

DRAFT LAW OF UKRAINE

On Amendment of the Law of Ukraine on Insurance

No.2021-D

This Law regulates the relations in insurance sphere and is directed on formation of insurance services market, reinforcing of insurance defense of enterprises, entities, organizations and citizens' property interests.

Action of this Law does not spread on state social insurance.

Part I GENERAL PROVISIONS

Article 1. Insurance Definition

Insurance is a type of civil and legal relations as for defense of citizens' property interests and juridical persons in case of occurring certain events (insurance cases), defined by insurance agreement or prevailing legislation, for account of money funds, which are formed by insurance payments of citizens and juridical persons (insurance payments, insurance bonuses).

Article 2. Insurers

In accordance with the Law of Ukraine "On the Economic Companies" insurers are legal entities, established in the form of a stock company, full, commanded company or a company with additional liability, the account being taken of specific features, envisaged by this Law; which have also obtained in due order a licence for insurance activity. The insurer should consist of not less than three participants. The insurance activity in Ukraine shall be provided exclusively by the residents of Ukraine.

In particular cases, determined by the legislation of Ukraine, the state institutions, established and operating in accordance with this Law, shall be recognised as insurers.

Total amount of insurer's contribution to the authorised funds of other insurers of Ukraine shall not exceed 20 per cent of its own authorised fund. The amount of contribution to the authorised fund of other insurer shall not exceed 5 per cent.

The share of cash deposits in the paid-up authorised fund of the insurer shall not be less than 60 per cent. It is allowed to pay a cash part of a deposit to the authorised fund of the insurer in securities. Securities shall be issued by the government at their nominal value in order, determined by the Ministry of Finance of Ukraine, but not more than 25 per cent of the total amount of the authorised fund.

In forming an authorised fund it is prohibited to use the insurance reserve funds, as well as funds obtained as a credit or collateral, or to contribute non-tangible assets.

The object of direct insurer's activity may include only insurance, reinsurance and financial activity connected with formation, distribution of insurance reserves and their management.

The above mentioned types of activity are allowed in the form of granting services to other insurers on the basis of the concluded agreements about joint activity.

Legal entities which do not meet the requirements of this article can not be **insurers**.

Article 3. Insurants

Insurants are legal entities and able citizens who have concluded insurance contracts with insurers or are insurants in accordance with the legislation of Ukraine.

Insurants, when concluding contracts of insurance, are entitled to appoint citizens or legal entities for obtaining insurance sums (insurance indemnity) and also replace them prior to the insured incident.

Article 4. Objects and Types of Insurance

Projects of insurance may be property rights, which are in compliance with the legislation of Ukraine and relate to:

life, health or social protection of insurant or insured person (personal insurance);
ownership, utilisation and management of property (property insurance);
compensation by insurant of damage caused to a person or his property as well as damage caused to a legal entity (liability insurance).

Types of insurance, for which the licence is granted, shall be determined according to the rules (conditions) of insurance (insurance products) established by the insurer, which approved by the Committee for Supervision over Insurance Activities.

Insurers are entitled to deal only with those types of insurance as determined in a licence.

Types of volunteer insurance:

- 1) life insurance;**
- 2) accident insurance;**
- 3) medical insurance (contentious health insurance);**
- 4) health insurance in the event of sickness;**
- 5) medical expenses insurance;**
- 6) railway transport insurance;**
- 7) ground transport insurance (other than railway transport);**
- 8) air transport insurance;**
- 9) water transport insurance (internal marine and other types of water transport);**
- 10) luggage, goods and cargo insurance;**
- 11) fire and natural calamity risks;**
- 12) property insurance (other than points 5-9);**
- 13) civilian responsibility of ground transport owners insurance (including transporter's responsibility);**
- 14) responsibility of air transport owners insurance (including transporter's responsibility);**
- 15) responsibility of water transport owners insurance (including transporter's responsibility);**
- 16) responsibility vis-à-vis third persons insurance (other than points 13-15);**
- 17) credits insurance (including responsibility of the borrower for failure to return credit);**

- 18) investment insurance;
- 19) financial risks insurance;
- 20) court expenses insurance;
- 21) granted and received guaranties insurance;

Characteristics and classification features of the mentioned types of insurance shall be determined by the Committee for Supervision over the Insurance Activities.

