



**EuroHold Bulgaria AD**  
***Euroins Romania Case***

20<sup>th</sup> of March 2023



*On 17<sup>th</sup> of March ASF has made a decision for withdrawal of the License of Euroins Romania based on non-compliance with the law and the starting of the procedure for insolvency*

**The purpose of this presentation is to answer the following key question:**

***Are Euroins Romania license withdrawal and request for insolvency procedure correct or the Board of ASF has made a decision based on false report?***

# ASF official statements 17-19 March 2023

- Mr. Daniel Apostol, Spokesperson of ASF, 18<sup>th</sup> of March 2023, jurnalul.ro:

***“We are not talking here of a market bankruptcy of a company that goes bankrupt due to economic reasons.  
The decision to withdraw the authorization to operate at this company is a measure designed to penalize the behavior”***

- Mr. Christian Rosu, Vice-chairman of ASF, 18<sup>th</sup> of March 2023, Profit.ro:

***“With the exit of Euroins Romania, finally, the insurance market in Romania is cleaned up.  
The company following the checks carried-out by ASF is almost up to date with payments, recourses between the company and the other insurers on the market are almost up to date , claims in the amount that the company was paying are almost up to date ”***

# What is the Condition of Euroins Romania as of 17<sup>th</sup> of March 2023?

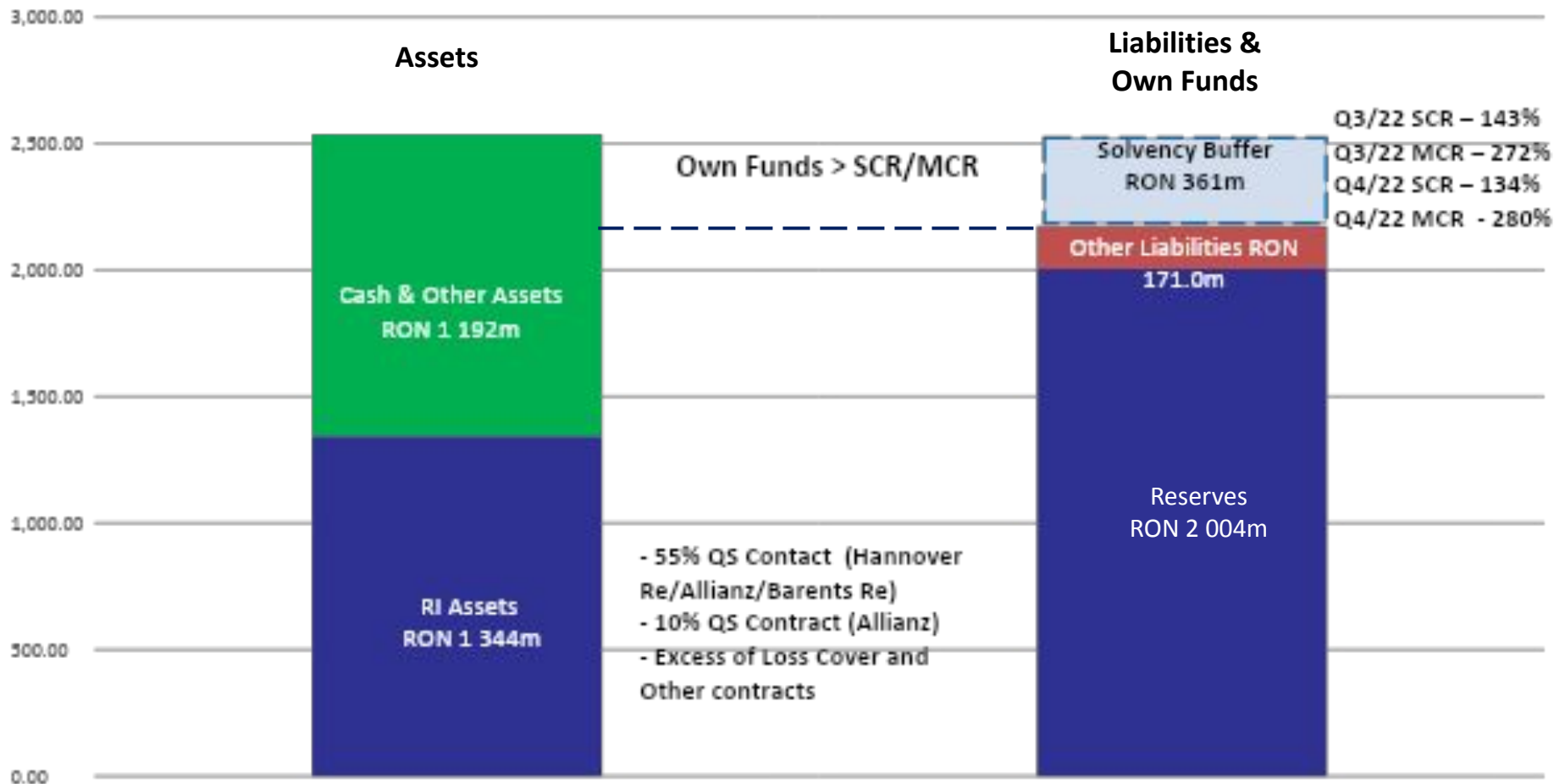
Current Assets (RON m)		Cash outflows (RON m)	
Cash	40.0	Daily Operational Costs	5.0-5.5
Intermediaries Receivables up to 5 days	70.0	Liabilities	1.0-1.5
	<b>110.0</b>		<b>6.0-7.0</b>

