 Praha 4
3.	Česká pojišťovna a.s.	Na Pankráci 121, 140 00 Praha 4
4.	ČS – Živnostenská pojišťovna, a.s.	Smilova 547, 530 02 Pardubice
5.	Generali Pojišťovna a.s.	Bělehradská 132, 120 84 Praha 2
6.	IPB Pojišťovna, a.s.	Smilova 315, 530 02 Pardubice
7.	Komerční pojišťovna, a.s.	Jindřišská 17, 111 21 Praha 1
8.	Kooperativa, pojišťovna, a.s.	Templová 5, 110 01 Praha 1
9.	UNIQA pojišťovna, a.s.	Bělohorská 19, 160 12 Praha 6
10.	Zürich Versicherungs-Gesellschaft, organizační složka	Milešovská 5/1136, 130 00 Praha 3

Note: Travel insurance company ADRIA Way družstvo provides mandatory insurance of a tour operator guarantee for the event of its bankruptcy on the basis of the General Insurance Terms and Conditions approved as effective until March 31, 2002 (without an authorisation for class of insurance No. 15) and territorially restricted to European countries, excepting the European part of Russia and Turkey.

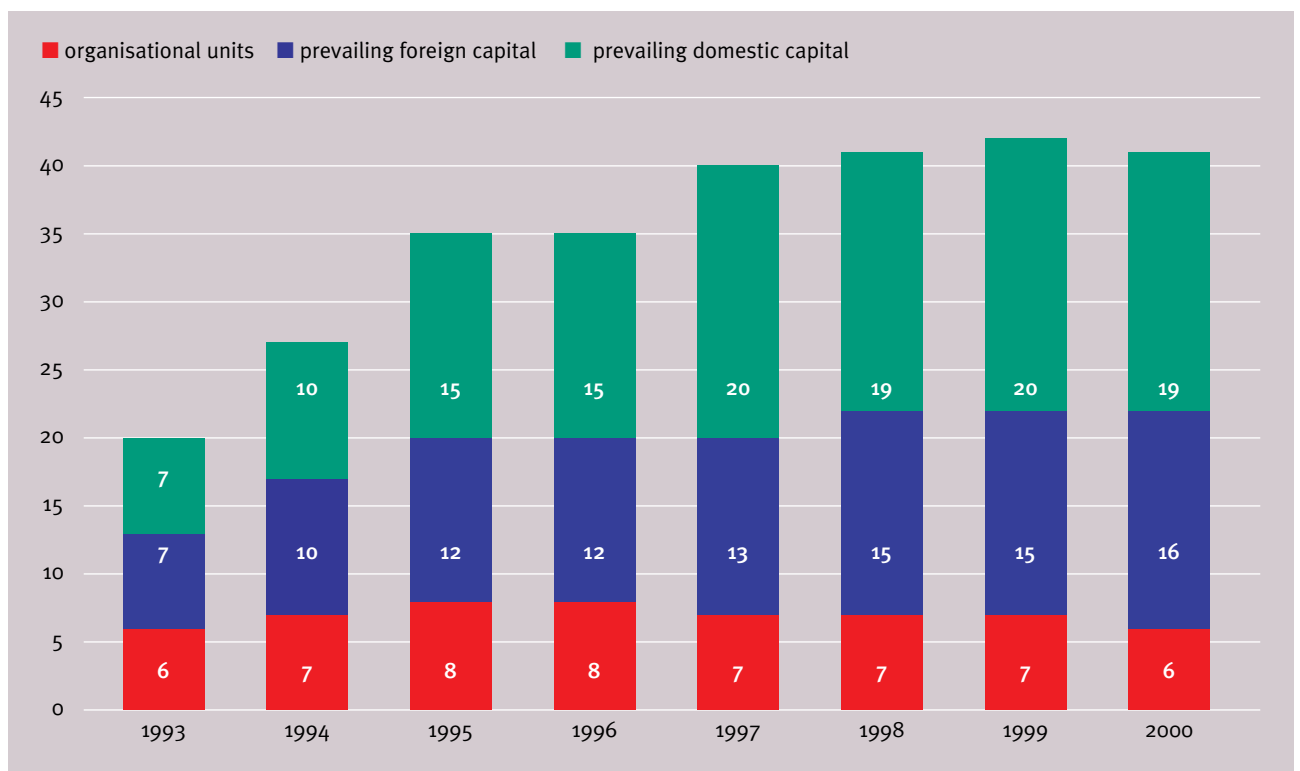
ANNEX No. 6 A

NUMBER OF INSURANCE COMPANIES (STRUCTURE OF LICENSED CLASSES)



