

Insurer – Authorisation of senior executives and other executives

	Q&A
	Senior executives
Prior to submission	<ul style="list-style-type: none"> • Who qualifies as a senior executive at the Insurer? <ul style="list-style-type: none"> - <i>The members of the Insurer’s Board of Directors and Supervisory Board.</i> - <i>In the case of third country insurers, the representative registered in the corporate register.</i> - <i>In the case of mutual insurance associations (small mutual insurance association) averaging less than hundred members over a period of one calendar year, the chair of the body elected to carry out the functions of the administrative and representative organ, or any person elected for such purpose and the chair of the body elected to supervise the administrative and representative organ, or any person elected for such purpose.</i> - <i>the chief executive and his deputies.</i> • What should be done upon the re-election of senior executives? <ul style="list-style-type: none"> - <i>The re-election of senior executives also qualifies as election, and thus it is subject to authorisation without exception.</i> • What should be done upon the reappointment or re-election of the senior executive of small mutual insurance associations? <ul style="list-style-type: none"> - <i>The small mutual insurance association shall report this to the MNB in writing, which will be acknowledged by the MNB in writing.</i> • What is the amount of the administrative service fee to be paid for the authorisation of a senior executive? <i>The authorisation procedure related to the election/appointment of senior executives is free of charge.</i> • How long is the administration deadline? <ul style="list-style-type: none"> - <i>In the MNB’s procedures – unless the law regulates otherwise – the administration deadline is three months. If the MNB called upon the client to submit missing documents, the administration deadline shall be calculated from the submission of all documents in full.</i> • Is the insurer obliged to assess the suitability of the candidate? <i>The assessment of the suitability of the candidate is primarily the responsibility of the insurance company. The insurance company must perform the</i>

	<p><i>assessment of the suitability of the candidate based on Recommendation No. 4/2016 (VI.06.) of the Magyar Nemzeti Bank on the Governance System of Insurance and Reinsurance Companies. Authorisation by the MNB will take place after this. The recommendation is available on the MNB's website under Regulation / Tools of Supervisory Regulation.</i></p>
<p>Application and annexes</p>	<p>IMPORTANT NOTICE! Prior to submitting the application you are kindly advised to read the <u>general Q&A</u> on the MNB's website on the <u>Licensing/General information</u> tab!</p>
	<ul style="list-style-type: none"> • How can I submit the application? <i>- Legal entities and legal representatives may only submit the application electronically through the MNB's dedicated "ERA" service. https://era.mnb.hu/ERA.WEB/</i> • What form should I use for the submission of the application? <i>-The application for the authorisation of the insurance and reinsurance company's senior executives shall be submitted on electronic form BIZR_1007_v3 entitled "Application for the authorisation of the employment, mandate, appointment and election of the senior executive and other manager of the insurance companies" available under the Authorisation menu item within the E-administration/Licensing service.</i> • What should the certificate of clean record contain for the authorisation of senior executives of insurance companies? <i>- It should be a certificate of clean record, not older than ninety days, which confirms that the candidate has clean record, is not under the effect of being banned from exercising civil rights, and not disqualified from occupation or activity.</i> • Where do I find the questionnaire to prove the candidate's compliance with the fit and proper requirements, to be submitted as an annex to the application? <i>- The questionnaire form is available on the MNB's website at: Supervision / Licensing and institution oversight / Licensing / Personal Licences /Standard forms / Good business reputation questionnaires Title of the form to be used: "Questionnaire for natural persons in charge of controlling the insurance mediation activity, to be employed by multiple agents or brokers, to establish compliance with the fit and proper</i>

requirements specified in Section 4 (1) 90 and Section 69 of the Insurance Act of 2014”.

- **What other declaration should the Insurer submit in respect of the fit and proper requirements in addition to the questionnaire completed by the candidate?**

- The Insurer must also make a declaration to the effect that in respect of the Candidate it has performed the assessment of the fit and proper requirements in accordance with the laws and the relevant regulations and in the Insurer’s opinion the Candidate may be deemed fit and proper in respect of the requested position. In addition, the declaration shall also include

(a) whether any conflict of interest exists in respect of the Candidate, also taking account of Section 74 (1) of the Insurance Act;

(b) describe the following procedures, if any of those has been carried out in respect of the Candidate:

description of the assessment procedures carried out by the supervisory authorities of the European Union’s Member States with regard to the fit and proper requirements concerning Candidate (indicating the Member State, the name of the supervisory authority and the date of the procedure),

if the competent authority has previously rejected the application for the authorisation procedure submitted in respect of the Candidate,

If any authority or organisation has excluded or restricted the right of the Candidate to perform any activity or hold any office.