- The company does not have the problems to meet all operational payments
- Euroins Romania does not have currently due payables

**Thus, there is no insolvency for the currently due liabilities**

# Does Euroins Romania cover SCR/MCR?

## What was the Condition of Euroins Romania as of Q3/YE 2022?

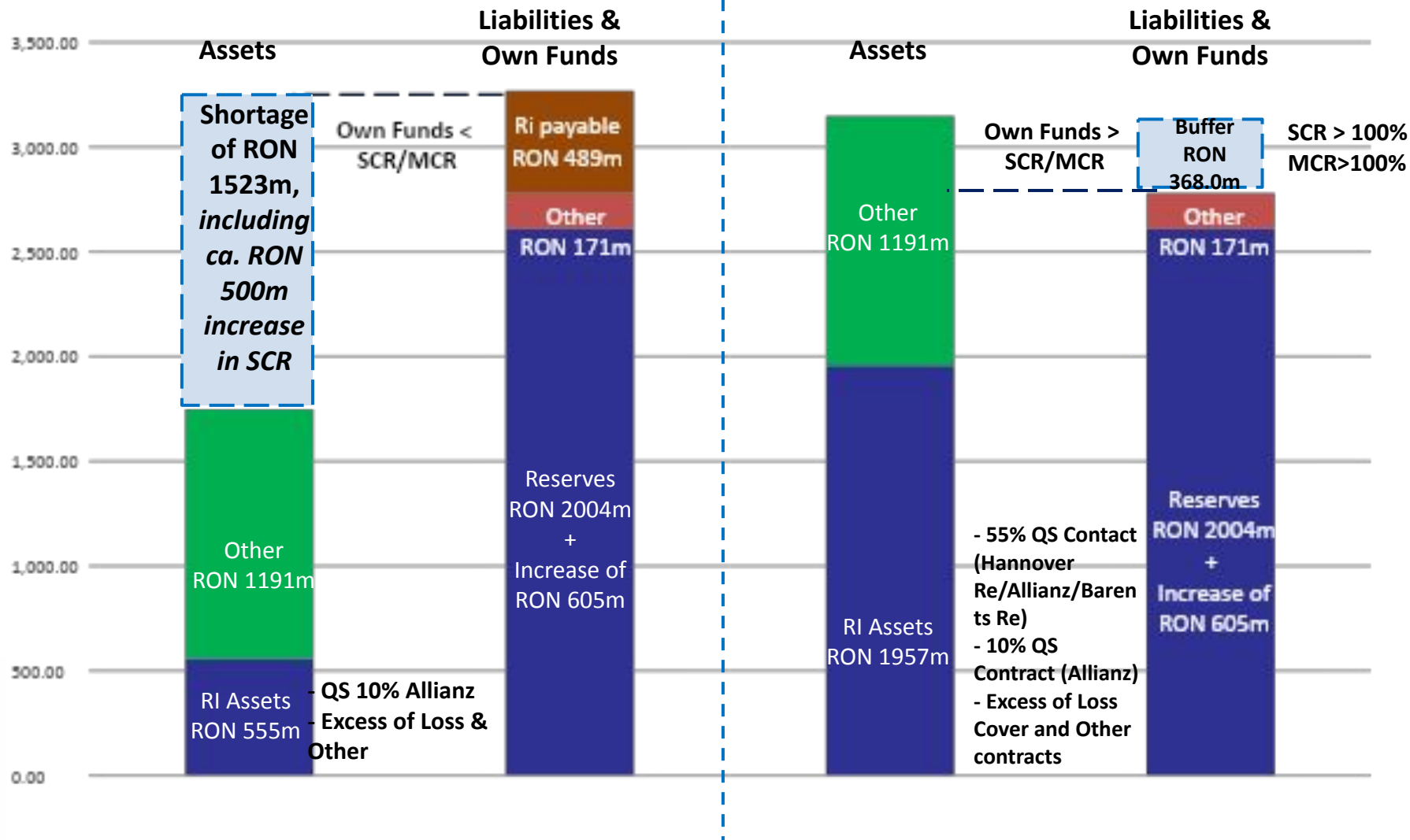


Thus, as of Q3/YE 2022 taking in to account the existing reinsurance contracts (accepted on multiple occasions) Euroins Romania has met all its capital requirements

# What is the effect of ASF's Actions as of Q3/YE 2022 based on the report 02<sup>nd</sup> February 2023?

**In case of NO RI Contract**

**In case of YES RI Contract**



(1) ASF Derecognize the Reinsurance Contracts and (2) increase the Reserves with RON 605.0m and (3) Payments to Reinsurance of RON 489.0m.

# May the Reinsurance contracts be recognized as of Q3/YE 2022?

- The Reinsurance contracts have been reviewed **twice** by ASF and accepted without any findings and/or adjustments:
  - In July 2020 following an ASF inspection that has been **specifically focused on reviewing the Reinsurance contracts**
  - In September 2021 following an ASF inspection on the technical reserves which has confirmed the functioning of the Reinsurance contracts
- The reinsurance contracts have been reviewed and accepted without any comments/findings during the BSR in 2021

**Thus, all disputed reinsurance contracts have been recognized by ASF in the last 3 years and up to report dated 02<sup>nd</sup> of February 2023. Throughout the whole period (2020-2023) Euroins Romania has complied with MCR**

# ASF's Concerns about the Contracts based on the report dated 02<sup>nd</sup> February 2023 & EIG Re Treaty Compliance with them