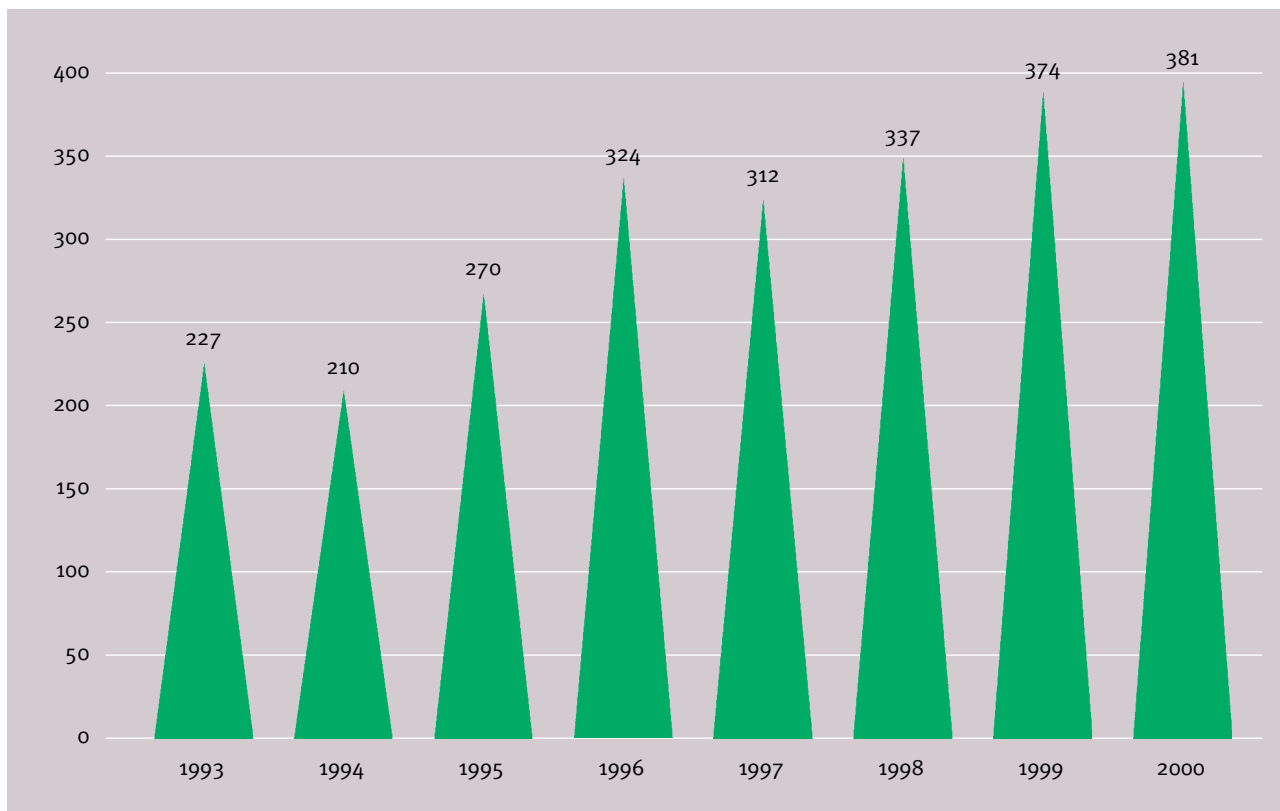
ANNEX No. 6 B

NUMBER OF INSURANCE COMPANIES (STRUCTURE ACCORDING TO CAPITAL ORIGIN)