Article 5. Forms of Insurance

Insurance may be voluntary, compulsory or state-provided.

Voluntary insurance shall be effected on the basis of a contract between insurant and insurer. General conditions and order of voluntary insurance shall be determined by the rules of insurance established by insurer independently in accordance with the requirements of this Law. Specific terms of insurance shall be determined when concluding a contract of insurance.

Voluntary insurance provided by a certain insurer can not be the obligatory condition in other legal relations.

Compulsory insurance shall be established by the laws of Ukraine through proposing amendments in the existing Law.

Order for effecting obligatory insurance, standard forms for contracts with citizens, specific licensing conditions of obligatory insurance, minimal insurance sums and maximum insurance tariffs or methodology of their calculation shall be determined by the Cabinet of Ministers of Ukraine. Cabinet of Ministers of Ukraine can set restrictions on sums of the certain types of compulsory insurance.

Article 6. Types of Compulsory Insurance

The following types of compulsory insurance are in existence in Ukraine:

- 1) medical insurance;
- 2) the state personal insurance of servicemen, reservists called to military service;
- 3) the state personal insurance of rank and file persons, command and hired volunteers' personnel and staff of subdivisions of internal affairs;
- 4) the state compulsory personal insurance of medical and pharmaceutical employees in the event of AIDS acquisition by a person when performing official duties;
- 5) the state compulsory personal insurance of customs employees;
- 6) the state compulsory personal insurance of the procurator's office employees;
- 7) the state life and health insurance of people's deputies;
- 8) the state personal insurance of officials of the state control and revision service of Ukraine;
- 9) the state personal insurance of officials of state tax inspectorates;
- 10) the state compulsory insurance of officials of the state offices on protection of consumer's rights;
- 11) personal insurance of the departmental and rural fire protection employees and members of voluntary fire brigades (commands);
- 12) state insurance of officials of the state architectural and construction control inspections;
- 13) state insurance of high category sportsmen;
- 14) state insurance of the state forest protection employees;
- 15) life and health protection of the specialists in veterinary medicine;

- 16) life and health protection of judges;
- 17) state insurance of donors of blood and (or) its components;
- 18) personal insurance against transport accidents;
- 19) insurance of the crew of an aircraft and aviation personnel;
- 20) insurance of the employees of a customer of aviation works, persons engaged in supporting the technological process when executing aviation works, and passengers being transported upon its request without obtaining tickets;
- 21) accident insurance of risk professions in national economy;
- 22) liability insurance of aircarrier and performer of air works for compensation of damages caused to passengers, luggage, mail, cargo;
- 23) liability insurance of the exploitor of an aircraft for damages which may be caused by him when performing aviation works;
- 24) insurance of civilian responsibility of vehicle owners;
- 25) insurance of aviation vessels;
- 26) compulsory insurance of yield of crops and perennial plantations in the state farms and other state agricultural enterprises;
- 27) insurance of civilian responsibility of operators of nuclear plants for damages, which might be caused as a result of nuclear accident (order and conditions of such insurance shall be specified in a special Law of Ukraine);**
- 28) obligatory state insurance of rank and file persons and command personnel, as well as employees of the criminal-executive system.**

Article 11. Reinsurance

Reinsurance is insurance by one insurer (cedent, reinsurant) according to the risk conditions determined in the contract by fulfilling all or part of his obligations before the insurant by another insurer (reinsurant).

Insurer (cedent, reinsurant) should notify reinsurer of all modifications in his contract with insurant.

Insurer (cedent, reinsurer), which concluded a reinsurance contract with reinsurer, remains fully responsible before insurant according to the insurance contract.

The procedure for creation and functioning of specialised reinsurance exchanges shall be set by the Cabinet of Ministers of Ukraine.