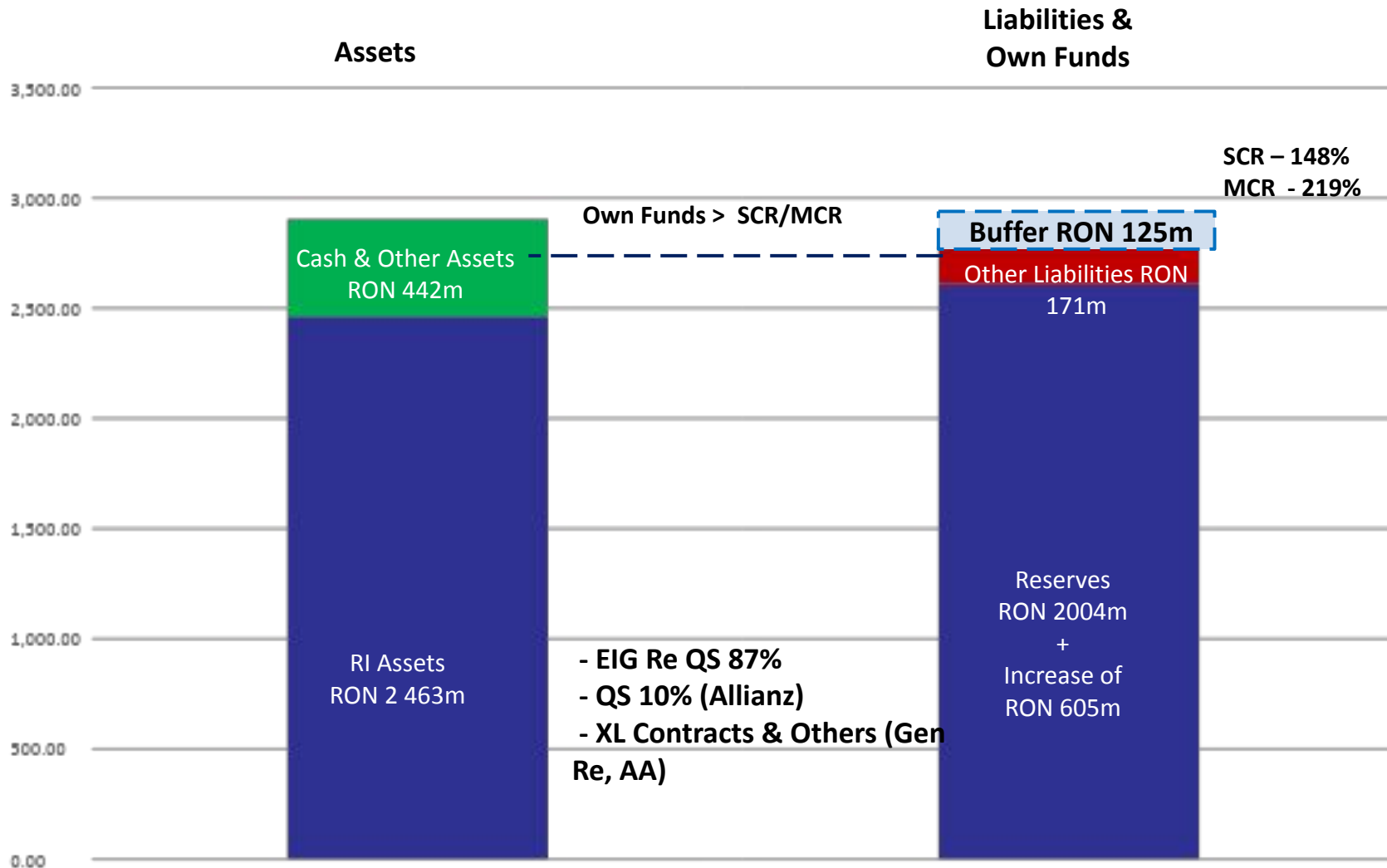
Areas	Old Contracts ASF Claims	ASF Request	EIG RE Contract
Advance Payment of Premium	No	Yes	Yes
Cashflows and non-Offset	No	Yes	Yes
Commutation Option	Yes	No	No

- In order to fulfill the ASF's Request Euroins Romania concluded a contract with EIG Re which fully complies with them
- **To comply with advance payment request and increasing the coverage an additional assets were transferred to EIG Re**
- The Intragroup placement of the Reinsurance Contracts is an internationally recognized practice that eases the market placement

**Thus, the conclusion of the intragroup Reinsurance Contract with EIG Re is as per the internationally recognized practices and meets all requirements of ASF**



# What was the impact of EIG Re Contract as of YE 2022 and on 01<sup>st</sup> of January 2023?



**Even in the case of increase of the Technical provision of RON 605.0m the level of Excess of assets over liabilities ensures due cover of all risk and the respective Solvency of Euroins Romania**