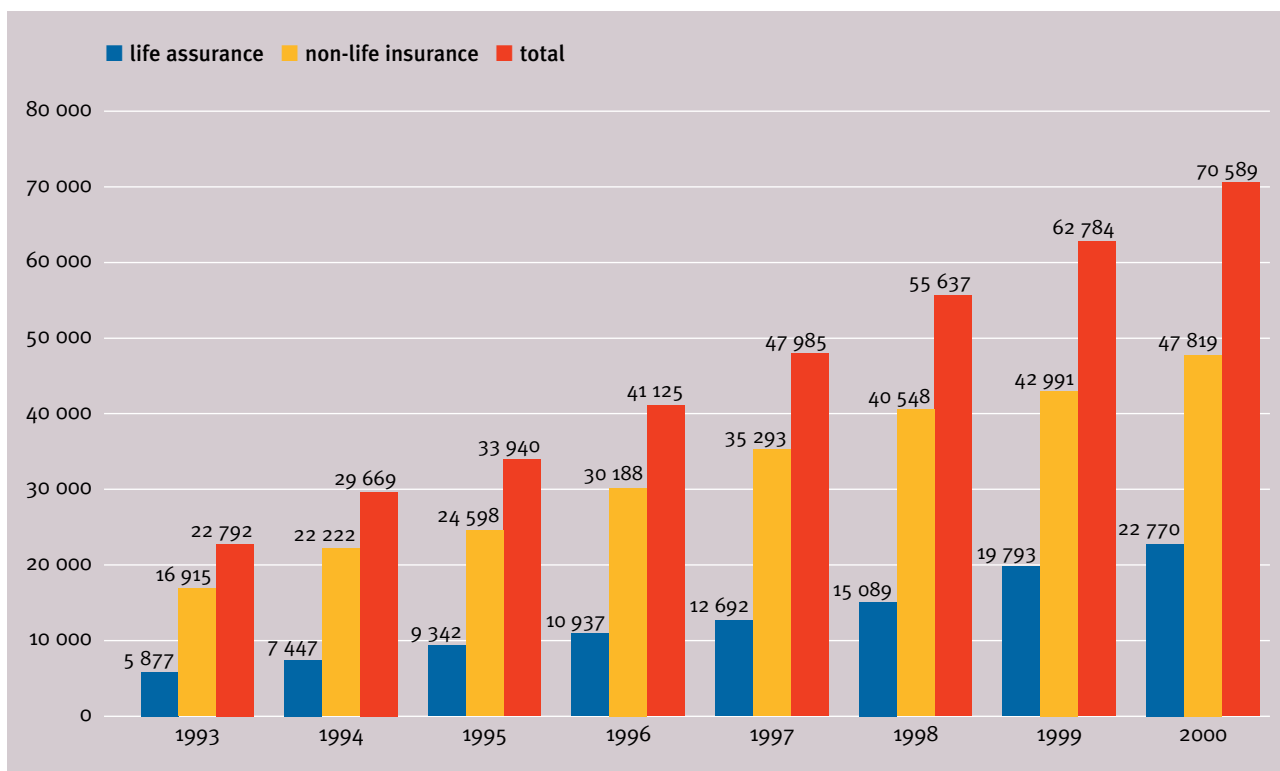
ANNEX No. 7

AVERAGE AMOUNT OF SHARE CAPITAL (mil. CZK)



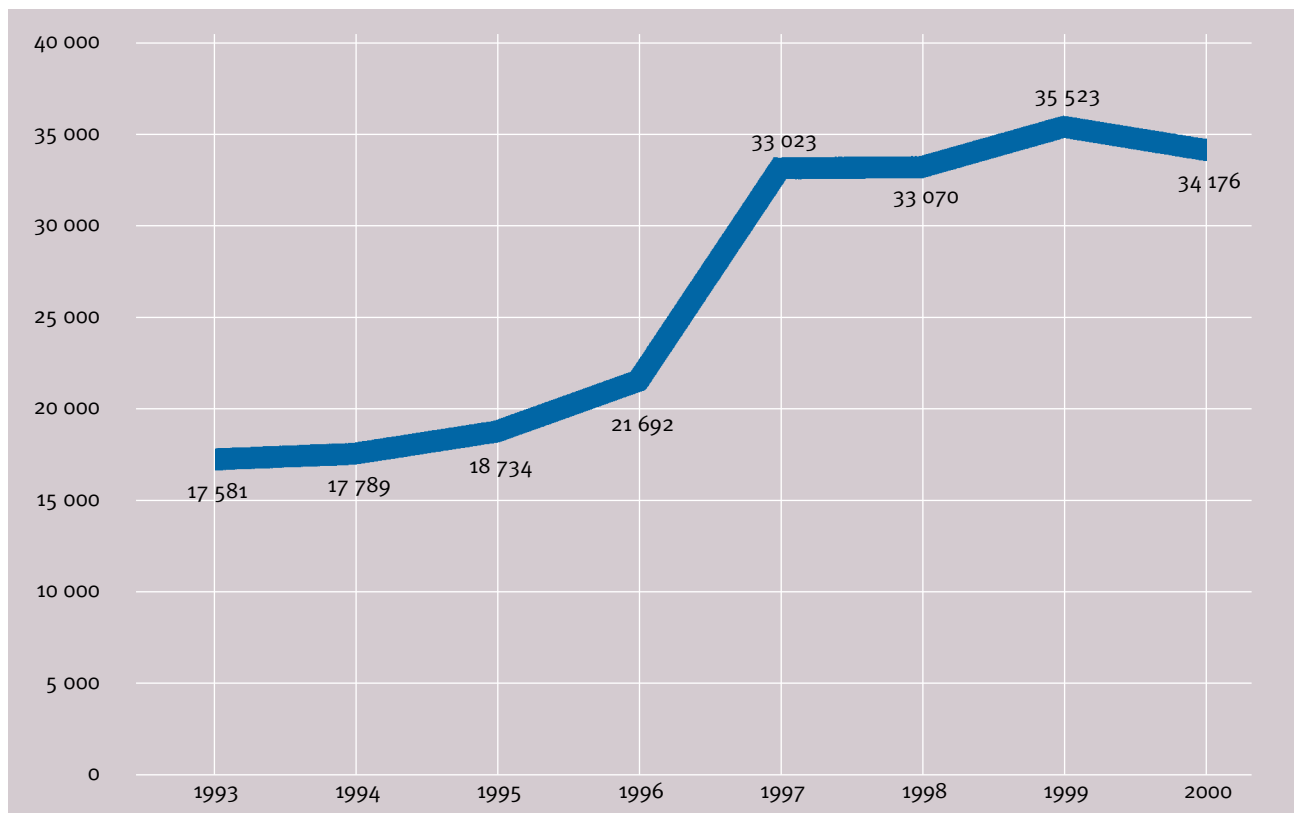
ANNEX No. 8

PREMIUM WRITTEN (mil. CZK)