Article 12. Associations of Insurers

Insurers may establish unions, associations and other corporations to co-ordinate their activity, protect the interests of their members and implement joint programmes, if their creation does not contradict with the legislation of Ukraine. These associations can not be engaged in insurance activity.

Associations of insurers shall act on the basis of charters and acquire the rights of a legal entity after their state registration. A body, registering the associations of insurers, shall notify of it to the Committee on Supervision Over Insurance Activity within a ten-day term from the date of registration.

Insurers might conduct joint insurance activities upon signing a contract on joint activities without creating a legal entity or by creating a legal entity, which acts as trusted person (insurance agent, insurance broker) on behalf and in the interest of all the participants of the insurers association.

Reinsurance of the risks, conducted by the insurers associations, shall be provided according to the order, set in the contract on joint insurance activities or

statutory documents of the jointly created legal entity, if any other order is not determined by legislative acts in force.

Obligatory requirement to create association of insurers (participating in it or entering into it) might be obligatory precondition for receiving license for obligatory insurance activities if this is the condition of international agreements, accepted by Ukraine or when creating such associations is the internationally acknowledged insurance practices. In such a case insurance association can be only a legal entity, which is financed from the insurers' funds. Participants of such associations are jointly responsible before the insured and parties of the international agreements. Conditions for participation of insurers in associations, which are obligatory according to this law, can not provide for restrictions of the rights of the particular participants of such associations or any privileges to them.

In case of liquidation (dissolution) of association, which has to be created according to law, its participants have a right to association's property within their membership fees. The rest of the property of such associations after settling accounts shall be included to the state budget or in any other order, determined by the Law.

Insurers, which are authorised to insure the responsibility of vehicle owners for damage caused to third persons, and on conditions envisaged by international agreements to which Ukraine is a party, should establish a Motor (transport) Insurance Bureau as a legal entity, financed from the insurer's funds.

Insurers, which are authorised to insure aviation risks and insurers, which are authorised to insure marine risks should establish Aviation Insurance Bureau and Marine Insurance Bureau, which shall be legal entities, financed from the funds of insurers.

Insurers, which are authorized to insure responsibility of nuclear plants operators for damage, which might be caused by the nuclear incident, should establish nuclear insurance pool, which would be a legal entity, financed from the funds of insurers.

Article 14. Insurance Agents and Insurance Brokers

Insurance activities may be carried out with participation of insurance brokers and through insurance agents. Insurance activities of the insurance brokers is subject for licensing in line with the order determined by the Committee for Supervision over Insurance Activities.

Insurance agents are citizens or legal entities, which act on behalf and by order of an insurer, and perform a part of his insurance activity (concluding insurance contracts, obtaining insurance payments, executing works connected with payments of insurance sums and insurance premiums). Insurance agents are the representatives of the insurer and act in his favour for an agent's commission on a basis of the contract with insurer.

Insurance brokers are citizens or legal entities, which are registered in due order as the agents of economic activity, and carry out the intermediary activity at the insurance market on behalf of themselves relying upon the instructions of insurant or insurer.

Intermediary activity of insurance agents or insurance brokers on setting contracts with foreign insurers on the territory of Ukraine shall not be allowed except of agreements for reinsurance, unless otherwise provided for by international agreements to which Ukraine is a party.

Article 15. Insurance contract

Insurance contract is a written agreement between insurant and insurer, according to which insurer undertakes obligations, in case of the emergence of insured accident, to pay an insurance sum or compensate for loss, within the insurance sum limits, to insurant or other person, determined by insurant, or in favour of whom the insurance contract has been concluded (to render assistance, provide a service etc.), and insurant undertakes to cover insurance payments within the determined period and observe other terms of a contract.

Insurance contracts shall be concluded in accordance with the rules of insurance.

