

Authorisation of the transfer of insurance portfolio

- I. Pursuant to the provisions of Section 9(1)a aa) and b) of Act CCXXII of 2015 on the General rules of trust services and electronic transactions, Sections 17 (1) and 19 (1) of Government Decree 451/2016. (XII. 19.) on the Detailed rules of electronic services, and Section 3 (1) of MNB Decree 36/2017. (XII. 27.) on the Rules of electronic communication in official matters in progress before the Magyar Nemzeti Bank ("Decree"), the legal representative of the enterprise and the applicant (client) obliged, pursuant to Article 58(2) of Act CXXXIX Of 2013 on the Magyar Nemzeti Bank (MNB Act), to apply electronic communication, shall submit its application, notification or other petition by using the prescribed form available in the information system supporting the electronic administration of the MNB ("ERA System") and introduced for the procedure related to the submission in question, in the manner and with content specified therein, simultaneously uploading the attachments specified by the law and other documents required by the MNB.

In the licensing procedures, the applications and notifications must be submitted by using the prescribed electronic form available in the *E-administration / Licensing* service on the ERA interface on the MNB's website, attaching the certified electronic copies of the appendices. The resolutions, requests for clarification, notices and other communications of the MNB are delivered to the financial organisations or their legal representatives by sending them to the delivery storage space.

The application for the authorisation of the transfer of the insurance portfolio shall be submitted on the *electronic form no. BIZE_1023 entitled "Application for the authorisation of the transfer of insurance portfolio"* available under the *Other authorisation* menu item of the *E-administration/Licensing* service.

The website of the MNB includes information materials related to the electronic administration and the submission of annexes to be attached in the licensing procedure (electronic documents) at:

<https://www.mnb.hu/letoltes/tajekoztatas-az-e-ugyintezesrol-az-mnb-elotti-engedelyezesi-eljarasokban-1.pdf>

For further information related to certain aspects of the licensing procedures see the following menu item:

<https://www.mnb.hu/felugyelet/engedelyezes-es-intezmenyfelugyeles/engedelyezes/tajekoztatok>

- II. Pursuant to Section 237(1)h) of Act LXXXVIII of 2014 on the Business of Insurance (**Insurance Act**), the transfer of the insurance or reinsurance portfolio requires authorisation by the MNB. (The portfolio of the Hungarian branch of an insurance or reinsurance company registered in another Member State may be transferred – in accordance with Section 119 of the Insurance Act – subject to the authorisation provided by the supervisory authority of the respective other Member State.)

The insurance portfolio may be transferred, in part or in full, without changing the conditions of the insurance contracts,

a) to insurers with registered office in the territory of Hungary,

b) to insurers with registered office in another Member State, including the case when the branch office of the insurer is named as the manager of the portfolio, and

c) to a branch office – established in a Member State – of an insurer with registered office in a third country. (*Section 118 (1) of the Insurance Act*)

The provisions of Sections 118-119 of the Insurance Act shall be applied *mutatis mutandis* to the transfer of reinsurance portfolios. (*Section 120 of the Insurance Act*)

- III. The application, submitted on a standard form, aimed at the authorisation of the portfolio transfer based on the agreement between the transferor and recipient insurer (reinsurer) – also taking into consideration the relevant provisions of the Insurance Act – shall contain the information below and the following annexes shall be attached to it:
 1. Precise description of the portfolio to be transferred (by insurance branch, sector, risk or risk category, contracting party, contract and policy number). (*Section 256(1)a) of the Insurance Act*)

2. Contractual conditions of the portfolio to be transferred. *(Section 256(1)a) of the Insurance Act)*
3. Legal declaration of the transferor and the recipient aimed at the transfer and acceptance of the portfolio (portfolio transfer contract or the draft thereof, and – in the latter case – confirmation that upon receiving the authorisation the transferor shall transfer and the recipient shall accept the portfolio). *(Section 256(1)b) of the Insurance Act)*
4. Description of the technical reserves related to the portfolio to be transferred and the cover thereof, and – if the portfolio transfer contract or the draft thereof does not include it – presentation of the treatment of the reserves and the cover of those as well as the conditions and circumstances applicable to the transfer of those. *(Section 256(1) c) of the Insurance Act)*
5. The date of and the consideration for the portfolio transfer (if the portfolio transfer contract or the draft thereof does not include it). *(Section 256(1) d) of the Insurance Act)*
6. Draft notification, in which the recipient insurer informs – in accordance with Section 118 (7) of the Insurance Act and in the language of the contract – the affected contracting parties on the portfolio transfer and the consequences thereof.
7. When the recipient insurer has its registered office in Hungary, presentation that the recipient insurer has, beyond the own funds related to its own portfolio
 - a) the eligible own funds necessary for covering the solvency capital requirement of the received portfolio, or
 - b) in the case of small insurers falling within Part Six of the Insurance Act, the own funds corresponding to the minimum capital requirement related to the received portfolio. *(Section 256(1) e) of the Insurance Act)*

When the portfolio is transferred to an insurer or reinsurer established in another Member State, it is not necessary to attach the confirmation specified in subsection e) above.

8. Applicant's declaration to the effect that it has disclosed to the MNB all important facts, data and information required for the issue of the authorisation. *(May be done on the Standard Form). (Article 59 (2) of the MNB Act)*

IV. The MNB shall reject the application for the authorisation of the portfolio transfer, if

- a) the application does not contain the prescribed content elements and annexes;
- b) it may be rendered probable that the interest of the insured parties would be prejudiced as a result of the portfolio transfer. *(Section 256 (7) of the Insurance Act)*

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