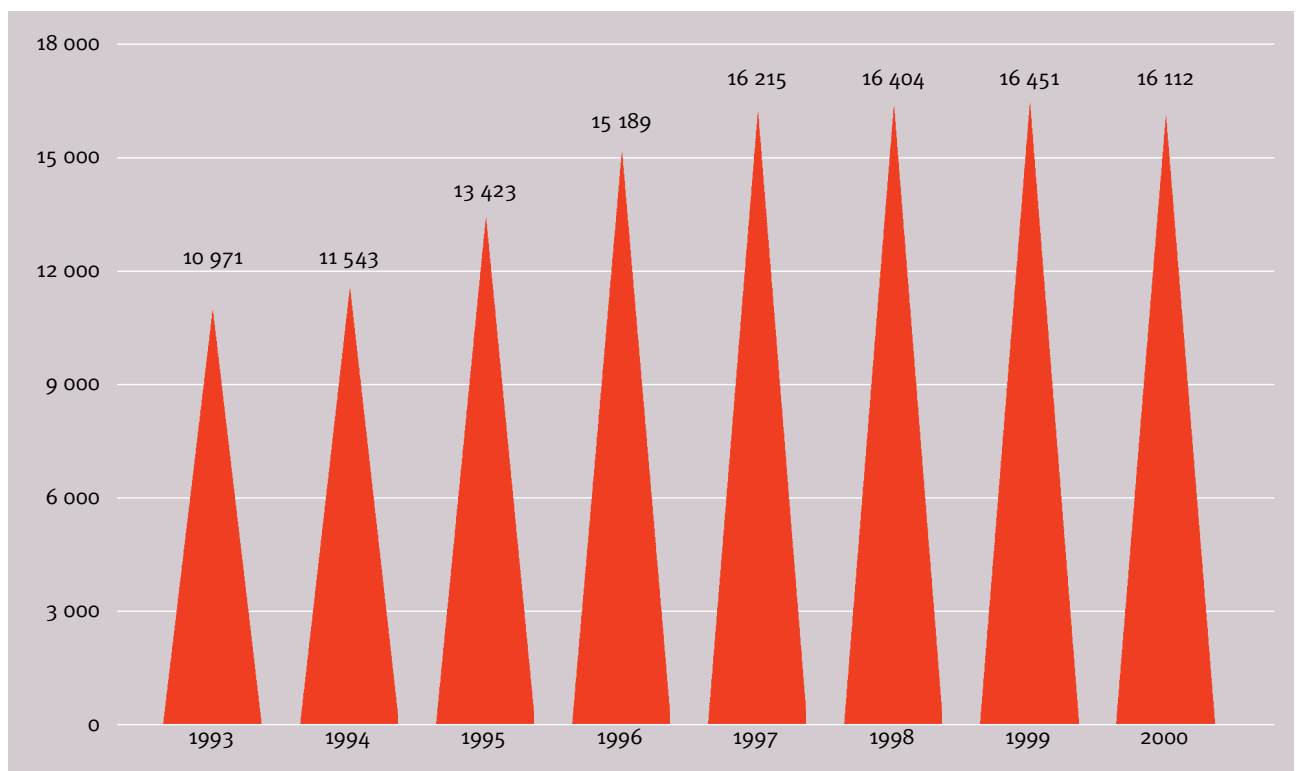
ANNEX No. 9

CLAIMS COSTS (mil. CZK)