Insurance contract should contain:

- name of the document;
- name and address of insurer;
- last name, name, middle name or name/title of insurant and his/her address;
- indication of insurance object;
- amount of insurance sum;
- list of insured accidents;
- calculation of the amount of tariff, amount of insurance premiums and terms of their payment;
- contract validity;
- procedure of amending and terminating validity of contract;
- rights and obligations of the parties and responsibility for incompleteness or inappropriate fulfilment of the conditions of contract;
- other conditions upon consent of the parties;
- signatures by the parties.

The Committee on Supervision Over Insurance Activity is entitled to establish additional requirements to life assurance contracts and contracts of insurance of the citizens' property.

After Ukraine's joining of internationally recognized insurance practices of international insurance systems, which require that unified insurance conditions are applied, insurance agreements to be concluded according to these conditions.

In the event of entering by a registered in Ukraine vehicle territory of other state-member of the "Green Card" international insurance system, owner of such vehicle has to sign a contract for obligatory insurance of civilian liability of the vehicle owner /user before third persons, which would be eligible in these countries, and to receive from an insurer-member of the Motor (transport) insurance bureau a standard "Green Card" insurance certificate, which is recognized in all states-members of this international insurance system.

Article 17. Conclusion and Coming into Force of Insurance Contract

In order to conclude an insurance contract, insurant shall give to insurer a written application in a form established by insurer, or in a different way declare his intention to conclude an insurance contract. When concluding an insurance contract, insurer has the right to request from insurant a balance or information on the financial position, confirmed by an auditor (auditor firm) **and other documents, necessary to make insurance risk assessment by the insurer.**

The fact of conclusion of insurance contract may be certified by the insurance certificate (policy, certificate), which is a form of insurance contract. **Contract or insurance certificate have to be issued to the insurant.**

Insurance contract shall come into force as of the moment when the first insurance payment has been made, unless otherwise provided by the insurance contract.

Article 18. Currency of Insurance

Insurants, according to the signed contracts of insurance, shall be entitled to execute payments only in the Ukrainian currency **in cash**, and an insurant non-resident - in hard currency or currency of Ukraine **in cash** in cases envisaged by the legislation of Ukraine.

Article 18. Obligations of Insurer

Insurer shall acquaint an insurant with the terms and rules of insurance on insurant's personal signature on his/her familiarity with these terms.

Article 21. Replacement of Insurant-Citizen in Insurance Contract

In the event of death of an insurant-citizen, which has concluded the property insurance contract, the rights and obligations of insurant shall be transferred to the persons, which inherited his property.

Insurer or any of his heirs have the right to **initiate re-conclusion of** insurance contract.

Article 24. Procedure and Conditions of Payment of Insurance Sums and Insurance Premium

Accident commissioners are persons engaged in determining the reasons of the emergence of insured accident and the amount of loss, for which the qualification requirements shall be established by the legislation of Ukraine.

Article 25. Refusal to Pay Insurance Sums (Insurance Indemnity)

The grounds for insurer's refusal to pay insurance sums (insurance indemnity) shall be:

1) deliberate actions of insurant or a person, in favour of whom a contract of insurance has been concluded, aimed at the emergence of insured accident. The above mentioned norm shall not cover the actions, connected with the fulfilment of civil or official duties by them, in terms of necessary defence (without going beyond its limits) or protection of life, health, dignity, pride and business record. The actions of insurant or a person, in favour of whom a contract of insurance has been concluded, shall be qualified in accordance with the legislation of Ukraine;

2) commitment of intentional crime, which has lead to insured accident, by the insurant-citizen or other person, in favour of whom a contract of insurance was concluded;

3) the deliberate presentation of false evidence about the insurance project by insurant;

4) full compensation for insurant's loss under property insurance, received from a person guilty of causing this loss;

5) non-timely notification by insurant of the emergence of insured accident without valid reasons or creation of obstacles for insurer when determining the circumstances, nature and amount of loss;

6) other cases envisaged by the legislation of Ukraine.

The terms of insurance contract may provide for other grounds for a refusal to pay insurance sums, if it does not contradict the legislation of Ukraine.

A decision about the refusal to pay insurance sums shall be accepted by insurer within a period, not more than that foreseen by the rules of insurance. Insurant shall be notified of it in a written form, the grounds of refusal being given.