- **What does the MNB accept to confirm management experience?**

According to the Insurance Act, management experience includes management experience in the business of insurance, experience in business management at a company with a staff of at least twenty and experience in financial or economic management in public administration. Within this, the MNB accepts

- positions filled at supervised institutions as senior executive (e.g. membership in the Board of Directors, Supervisory Board, managing director, chief executive officer, deputy chief executive office, branch manager or deputy branch manager, etc.),

- other management position (e.g. functional manager, business line manager, back office manager, etc.),

	<ul style="list-style-type: none"> • <i>department head and higher positions in work and office organisations (e.g. division head, director, director general),</i> • <i>In addition to the foregoing, the MNB also accepts the experience gained as senior executive of any enterprise – e.g. managing director of limited liability company – if it is presented that the person to be authorised has effectively supervised several persons and fulfilled management duties in respect of them, and the headcount, organisation and management structure of the company also justified the management function; otherwise the MNB does not accept such experience,</i> • <i>legal practice is accepted only, if it is presented that the person to be authorised has effectively supervised several persons and fulfilled management duties in respect of them, and the headcount, organisation and management structure of the office justified the management function; otherwise the MNB does not accept such experience.</i> <ul style="list-style-type: none"> • Is there any time limit concerning the acceptability of the management experience? <i>Yes. The end of the management experience may not be earlier than ten years before the submission of the application for authorisation.</i> • How can we prove the management experience prescribed by the law? <i>- Management experience may be proved by instruments (e.g. employer’s certificate, appointment, agency contract or employment contract, job description), based on which the start and end date of the management practice can be clearly established, as well as the nature of the activity and legal relationship substantiating the practice, and the range of duties performed by the Candidate within that legal relationship. The MNB does not accept the curriculum vitae of the candidate on its own as a proof of his professional experience.</i> • What should be done upon the re-election of senior executives ? <i>- The re-election of senior executives also qualifies as election, and thus it is subject to authorisation without exception.</i> • What should be done upon the reappointment or re-election of the senior executive of small mutual insurance associations?
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	<p>- <i>The small mutual insurance association shall report this to the MNB in writing, which will be acknowledged by the MNB in writing.</i></p> <ul style="list-style-type: none">• What additional conditions should the chairman of the Supervisory Board prove compared to the members?<ul style="list-style-type: none">- <i>In addition to the other conditions, the chairman of the Supervisory Board must also prove management experience and higher education degree.</i>• What additional requirements should the chief executive comply with?<ul style="list-style-type: none">- <i>The Candidate must be engaged in an employment relationship. An employment contract or employer's certificate issued by the insurer or reinsurer is sufficient to prove this.</i>- <i>Small mutual insurance associations may engage the chief executive also through an agency contract.</i>• Based on the authorisation, may the candidate be appointed/elected at any time?<ul style="list-style-type: none">- <i>No. The candidate must be appointed or elected within three months from the issuance of the authorisation, failing which he can be appointed or elected only after a repeated authorisation procedure.</i>
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<p>Other executives</p> <p>Prior to submission</p>	<ul style="list-style-type: none"> • Who qualifies as other executive of insurance companies? <i>- The Chief Actuary, the Chief Legal Officer, the Chief Accounting Officer, the Internal Auditor, the Chief Risk Officer and the Compliance Officer.</i> • Which of the other executives do have key functions? <i>- Based on the law, other executives with key function include the Chief Actuary, the Chief Risk Officer, the Compliance Officer and Head of Internal Audit. However, in its internal regulations the insurer may declare additional positions key functions.</i> • May a person fill other executive position at several insurers? <i>– Yes, but other executives may fill other executive position at not more than two insurers. It should be noted that in this case the respective insurers must agree in writing that they will not raise objection to mutual employment. The agreement must be also sent to the MNB within 30 days.</i> • How long is the administration deadline? <i>- In the MNB’s procedures – unless the law regulates otherwise – the administration deadline is three months. If the MNB called upon the client to submit missing documents, the administration deadline shall be calculated from the submission of all documents in full.</i> • Is the insurer obliged to assess the suitability of the candidate? <i>The assessment of the suitability of the candidate is primarily the responsibility of the insurance company. The insurance company must perform the assessment of the suitability of the candidate based on Recommendation No. 4/2016 (VI.06.) of the Magyar Nemzeti Bank on the Governance System of Insurance and Reinsurance Companies. Authorisation by the MNB will take place after this. The recommendation is available on the MNB’s website under Regulation / Tools of Supervisory Regulation.</i>
<p>Application and annexes</p>	<p>IMPORTANT NOTICE! Prior to submitting the application you are kindly advised to read the general Q&A and the general Q&A related to other executives on the MNB’s website on the Licensing/General information tab.</p>