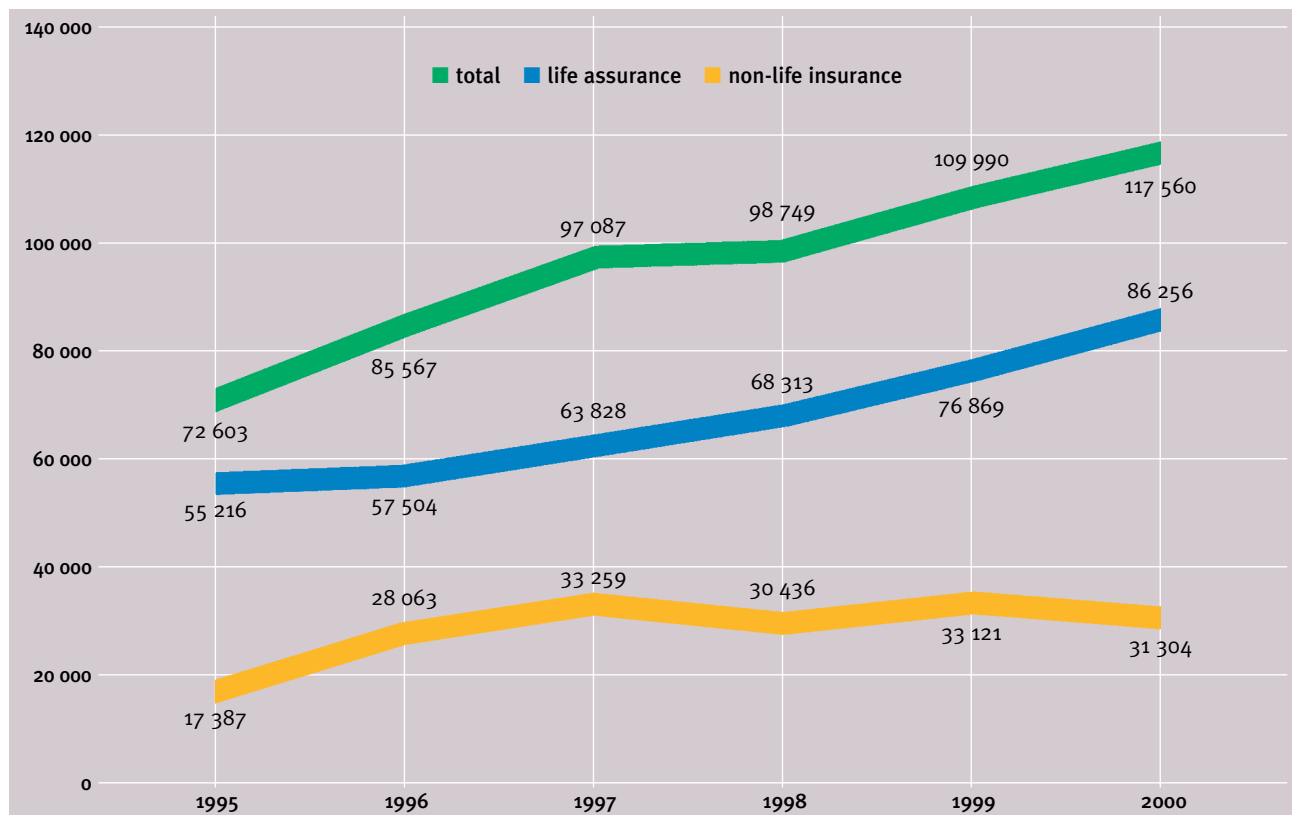
ANNEX No. 10

NUMBER OF EMPLOYEES IN INSURANCE



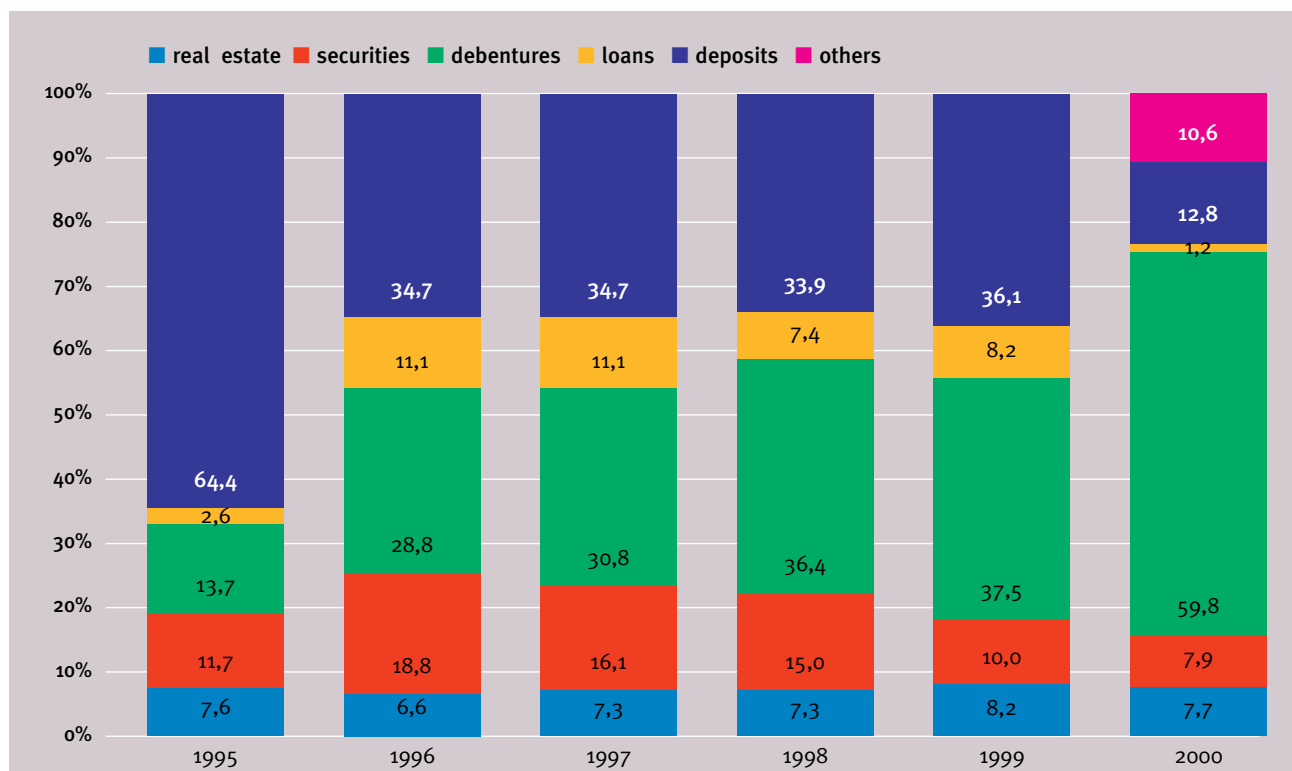
ANNEX No. 11

TECHNICAL PROVISIONS (mil. CZK)