Insurer's refusal to pay insurance sums may be appealed by insurant in the court.

Article 26. Transfer of Insurant's Rights to Insurer with Regard to a Person Responsible for Inflicted Losses

A right to claim, which insurant or other person, obtaining insurance indemnity, has in relation to a person, responsible for inflicted loss, shall be transferred to insurer, which has paid insurance indemnity within actual expenses under property insurance contract.

Article 27. Termination of Insurance Contract.

Insurance contract shall be terminated and loose its validity upon agreement of the parties and also in case of :

- 1) termination of validity;
- 2) fulfilment of obligations by insurer before insurant in full volume;
- 3) insurant's failure to pay insurance sums within a period stipulated by the contract.

The contract shall not be considered terminated in advance, if the first (or the next) insurance payment was not made upon a written request of insurer, within ten working days from the date of the presentation of such claim to insurant, unless otherwise provided for by the terms of contract;

- 4) liquidation of insurant-legal person or a death of insurant-citizen or his forfeit of legal capacity, excluding cases, foreseen by articles 21,22 and 23 of this Law;
- 5) liquidation of insurer in order, established by the legislation of Ukraine;
- 6) adoption of the court decision about recognition of a contract as null and void;
- 7) in other cases, provided by the legislation of Ukraine.

The validity of a contract may be terminated in advance upon the request of insurant or insurer, if it is foreseen by the terms of insurance contract.

If there is no insurer's consent on this, personal insurance contract can not loose validity, as well as it can not be terminated by insurant before the appointed time, unless insurer breaks contract's conditions or otherwise is provided for by the Ukrainian Law.

Any party should notify the other of its intention to terminate the validity of insurance contract in advance, not later than 30 days prior to the date of the termination of the validity of insurance contract, unless otherwise provided.

In case of the termination of insurance contract in advance, **except of life insurance**, upon insurant's request insurer shall return him insurance payments for the period left until the termination of validity of a contract deducting standard expenses for conducting a case, determined when calculating insurance tariff, actual payments of insurance sums and insurance indemnity, which have been executed under this insurance contract. If insurant's request is caused by the breach of the terms of insurance contract by insurer, **the latter shall return to insurant insurance payments paid-up by him prior to the termination of the contract validity.**

In the event of life insurance contract termination in advance on demand of insurant, insurer returns him insurance sum under condition that no less than one year passed since signing up an insurance contract. If insurant's demand is caused by

insurer's breach of the insurance contract, insurer should return to the insurant redemption money (regardless of the insurance contract term of validity).

In case of the termination of insurance contract in advance, except of life insurance, upon insurer's request insurant shall be returned insurance payments for the period left until the termination of validity of a contract deducting standard expenses for conducting a case, determined when calculating insurance tariff, actual payments of insurance sums and insurance indemnity, unless otherwise is not provided for by the insurance contract. If insurer's request is caused by insurant's breach of the insurance contract, payments shall not be returned, which has to be determined by the insurance contract.

In the event of life insurance contract termination in advance on demand of insurer, he returns to the insurant redemption sum.

Redemption sum shall be mathematically calculated on a day of the contract termination according to normative acts.

Return of funds in cash shall not be allowed, if payments have been made in non-cash form on condition of the termination of insurance contract in advance.

Article 28. Invalidity of Insurance Contract

Insurance contract shall be declared null and void from the moment of its conclusion in cases, stipulated by civil legislation of Ukraine.

Besides, in accordance with this Law, insurance contract shall also be declared null and void and shall not be executed in case:

- 1) when it is concluded after insured accident;
- 2) when an object of insurance contract is property, subject to confiscation on the basis of a judgement or a decision which has come into force.

Insurance contract shall be declared null and void in judicial order.