	<ul style="list-style-type: none"> <p>• On which form may the application for the authorisation of other executives be submitted?</p> <p>- <i>The application for the authorisation of the insurer's other executives must be submitted on electronic form BIZR_1015_v2 entitled "Application for the authorisation of the employment, mandate, appointment and election of the senior executive and other manager of the insurance companies" available under the Insurance market/Insurers/ Personnel authorisation menu item within the E-administration/Licensing service.</i></p> <p>• Is it sufficient to attach the candidate's curriculum vitae to prove professional experience?</p> <p>- <i>No. To prove professional experience such instruments (e.g. employment contract, job description, employer's certificate, appointment) must be attached, based on which the start and end date of the professional experience can be clearly established, as well as the nature of the activity and legal relationship substantiating the practice, and the range of duties performed by the Candidate.</i></p> <p>• Is there any time limit concerning the acceptability of the professional experience?</p> <p>- <i>Yes. The end of the professional experience may not be earlier than ten years before the start of the employment.</i></p> <p>• What should the certificate of clean record contain for the authorisation of other executives of insurance companies?</p> <p>- <i>It should be a certificate of clean record, not older than ninety days, which confirms that the candidate has clean record, is not under the effect of being banned from exercising civil rights, and not disqualified from occupation or activity.</i></p> <p>• Where do I find the questionnaire to prove the candidate's compliance with the fit and proper requirements, to be submitted as an annex to the application?</p> <p>- <i>The questionnaire form is available on the MNB's website at: Supervision / Licensing and institution oversight / Licensing / Standard forms / Good business reputation questionnaires / Personal licences</i></p> <p><i>Title of the form to be used: "Questionnaire for natural persons in charge of controlling the insurance mediation activity, to be employed by multiple agents or brokers, to establish</i></p>
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compliance with the fit and proper requirements specified in Section 4 (1) 90 and Section 69 of the Insurance Act”.

- **What declaration should the Insurer submit in respect of the fit and proper requirements applicable to other executives in key function?**

- The Insurer must also make a declaration to the effect that in respect of the Candidate it has performed the assessment of the fit and proper requirements in accordance with the laws and the relevant regulations and in the Insurer’s opinion the Candidate may be deemed fit and proper in respect of the requested position. In addition, the declaration shall also include

(a) whether any conflict of interest exists in respect of the Candidate, also taking account of Section 74 (1) of the Insurance Act;

(b) describe the following procedures, if any of those has been carried out in respect of the Candidate:

description of the assessment procedures carried out by the supervisory authorities of the European Union’s Member States with regard to the fit and proper requirements concerning Candidate (indicating the Member State, the name of the supervisory authority and the date of the procedure),

if the competent authority has previously rejected the application for the authorisation procedure submitted in respect of the Candidate,

If any authority or organisation has excluded or restricted the right of the Candidate to perform any activity or hold any office.

- **Is it necessary to submit a separate declaration on the fit and proper requirements in respect of all other executives of the Insurer?**

- No. The Insurer must perform the assessment only in respect of other executives filling positions classified as key functions by virtue of the law and by its internal regulations, and make the relevant declaration as specified above during the authorisation procedure.

- **Based on the authorisation, may the candidate be appointed/elected at any time?**

- No. The candidate must be appointed or elected within three months from the issuance of the authorisation, failing which he can be appointed or elected only after the repeated authorisation procedure.