ANNEX No. 12

FINANCIAL PLACEMENTS OF ASSETS DERIVED FROM TECHNICAL PROVISIONS



BALANCE SHEET as at December 31, 2000						
Total for all insurance companies incl. ČKP (in tausend CZK)	Line number	Net amount of last accounting period	Gross amount	Correction	Net amount	
Legend	a	b	1	2	3	4
I. ASSETS						
Intangible assets	20	x	627 099	1 586 374	991 224	595 150
Incorporation expenses	(201)	12	12 259	66 235	58 659	7 576
Goodwill	(202)	13	0	0	0	0
Financial placements (investments)	(10 až 14)	14	125 901 061	158 286 686	15 908 878	142 377 808
Land and buildings (real estate)	(10)	15	11 154 104	13 605 229	2 754 836	10 850 393
Land and buildings used in operations	(101 AE, 102 AE)	16	5 715 905	3 517 070	592 018	2 925 052
Financial placements in third-party companies and other long-term receivables	(11)	17	10 586 809	13 435 696	3 993 439	9 442 257
Participating interests in companies with controlling influence	(111)	18	4 188 282	6 009 379	518 187	5 491 192
Participating interests in companies with substantial influence	(112)	19	1 111 933	796 787	33 803	762 984
Bonds and other debentures, loans-companies with controlling influence	(113, 114)	20	231 221	465 793	300 322	165 471
Bonds and other debentures, loans-companies with substantial influence	(115, 116)	21	0	37 250	37 250	0
Other participating interests and other long-term receivables	(117, 118)	22	5 055 373	6 126 487	3 103 877	3 022 610
Other financial placements	(12)	23	103 424 407	129 561 460	9 149 406	120 412 054
Variable-yield securities	(121)	24	4 531 295	7 975 113	241 556	7 733 557
Fixed-income securities	(122)	25	56 710 925	94 512 486	873 331	93 639 155
Financial placements in investment companies and investment funds	(123 AE)	26	1 661 438	1 306 625	897	1 305 728
Financial placements in associations with legal entity status	(123 AE)	27	430	430	0	430
Financial placements in associations without legal entity status	(123 AE)	28	0	0	0	0
Mortgage loans	(124)	29	13 245	43	0	43
Other loans	(125)	30	1 428 700	1 269 774	824 111	445 663
Bank deposits	(126)	31	38 337 489	19 639 655	2 614 655	17 025 000
Other financial placements	(127)	32	740 885	4 857 334	4 594 856	262 478
Receivables for advance deposits paid	(131)	33	35 277	23 911	0	23 911
Financial placements on behalf of policeholder	(14)	34	700 464	1 660 390	11 197	1 649 193
Receivables	(30, 32, from 35, from 37)	35	11 715 239	26 036 514	6 385 842	19 650 672
Receivables from direct insurance and reinsurance	(30)	36	7 045 125	14 214 633	3 508 017	10 706 616
Receivables owed by policyholders	(301, 308 AE)	37	5 051 509	10 977 695	3 470 425	7 507 270
Receivables owed by intermediaries	(302, 308 AE)	38	103 105	183 589	37 592	145 997
Receivables arising out of reinsurance operations	(303, 308 AE)	39	1 890 511	3 053 349	0	3 053 349
Receivables for subscribed registered capital	(321)	40	238 400	461 260	0	461 260
Other receivables	(32, from 35, from 37)	41	4 431 714	11 360 621	2 877 825	8 482 796
Other assets	(21 to 25)	42	9 091 457	9 841 539	3 293 275	6 548 264
Movable tangible fixed assets	(21)	43	1 869 639	5 227 551	3 204 794	2 022 757
Operational movable assets	(211 AE)	44	1 737 186	5 085 182	3 203 485	1 881 697
Non-depreciable tangible fixed assets	(216)	45	132 453	142 369	1 309	141 060
Acquisition of assets	(22)	46	996 718	657 276	87 976	569 300
