

Pursuant to Article 104 paragraph 3 and Article 177 paragraph 4 of the Law on Insurance (Official Gazette of the Republic of Montenegro 78/06 and 19/07; hereinafter referred to as the Law), at the session held on 14 November 2008, the Council of the Insurance Supervision Agency adopted the

RULEBOOK ON ESTABLISHING THE UNDERWRITING RESULT, DISTRIBUTION OF GENERATED PROFIT, LOSS COVERAGE AND LOSS COVERAGE MEASURES

**(Official Gazette of Montenegro, 70/08 of 19 November 2008, and 01/13 of 3
January 2013)**

Article 1

The underwriting result of a joint stock insurance company (hereinafter referred to as the company) makes the generated profit or incurred loss.

The Company shall establish the profit or loss pursuant to Article 104 of the Law, and in accordance with the applicable regulations in the area of accounting and auditing.

Distribution of Generated Profit

Article 2

The company shall be obliged to cover the profit tax from the generated profit, while the remainder shall represent the retained profit.

The company shall distribute the retained profit from the previous year according to the following order:

- to cover losses from the previous year;
- to allocate funds to reserves;
- for other purposes as set forth by the company's statute.

Loss Coverage Sequence

Article 3

The company shall cover the losses from the previous year, according to the following order:

- from retained profit;
- from reserves from profit;
- from the core capital.

Program of Loss Coverage Measures
Article 4

The Company shall be obliged to cover the uncovered loss in the current business year, if it causes the capital to decrease below the amount of the core capital set forth in Article 21 of the Law.

The loss coverage measures or the measures for the increase of the capital shall be implemented in accordance with Article 105 of the Law.

Article 5

This Rulebook shall enter into force on the eighth day following the day of its publication in the Official Gazette of Montenegro.

Number: SS-56/08
Podgorica, 14 November 2008

PRESIDENT OF THE COUNCIL OF THE AGENCY
Vladimir Kavarić, MSc.