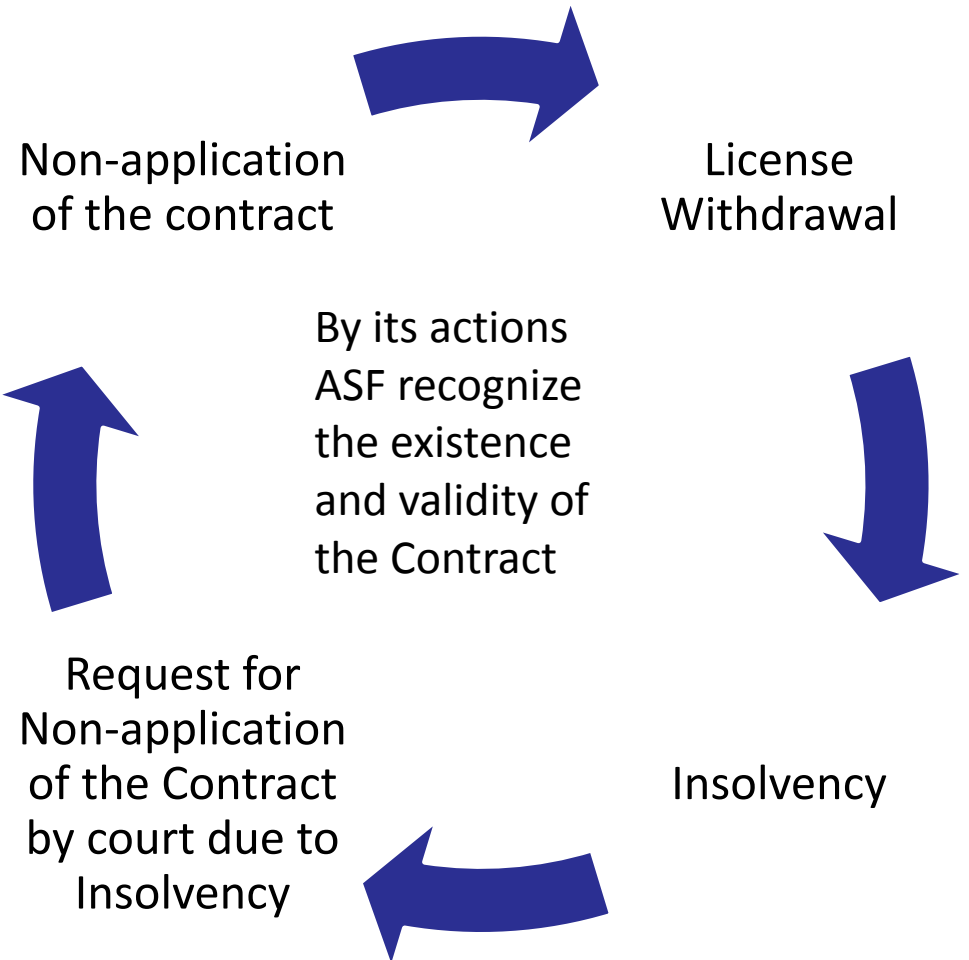
# Why did ASF withdraw the license?

ASF states that it does not recognize the EIG Re contract and hence SCR/MCR coverage is below the required 100%.

On the basis of this ASF withdrew the license and file the company for insolvency.

In its decision ASF requires from FGA to terminate the contract from inception, because of the insolvency of Euroins Romania. With this ASF prove that the contract is not terminated and it is recognizable.