Advance payments for intangible and tangible fixed assets	(222)	47	480 978	259 259	25 249	234 010
Other assets	(25)	48	2 646 947	66 067	0	66 067
Cash and other financial assets	(23)	49	3 578 153	3 890 645	505	3 890 140
Current accounts	(235, 234)	50	3 301 121	3 591 824	505	3 591 319
Cash and cash equivalents	(231, 232 AE)	51	158 439	179 375	0	179 375
Cheques	(232 AE)	52	0	0	0	0
Own shares	(237)	53	118 593	119 446	0	119 446
Temporary accounts of assets	(from 39)	54	7 019 456	6 910 405	0	6 910 405
Interest and rent	(391 AE)	55	339 266	280 009	0	280 009
Acquisition costs for insurance contracts	(391 AE)	56	2 734 144	2 695 018	0	2 695 018
Other temporary accounts of assets	(from 39)	57	3 946 046	3 935 378	0	3 935 378
Accumulated losses of prior periods	(414)	58	1 867 409	993 364	0	993 364
Loss of current period		59	985 969	1 653 766	0	1 653 766
TOTAL ASSETS		60	157 207 690	205 308 648	26 579 219	178 729 429
II. LIABILITIES						
Share capital and funds	(40,41)	61	20 424 397			21 273 112
Share capital	(401)	62	13 017 791			13 331 494
Share premium account	(402)	63	488 348			237 870
Other capital accounts	(403, 404)	64	5 004 485			5 890 000
Revaluation reserve fund	(405)	65	0			0
Statutory reserve fund	(411)	66	477 043			648 916
Other funds	(412)	67	1 436 730			1 164 832
Technical provisions	(44 except 446)	68	109 268 167	125 397 962	9 488 366	115 909 596
Provision for unearned premiums	(441)	69	8 894 214	13 378 037	2 715 363	10 662 674
Life insurance provision	(442)	70	74 567 913	82 656 730	103	82 656 627
Outstanding claims provision	(443)	71	21 998 050	23 430 319	6 552 465	16 877 854
Provision for bonuses and rebates	(444)	72	528 040	802 014	126 089	675 925
Equalization provision and other provisions	(445) a	(449)	3 279 950	5 130 862	94 346	5 036 516
Life insurance provision where the investment risk is borne by policyholder	(446)	74	700 464	1 650 465	0	1 650 465
Provision for other risks and losses	(45)	75	515 308			812 403
Statutory provisions	(451)	76	16 505			8 492
Other provisions	(452, 459)	77	498 803			803 911
Liabilities from deposits received	(461)	78	371 272			497 430
Subordinated debt	(esp. from 36,2 48)	79	0			0
Creditors	(33, from 35,36, from 37, 47,48)	80	16 421 102			23 414 136
Creditors arising out of direct insurance and reinsurance	(33)	81	9 597 131			9 167 466
Creditors owed to policyholders	(331, 338 AE)	82	6 341 568			4 769 586
Creditors owed to intermediaries	(332, 338 AE)	83	421 791			527 195
Creditor arising out of reinsurance operations	(333, 338 AE)	84	2 833 772			3 870 685
Debenture loans	(367, 487)	85	0			0
Debenture convertible loans	(367 AE, 487 AE)	86	0			0
Bank credits	(365, 366, 471)	87	475 990			520 970
Tax creditors	(from 37)	88	467 894			376 482
Social security and public health insurance creditors	(from 355)	89	189 935			185 792
Creditors to companies with controlling influence	(481)	90	10 882			13 719
Creditors to companies with substantial influence	(482)	91	0			0
Other creditors	(from 35, from 36, from 37, 47,2 48)	92	5 679 270			13 149 707
Temporary accounts of liabilities	(from 39)	93	5 242 920			5 777 898
Profit brought forward	(413)	94	2 242 874			3 735 655
Profit for the financial year		95	2 021 186			5 658 734
TOTAL LIABILITIES		96	157 207 690			178 729 429