Article 29. Terms and Conditions of Assuring Insurers' Solvency

The minimal amount of the authorised fund of insurer shall be fixed in a sum, equal to **500,000 EURO**, according to the foreign exchange rate of Ukraine. For insurers, established with the participation of foreign legal entities and foreign citizens, the minimal amount of the authorised fund of insurer shall be fixed in a sum, equal to **500,000 ECU**.

Free reserves is a share of insurer's own funds, which is reserved with a purpose assurance of insurer's solvency, in accordance with the accepted method of conducting insurance activity.

If insurance sum for a certain insurance project exceeds 10 per cent of the sum of the paid-up authorised fund and formed **free reserves and** insurance reserves, insurer should conclude a contract of reinsurance.

Insurers, which have undertaken insurance obligations in volumes, exceeding the possibility of their fulfilment by the use of their own assets, should insure the risk of fulfilment of the mentioned obligations by reinsurers, typically, by residents.

Article 30. Insurance Reserves

The amount of reserves of not-earned premiums on any reported date shall be established depending on the receipts from insurance payments (insurance contributions,

insurance premiums) for the appropriate types of insurance in each quarter of the period preceding this reported date, and shall be calculated in the following order:

receipts from insurance payments (insurance contributions, insurance premiums) in the first quarter of this period shall be multiplied **by 0.2 quotient**;

receipts from insurance payments (insurance contributions, insurance premiums) in the second quarter **of this period** shall be multiplied **by 0.35 quotient**;

receipts from insurance payments (insurance contributions, insurance premiums) in the last quarter **of this period** shall be multiplied **by 0.55 quotient**;

To insure insurance obligations in life and medical insurance, insurers form separate reserves from insurance payments and revenues from investments of funds, formed for these types of insurance.

Insurers should create and keep records of the following reserves on life assurance:

long-term obligations (mathematical reserves);

due payments of insurance sums.

Depending on types of life insurance contracts, the amount of insurance obligations as well as minimal terms of life insurance contracts validity shall be determined by the Committee for Supervision Over Insurance Activity.

Insurance reserves should be distributed with account taken of security, profitability, liquidity and diversification, and should be represented by the assets of the following categories:

monetary means at the clearing account;

bank assets (including deposits);

real estate property;

securities, providing the receipt of income;

securities issued by the government;

the rights-claims to reinsurers;

investments into economy of Ukraine according to the directions, determined by the Cabinet of Ministers of Ukraine;

centralized insurance reserve funds;

fund of insurance guarantees;

long-term investment credits (for reserves on life assurance);

cash in vault in volumes of the limits of cash balance, established by the National Bank of Ukraine.

Article 31. Insurer's Profit

The receipts from insurance payments (insurance contributions, insurance premiums) shall not include the shares of insurance payments (insurance contributions, insurance premiums), which have been paid to reinsurers in the reported period under contracts of reinsurance;

2) commission for reinsurance;

3) shares of insurance sums and insurance indemnity, paid-up to reinsurers;

4) returned sums from the centralised insurance reserve funds;

5) returned sums of the technical reserves, other, than reserve of not-earned premiums, in cases and on conditions, foreseen by the legislative acts.

The insurer's expenses shall include:

payments of insurance sums and insurance indemnity;

deductions to the centralised insurance reserve funds;

deductions the technical reserves, other, than reserve of not-earned premiums, in cases and on conditions, foreseen by the legislative acts;

expenses for conducting insurance;
other expenses, included in the prime cost of insurance services.

Profit from activity on life assurance shall be determined by the sum of a surplus of reserves of the long-term obligations (mathematical reserves) in excess of the volumes of insurance obligations, which is used in the reported period for insurer's own needs, including payments of **dividends to participants**.

The Committee for Supervision Over Insurance Activity shall determine structure of expenses for insurance, which form insurance services cost.

Article 32. Fund of Insurance Guarantees

For the purpose of ensuring insurance obligations, insurers may establish, on the basis of a contract, the Fund of Insurance Guarantees, which shall be a legal entity. The state registration of the Fund shall be fulfilled in order, envisaged for the state registration of the agents of economic activity. A body, carrying out the registration of the Fund, within a ten-day term from the registration date, shall notify of it the Committee on Supervision over Insurance Activity.

