

Instructions

Articles of association of insurance undertakings

These instructions contain only a brief overview of the points to be especially taken into account in drafting the articles of association of insurance undertakings. In actual cases, the legal provisions and the orders issued by the supervisory authority shall apply exclusively. The FMA is available for any further questions.

In drafting the articles of association for insurance undertakings, the following must be taken into account in particular:

Company name

The provisions of art. 1011 et seq. of the Law on Persons and Companies (PGR) must be observed. The Office of Land and Public Registration has primary responsibility in this regard. The use of national designations, especially the word Liechtenstein, requires approval by the Law on Persons and Companies (art. 1013 para. 2 PGR).

Company form

Limited company or cooperative society (art. 13. para. 1(a) of the Insurance Supervision Act, ISA). With respect to the legally required content of the articles of association, see art. 279 (limited company) or art. 430 (cooperative society) PGR.

Purpose of company

Exact description of the purpose of the company: Mixed life and non-life direct insurance and activities alien to insurance are not permissible (art. 21 para. 1 and art. 20 para. 1 ISA).

In the case of reinsurance captives, business activities must be limited to companies belonging to the scope of consolidation.

Examples of descriptions of purpose are:

- for non-life insurance undertakings:
"Provision of direct or indirect non-life insurance"
- for life insurance undertakings:
"Provision of direct or indirect life insurance"
- for professional reinsurance undertakings:
"Provision of reinsurance in all classes"
- for captives (self-insurances):

"Provision of ... as self-insurance for the XXX Group and enterprises closely linked with this group economically or financially“ // "and their current and future subsidiaries and holdings"

The article indicating the purpose must include a reference "excluding activities alien to insurance" (cf. art. 13 para. 1(b), art. 20 para. 1 ISA). Other permissible formulations include "as well as all immediately related activities. Activities alien to insurance are impermissible."

Convening of the general meeting

According to art. 39 para. 1 ISA, the business report must be submitted by the end of April at the latest, which is why the ordinary general meeting must also take place within four months of the end of the business year (in deviation from art. 339 para. 1 PGR).

Proxy / Signing authority

The articles of association must include a reference to the (exclusive) joint signing authority.

Board of directors

The board of directors must be composed of at least three members (see art. 344 para. 2 PGR).

At least one member of the board of directors – and of the general management – must be a resident of Liechtenstein and have sufficient powers (art. 23 para. 1 ISA).

Audit office

The audit office pursuant to the PGR may act as the audit office required by insurance supervision law if it meets the special conditions pursuant to art. 40 para. 1 and 4 ISA in conjunction with art. 67 et seq. ISO.

Annual report / Annual account statement / Profit distribution

With respect to the term "business report", the terminology pursuant to art. 39 para. 1 ISA and art. 64 ISO shall be used, according to which the business report means the annual account statement consisting of the balance sheet, the profit and loss statement, and the notes on the accounts. The business report shall be compiled annually as of 31 December.

The articles of association shall specify that the accounting must observe the requirements of supervision law (see art. 39 para. 1 ISA, art. 64 and Annex 4 ISO).

The allocation to the statutory reserve fund (art. 309 para. 1 and art. 453 para. 3 PGR) must amount to at least 5% of the net profit, until the reserve fund reaches 10% of the statutory capital or reaches 10% again after it has been drawn on.

Formation costs

When limited companies are newly formed, their articles of association must also provide information on the formation costs (see art. 279 para. 1(12) PGR).

Founders

In the case of a new formation, the articles of association must also provide information on the (at least) two founders (art. 279 para. 1(4) PGR). It is sufficient if they are named as founders at the end of the articles of association.

The most important legal foundations

- Law of 6 December 1995 on the Supervision of Insurance Undertakings (Insurance Supervision Act, ISA; Liechtenstein Law Gazette LGBl. 1996 No. 23 as amended)
- Ordinance of 17 December 1996 on the Law on Supervision of Insurance Undertakings (Insurance Supervision Ordinance, ISO; LGBl. 1997 No. 41 as amended)
- Ordinance of 21 December 2004 on the Levy of Supervision Taxes and Fees pursuant to the Financial Market Authority Act (LGBl. 2004 No. 288)
- Law on Persons and Companies (PGR, LGBl. 1926 No. 4)

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