PROFIT AND LOSS STATEMENT as at December 31, 2000				
Total for all insurance companies incl. ČKP (in tausend CZK)	line number	Base	Subtotat	Result
Legend	b	1	2	3
a				
I. TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE	x	x	x	x
1. Earned premiums, net of reinsurance:	11	x	x	x
gross premium written	(601)	47 819 214	x	x
gross premium written ceded to reinsurers	(602)	15 010 606	32 808 608	x
change in provision for unearned premiums	(505-605)	1 968 591	x	x
change in provision for unearned premiums-reinsurers share	(506-606)	791 917	1 176 674	31 631 934
2. Financial placements return transferred from the non-technical account	(611)	x	x	444 748
3. Other technical income, net of reinsurance	(618-619)	x	x	2 231 562
4. Claims paid, net of reinsurance:	18	x	x	x
claims paid	(501)	23 783 216	x	x
claims paid, reinsurers share	(502)	7 924 736	15 858 480	x
change in the provision for claims	(503-603)	8 124 251	x	x
change in the provision for claims, reinsurers share	(504-604)	3 282 665	4 841 585	20 700 066
5. Change in balance of other technical provisions, net of reinsurance [(507-607)-(508-608)]	23	x	x	1 820 376
6. Bonuses and rebates, net of reinsurance	(514-515)	x	x	158 398
7. Operating expenses, net amount:	25	x	x	x
acquisition costs on insurance contracts	(511)	x	7 217 635	x
deferred acquisition costs on insurance contracts	(511 AE)	x	324 638	x
administrative expenses	(512)	x	7 184 734	x
reinsurance commissions (613) and profit participation, net of reinsurance (616-617) (-)	29	x	4 477 313	10 249 694
8. Other technical charges, net of reinsurance	(518-519)	x	x	2 292 500
9. Change in balance of equalization provision	(509-609)	x	x	- 88 140
10. RESULT of technical account for non-life insurance (=712)	32	x	x	- 824 650
II. TECHNICAL ACCOUNT FOR LIFE-INSURANCE	x	x	x	x
1. Earned premiums, net of reinsurance:	33	x	x	x
gross premiums written	(621)	x	22 770 132	x
gross premiums written ceded to reinsurers	(622)	x	217 600	x
change in balance of provision for unearned premiums, net of reinsurer [(523-623)-(524-624)]	36	x	436 320	22 116 212
2. Income from financial placements:	37	x	x	x
income from participating interests (634) of which: controlling influence (634AE) in that:	38	x	49 031	x
income from other financial placements of which: controlling influence in that:	39	x	x	x
income from land and buildings	(635)	458 472	x	x
income from other units of financial placements	(636)	7 384 113	7 842 585	x
value re-adjustments on financial placements	(637)	x	1 729 631	x
income from the realization of financial placements	(638)	x	128 435 936	138 057 183
3. Unrealized gains on financial placements *	44	x	x	x
4. Other technical income, net of reinsurance	(647-648)	x	x	127 194
5. Claims paid, net of reinsurance:	46	x	x	x
claims paid	(521)	10 392 765	x	x
claims paid, reinsurers share	(522)	14 693	10 378 072	x
change in provision for claims	(525-625)	- 486 072	x	x
change in provision for claims- reinsurers share	(526-626)	9 464	- 495 536	9 882 536
6. Change in balance of other technical provisions:	51	x	x	x
change in balance of life insurance provision	(527-627)	9 339 031	x	x
change in balance of life insurance provision, reinsurers share	(528-628)	5 278	9 333 753	x
change in balance of other technical provisions, net of reinsurance [(529-629)-(531-631)]	54	x	973 821	10 307 574
7. Bonuses and rebates, net of reinsurance	(536-541)	x	x	103 975
8. Net operating expenses:	56	x	x	x
acquisition costs on insurance contracts	(532)	x	3 551 478	x
deferred acquisition costs on insurance contracts	(532 AE)	x	- 155 843	x
administrative expenses	(533)	x	2 478 989	x
reinsurance commissions (613) and profit participation, net of reinsurance (641-642) (-)	60	x	141 387	5 733 237
9. Charges for financial placements:	61	x	x	x
charges for financial placements	(535)	x	5 059 674	x
value adjustments to financial placements	(537)	x	4 105 485	x
book value of disposed of financial placements	(538)	x	124 225 331	133 390 490
10. Nerealizované úbytky hodnoty finančního umístění *	65	x	x	x
11. Other technical charges, net of reinsurance	(547-548)	x	x	255 557
12. Transfer of return from financial placements to the non-technical account (-)	(649)	x	x	257 454
13. RESULT of technical account for life insurance (=713)	68	x	x	369 766
III. NON-TECHNICAL ACCOUNT	x	x	x	x
1. Result of technical account for non-life insurance (result of line 32)	69	x	x	- 824 650
2. Result of technical account for life insurance (result of line 68)	70	x	x	369 766
3. Income from financial placements:	71	x	x	x
income from participating interests (651) of which: controlling influence (651AE) in that:	72	x	11 986	x
income from other financial placements of which: controlling influence in that:	73	x	x	x
income from land and buildings	(652)	374 290	x	x
income from other units of financial placements	(653)	2 553 043	2 927 333	x
value re-adjustments on financial placements	(654)	x	127 755	x
gains on the realization of financial placements	(655)	x	102 831 962	105 899 036
4. Financial placements return transferred from the technical account for life insurance	(656)	x	x	257 454
5. Charges for financial placements:	79	x	x	x
charges for financial placements	(551)	x	615 547	x
value adjustments on financial placements	(554)	x	208 620	x
book value of disposed financial placements	(555)	x	102 460 473	103 284 640
6. Transfer of return from financial placements to non-life technical account	(657)	x	x	444 730
7. Other income	(658,659,661)	x	x	2 212 705
8. Other charges	558,559,561	x	x	3 038 959
9. Income tax on ordinary activities	(571,572,575)	x	x	- 2 730 433
10. Result after tax	(711 AE)	x	x	3 876 415
11. Extraordinary income	(663)	x	x	647 596
12. Extraordinary charges	(563)	x	x	493 593
13. Extraordinary profit or loss	(711 AE)	x	x	154 003
14. Income tax on extraordinary activities	(573,574)	x	x	31 379
15. Other taxes and fees	(562)	x	x	- 5 927
16. RESULT for the accounting period (711)	93	x	x	4 004 966

design:
vizuální komunikace mácha
vizual.kom@seznam.cz

print:
profiprint kolín
profiprint@kolin.cz



State Supervision in Insurance



A N N U A L R E P O R T 2 0 0 0