Voluntary deductions from insurance reserves, formed by insurers, operating in Ukraine, as well as the revenues from the distribution of these funds, shall be the sources for establishing the Fund of Insurance Guarantees. The amount of deductions to the Fund of Insurance Guarantees and the procedure of using resources of this Fund shall be established by insurers participating in it.

Cabinet of Ministers of Ukraine is eligible to make decisions on creation of funds of insurance guarantees according to insurance directions.

Article 33. Specific Character of Accounting and Insurers' Reporting

Insurers should submit to the Committee on Supervision over Insurance Activity a quarterly balance sheet, profit and loss report and other reporting data in a form, established by the Committee on Supervision over Insurance Activity, approved by the owner (his authorised organ) of insurer, and also submit upon the request of the Committee on Supervision over Insurance Activity all necessary explanations relating to the reporting data.

Article 34. Publication of Annual Balances by Insurers

Insurers shall publish their annual balance in a form and order, established by the Committee on Supervision over Insurance Activity.

Reliability and completeness of annual balance and report of insurers should be confirmed by an auditor (auditor's firm).

The Committee for Supervision over Insurance Activity shall determine methodology of insurers accounting after agreement with the Ministry of Finance of Ukraine.

Article 36. Functions of the Committee on Supervision over Insurance Activity

The main functions of the Committee on Supervision over Insurance Activity shall be:

- 1) to keep a unified state register of insurers (reinsurers);
- 2) to issue licences for insurance activity;
- 3) control over insurers' solvency regarding the fulfilment of their insurance obligations before Insurants;
- 4) establishing rules on formation and distribution of insurance reserves;

5) development of normative and methodical documents concerning insurance activity, placed by this Law under the authority of the Committee on Supervision over Insurance Activity;

6) summarising of the practice of insurance activity, elaboration and submission in due order of proposals relating to the development and improvement of the legislation of Ukraine on insurance activity;

7) **conducting in the order determined by the Law trainings of the personnel for insurance activities;**

8) **organizational and methodological contribution to actuary calculations;**

Article 37. The Rights of the Committee on Supervision over Insurance Activity

The Committee on Supervision over Insurance Activity shall be entitled to carry out verification of accuracy of application of the legislation of Ukraine on insurance activity by insurers and reliability of their reports on parameters, characterising the fulfilment of insurance contracts, not often than once a year, and appoint the fulfilment, at the insurer's expenses, of additional compulsory auditor's verification with determination of an auditor on the conditions determined by the Law.

Article 38. Licensing of Insurance Activity

The Committee on Supervision over Insurance Activity shall issue licences for insurers for conducting certain types of insurance and reinsurance, foreseen by article 4 of this Law.

Insurers, which have obtained a licence for life assurance, are not entitled to be engaged in other types of insurance.

In order to obtain a licence insurer shall submit to the Committee on Supervision over Insurance Activity an application, which shall be enclosed by:

copies of the constituent documents and a copy of certificate of registration;

bank references or reports of the auditor's firms (auditors), confirming the amount of the paid-up authorised fund;

reference about financial situation of founders of insurer, confirmed by an auditor (auditor's firm), if insurer is established in the form of a full or comandit society or society with additional liability;

rules (conditions) of insurance;

economic grounding of planned insurance (reinsurance) activity;

information by the chairman of the executive body or one of his deputies and of accountant on specialized education in the field of economy on the level of highest education diploma or special certificate on additional training, issued in the order determined by the Committee on Supervision over Insurance Activity, or appropriate certificates in cases, determined by the Committee on Supervision over Insurance Activity.

The Committee on Supervision over Insurance Activity should consider an application of insurer about issuing him a licence within a period, not exceeding 30 days from the moment of the receipt of all documents, foreseen by this article.

Insurer should notify in due order the Committee on Supervision over Insurance Activity of the introduction of amendments in documents specified in this article, within a ten-day term from the moment of the registration of all amendments.