**Thus, ASF creates a vicious cycle of reason and consequence by purposeful illegal action.**



# Does ASF has the right not to recognize the contract?

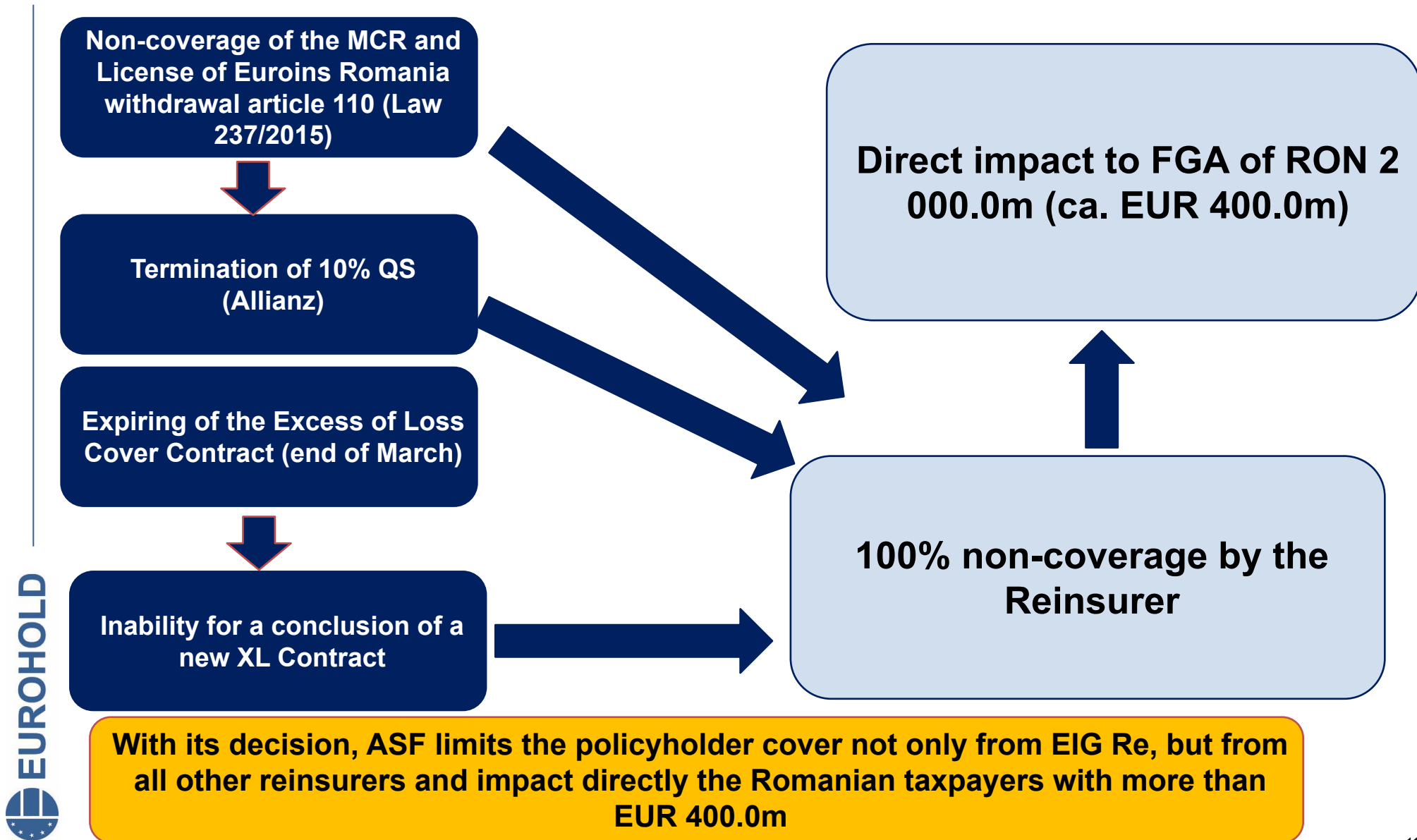
ASF in violation of EU Solvency 2 framework does not recognize the contract with EIG Re,

*Article 32 of Directive 2009/138/EC (Solvency Directive) states that the **The home Member State of an insurance undertaking shall not refuse a reinsurance contract concluded with a reinsurance undertaking or an insurance undertaking authorized in accordance with Article 14 on grounds directly related to the financial soundness of that reinsurance undertaking or that insurance undertaking***