<p>Chief Actuary</p>	<ul style="list-style-type: none"> • What professional requirements should the Chief Actuary satisfy? <ul style="list-style-type: none"> - <i>The Chief Actuary should either hold an actuarial degree or a university or master's degree in the field of natural sciences, information technology, economics or engineering, and at least five years of professional experience as a chief actuary or ten years of professional experience as an actuary.</i> • Is it possible to engage the Chief Actuary through an agency contract? <ul style="list-style-type: none"> - <i>No. The Chief Actuary may only be engaged in an employment relationship.</i>
<p>Chief Legal Officer</p>	<ul style="list-style-type: none"> • Is it possible to engage the Chief Legal Officer through an agency contract? <ul style="list-style-type: none"> - <i>No. The Chief Legal Officer may only be engaged in an employment relationship.</i>
<p>Chief Accounting Officer</p>	<ul style="list-style-type: none"> • What experience should the Chief Accounting Officer have? <ul style="list-style-type: none"> - <i>The candidate must obtain the accounting experience of at least five years at an insurance or reinsurance company, financial supervisory authority, in the government sector in the field of finance or economics, at the trade organisation of insurance companies and insurance intermediaries, an enterprise engaged in insurance mediation or at an insurance audit firm.</i> • Is it possible to engage the Chief Accounting Officer through an agency contract? <ul style="list-style-type: none"> - <i>No. The Chief Accounting Officer may only be engaged in an employment relationship.</i>
<p>Head of Internal Audit (internal auditor)</p>	<ul style="list-style-type: none"> • What experience should the Head of Internal Audit have? <ul style="list-style-type: none"> - <i>The candidate must obtain the professional experience of at least five years at an insurance or reinsurance company, financial supervisory authority, in the government sector in the field of finance or economics, at the trade organisation of insurance companies and insurance intermediaries, an enterprise engaged in insurance mediation or at an insurance audit firm; or at regulated enterprises or at their audit firm in the field of internal audit or compliance.</i> • What qualification should the Head of Internal Audit have?

	<p>- <i>The Head of Internal Audit must hold higher education degree in the respective field, particularly in economics, finance or law. The MNB encourages that the internal audit staff – and particularly the Head of Internal Audit – obtain Chartered Internal Auditor and/or Certified Internal Auditor (CIA) qualification.</i></p> <ul style="list-style-type: none"> • Is it possible to engage the Head of Internal Audit through an agency contract? <ul style="list-style-type: none"> - <i>No. The Head of Internal Audit may only be engaged in an employment relationship.</i>
<p>Chief Risk Officer</p>	<ul style="list-style-type: none"> • What experience should the Chief Risk Officer have? <ul style="list-style-type: none"> - <i>The candidate must obtain the professional experience in risk management of at least two years at an insurance or reinsurance company, financial supervisory authority, in the government sector in the field of finance or economics, at the trade organisation of insurance companies and insurance intermediaries, an enterprise engaged in insurance mediation or at an insurance audit firm; or at regulated enterprises through performing risk management duties.</i> • What qualification should the Chief Risk Officer have? <ul style="list-style-type: none"> - <i>The Chief Risk Officer must hold a higher education degree in the relevant field, particularly in economics, actuary, mathematician, engineering, law or finance.</i> • Is it possible to engage the Chief Risk Officer through an agency contract? <ul style="list-style-type: none"> - <i>No. The Head of Internal Audit may only be engaged in an employment relationship.</i>
<p>Compliance Officer</p>	<ul style="list-style-type: none"> • What experience should the Compliance Officer have? <ul style="list-style-type: none"> - <i>The candidate must obtain the professional experience of at least two years at an insurance or reinsurance company, financial supervisory authority, in the government sector in the field of finance or economics, at the trade organisation of insurance companies and insurance intermediaries, an enterprise engaged in insurance mediation or at an insurance audit firm; or at regulated enterprises or at their audit firm in the field of internal audit or compliance.</i> • What qualification should the Compliance Officer have?

	<p>- <i>The Compliance Officer</i> must hold higher education degree in the respective field, particularly in economics, finance or law. <i>The MNB encourages that the internal audit staff – and particularly the Head of Internal Audit – obtain Chartered Internal Auditor and/or Certified Internal Auditor (CIA) qualification.</i></p> <ul style="list-style-type: none">• Is it possible to engage the Compliance Officer through an agency contract?<ul style="list-style-type: none">- <i>No. The Compliance Officer may only be engaged in an employment relationship</i>
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