Article 39. Refusal to Issue a Licence for Insurance Activity and Consideration of Disputes Concerning its Withdrawal

Inconsistency of documents attached to an application with the requirements of the legislation of Ukraine, shall be the grounds for a refusal to issue a licence for insurance activity to a legal person.

The Committee on Supervision over Insurance Activity shall notify a legal entity of the refusal to issue a licence in a written form indicating the reason of such refusal.

In the event of the failure to fulfill requirements of the passage 8, part 3, article 38 the Committee on Supervision over Insurance Activity shall inform founders of the insurer on the inadequacy of the chairman as the chief of the executive body. If founders of the insurer fail to take adequate measures, the Committee on Supervision over Insurance Activity suspends the license until founders resolve the issue.

Disputes about a refusal to issue or revoke a licence shall be considered by the court or the arbitration court.

Article 41. Relationship of Insurer and the State

Any centralised regulation (unification, restriction, obligation etc.) of amounts of insurance payments (tariffs) and insurance sums (insurance indemnity), the terms and conditions of conclusion of insurance contracts, relationship of insurer and insurant, if it does not contradict the legislation of Ukraine, shall not be allowed, except the compulsory insurance, as well as life assurance, citizen's property, **insurance of export-import operations under state guarantees**, reinsurance and activity of insurance intermediaries.

Article 43. Liquidation, Reorganisation and Sanation of Insurer

The Committee on Supervision over Insurance Activity shall be entitled to execute a forced sanation of insurer in cases of:

- failure of insurer to perform obligations before insurants during more than three months;
- non-achievement by insurer of the amount of the authorised fund, established by the legislation of Ukraine;
- other cases, determined by the legislation of Ukraine.

Forced sanation shall provide for:

- the performing of complex verification of the financial and economic activity of insurer, including the compulsory auditor's verification;
- **appointment by the Committee on Supervision over Insurance Activity of the executive person, whose consent is obligatory for financial, economic and personnel managing by the insurer;**
- ban on the free use of insurer's property and assuming of insurance obligations without permission of the Committee on Supervision over Insurance Activity;
- introduction of compulsory for fulfilment schedule for the execution of payments with insurants;
- making a decision on the liquidation or reorganisation of insurer. Liquidation of insurer shall be carried out in order, foreseen by the legislation of Ukraine.

Reorganisation of insurer, according to a decision of the Committee on Supervision over Insurance Activity, shall provide for:

- reorganisation by means of insurance agent, in accordance with normative acts regulating the activity of insurance agents;
- association of several insurers with the determination of the procedure for the transfer of insurance obligations on condition of a consent of the owners of insurers;

- attraction of foreign insurers to the number of insurer's participants, on condition of their payments for all obligations and insurer's debts, the date of payment of which has already begun. The share of foreign participation in the authorised fund may be fixed at the level of not more than 50 per cent of the total amount of the authorised fund, except insurers, which have obtained a licence entitling them for life assurance, for which the share of foreign participation can not exceed 49 per cent of the total amount of the authorised fund.

When liquidating insurer, in case when insurer's participants have made such a decision and insurer has no obligations before insurants, the Committee on Supervision over Insurance Activity shall make a decision on the exclusion of insurer from the unified state register of insurers (reinsurers).

Liquidation of the insurer, which has obligations before the insurants in case of its bankruptcy or decision by the participants of the insurer shall be conducted only via special liquidation commission. Representatives of the Ministry of Internal Affairs, Committee on Supervision over Insurance Activity and persons, empowered to represent insurants shall be members of such commission. Powers of the liquidation commission members shall be determined by Law.

Exclusion of insurer from the state register of agents of economic activity by the local authorities in terms of his liquidation or reorganisation shall be executed only after introduction of the appropriate amendments in the unified state register of insurers (reinsurers).

Reorganisation of insurer (merger, accession, division, extraction, reforming) shall be carried out in order, determined by the legislation, taking account of the specific character of ensuring succession in relation to the conclusion of a contract of insurance, established by the Committee on Supervision over Insurance Activity.