**Thus, ASF does not have the right to object to the validity of the Contract. Only FSC has those rights.**

**On the 14<sup>th</sup> of March 2023, FSC (BG) sent a letter to ASF confirming the compliance of Solvency position of EIG Re and Respectively the validity of the Contract, retrocessions and all other clauses .**

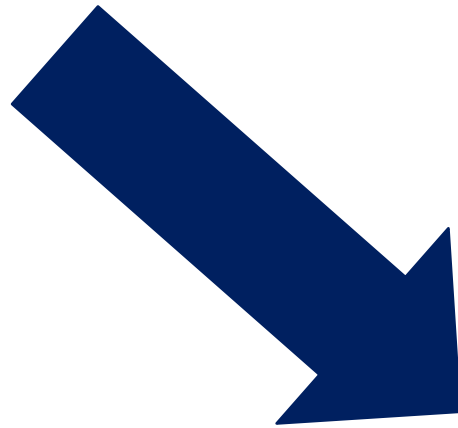
# What are the consequences following the decision of ASF for non-recognition of the Contract?



# What are the next steps that are to be made by Shareholders of EIG if ASF does not revoke the decision?

Because we are sure that the **license of Euroins Romania is withdrawn against the EU and Romanian legislation**, we will claim in the court for coverage of our losses:

- **EUR 270.0m value of the investment**
- **EUR 230.0m incurred losses**



**EUR 500.0m losses to the Romanian Taxpayer**

# The total Loss for the Romanian Taxpayer

Total Loss for Romanian Taxpayers is ca. EUR 1 000.0m:

- FGA Losses of EUR 400.0m
- Lawsuit for Loss of investments and incurred damages of EUR 500.0m
- **Crisis on the insurance market**
- **Increased Reinsurance pricing,**
- **Destroyed reputation on the Romanian state**

**ASF's decision in violation of the Romanian and EU legislation is the one which leads to all those losses**

# ASF official statements 17-19 March 2023 and the conclusions after this presentation

- Mr. Daniel Apostol, Spokesperson ASF 18<sup>th</sup> of March 2023, jurnalul.ro:

***“We are not talking here of a market bankruptcy of a company that goes bankrupt due to economic reasons.  
The decision to withdraw the authorization to operate at this company is a measure designed to penalize the behavior”***

**Thus, there is no financial shortage and insolvency for Euroins Romania**

- Mr. Christian Rosu, Vice-Chairman ASF 18<sup>th</sup> of March 2023, Profit.ro:

***“With the exit of Euroins Romania, finally, the insurance market in Romania is cleaned up.  
The company following the checks carried-out by ASF is almost up to date with payments, recourses between the company and the other insurers on the market are almost up to date , claims in the amount that the company was paying are almost up to date ”***

**Thus, there is no financial shortage and insolvency for Euroins Romania**

**ASF does not have the right not to recognize the EIG Re contract according to EU and Romanian Law**

**Thus, there is no lack of cover of SCR/MCR any of the periods and reason for and License withdrawal and no reason for insolvency**

***Is Euroins Romania license withdrawal and request for insolvency procedure correct or the Board of ASF has made a decision based on false report?***

***Based on the facts it seems that the Board of ASF has been misled by a false and incorrect report, which could lead to a loss of more than EUR 1 000.0m to the Romanian Taxpayers***



# The next steps – EIG Complaint against ASF Decision

Based on this complaint, ASF has two options:

- **Option No.1:** ASF Support their decision – **Direct claim/losses of EUR 1 000.0m for all taxpayers**
- **Option No.2:** ASF Claim to the Court to revoke their decision and give the license back – **No claims/losses to the Romanian taxpayer** and EIG will continue to support the good standing of company

# To whom this presentation will be addressed?

The current presentation will be subsequently addressed to:

- President of Romania
- Prime Minister of Romania
- President of the Senate
- President of the Chamber of Deputies
- Ministry of Finance of Romania
- Budget and Finance Commission
- ASF Board Members
- EIOPA
- Financial Supervision Commission (BG)
- European Parliament
- European Commission