

- reinsurance - activities and relations associated therewith that emerge due to transfer of

- insurers (insurance company) – legal entities that carry on insurance business in conformity with the laws of the Republic of Tajikistan and which were granted insurance licenses issued by the Authorized Body;
- insured – natural persons or legal entities making insurance contracts with insurers and paying insurance premiums who are entitled, by operation of law or under contract, to receive the insurance indemnity upon occurrence of an insured event within the scope of contractual liability coverage or the insurance amount set out in the contract of insurance;
- insurance tariff - the cost of insurance premium as per insured amount unit over the defined period of insurance;
- insurance business - activities of insurance companies in the field of insurance, reinsurance, and co-insurance and in addition activities of insurance brokers, insurance actuaries providing services associated with insurance and reinsurance;
- beneficiary - a person indicated in the contract of insurance in whose favor such contract was made;
- insurance contract - a written agreement between the insurer and the insured whereby the insured undertakes to pay an insurance premium and the insurer undertakes that in case of occurrence of an insured event under the insurance contract it shall pay the insured the insurance money (indemnity);
- insurance premium - a sum of money which the insured must pay to the insurer for undertaking the obligation to pay the insurance indemnity to the insured, beneficiary indicated in the contract of insurance;
- an insured event - an event envisaged by the insurance contract or law, the occurrence of which gives rise to the payment of an insurance indemnity by the insurer to the insured, beneficiary or other third party;
- an accident - an unexpected, short-term occurrence not under control of an insured as a result of an external mechanical, electrical, chemical or thermal factor and in addition the

3. Insurance rules shall be worked out by the insurance company itself or the association of insurance companies in conformity with the Civil Code of the Republic of Tajikistan and this law and shall be registered with the State insurance supervisory authority.

4. Compulsory insurance is instituted by the laws of the Republic of Tajikistan with regard to priority objects of insurance to protect natural persons' and legal entities' property interests.

5. The laws of the Republic of Tajikistan may provide for compulsory insurance of citizens' life, health, and property from the respective budgets.

6. The conditions and rules for compulsory insurance shall be regulated by the laws of the Republic of Tajikistan.

7. Compulsory public insurance shall be exercised solely and exclusively by public insurance companies.

Article 4. Sectors, classes and types of insurance

1. Insurance is subdivided into forms, sectors, classes and types with the aim of organizing and carrying out state supervision and licensing of insurance companies.

2. The "life insurance" sector comprises the following classes in the voluntary form of insurance:

- life insurance;
- insurance by occurrence of a certain event in life;
- annuity insurance.

3. The "general insurance" sector comprises the following classes in the voluntary form of insurance:

- insurance from accidents;
- disease insurance;
- motor vehicle insurance;
- rail transport insurance;
- aircraft insurance;
- marine transport insurance;
- freight insurance;
- property insurance from damage, except for the classes indicated in subparagraphs 3) and 7) of this paragraph;
- insurance of civil law liability

- legal costs insurance.

4. Additional requirements to the terms of performance of a certain insurance class (type) in the voluntary insurance form, within frameworks of certain insurance classes (types) shall be established by legal regulations of the Authorized Body.

5. A type of insurance represents an insurance product which is elaborated by the insurance company in the form of a regulatory act and sold to the insured within the bounds of one or several insurance classes, by way of concluding contracts of insurance. An insurance company shall have the right to carry on activities associated with conclusion of insurance contracts in the form of an adhesion agreement with issuing to the insured of an insurance policy only after coordinating its insurance rules with the State insurance supervisory authority and obtaining a special licence.

6. Each type of mandatory insurance shall be recognized as a certain insurance type. The contents of each class in the mandatory insurance form and additional requirements to the terms of its performance shall be established by the law regulating mandatory insurance.

7. The combination of sectors and classes of insurance shall be regulated by legal regulations issued by the State insurance supervisory authority.

8. The Contents of the Insurance Classes:

- Life insurance shall constitute a totality of insurance types providing for the payout of an insurance benefit when the insured passes away as well as when the insured reaches the date of expiry of the contract and/or reaches the age stipulated by the insurance contract;
- Insurance by occurrence of a certain event in life shall constitute a totality of accumulative insurance types providing for the payout of an insurance benefit in a fixed amount in cases of occurrence of the event in life stipulated in advance (marriage or child birth) of the insured;
- Annuity insurance shall constitute a totality of personal insurance providing for the payout of periodical insurance benefits in the form of a pension or a rent in cases of reaching by the insured of a certain age, disablement (because of age, invalidity,

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- person's property interests related to possession, use, disposal of the transport vehicle, including hijacking or stealing, as well as because of its damage or destruction;
- Freight insurance shall constitute a totality of insurance types providing for the payout of an insurance benefit in an amount of partial or full compensation of damage inflicted to person's property interests related to possession, use, disposal of freight, including luggage, goods, and all other types of products because of their damage, destruction, loss irrespective of the transportation technique;
 - Property insurance shall constitute a totality of insurance types providing for the payout of an insurance benefit in an amount of partial or full compensation of damage inflicted to person's property interests related to possession, use, disposal of property because of its damage or destruction, stealing, except for the property listed in subparagraphs 3) and 7) of paragraph 3 of this Article;
 - Insurance of civil law liability of owners of transport vehicles stipulated by subparagraphs 9) and 11) of paragraph 3 of this Article shall constitute a totality of insurance types providing for the payout of an insurance benefit in an amount of partial or full compensation of damage inflicted to person's property interests related to his liability to compensate the damage inflicted to third persons in connection with the use by him of the transport vehicle, including civil law liability of the carrier;

- Under contracts of insurance of the risks indicated in subparagraph 11) and 13) of paragraph 3 of this Article, there may be insured a risk of the insured himself only and in his favour only.

Article 5. Objects of Insurance

1. The objects of personal insurance may be property interests relating to:

- a citizen reaching a certain age or living for a certain period, death, certain events affecting the life of a citizen (life insurance);
- the occurrence of harm to the life and/or health of a citizen resulting in medical treatment (personal accident and illness insurance, or medical insurance).

2. The objects of property insurance may be property interests in particular relating to:

- the ownership, use or disposal of property (property insurance);
- the obligation to compensate another person for damage done (liability insurance);
- the fulfillment of the entrepreneurial activity (the insurance of commercial risks).

3. Combined insurance of different types of property and/or personal insurance is permitted where such insurance is not forbidden by the laws of the Republic of Tajikistan (combined insurance).

4. Only insurance companies duly registered as legal entities in the Republic of Tajikistan are permitted to ensure interests located on the territory of the Republic of Tajikistan.

5. Concerning the insurance of objects which is financed from government investment programs, only insurance companies duly registered as legal entities in the Republic of Tajikistan shall be entitled to undertake the insurance with respect to a portion of the investment funded by the government of the Republic of Tajikistan.

Article 6. Participants Whose Relationships are Regulated by This Law

1. The participants whose relationships are regulated by this Law include:

- the insured, beneficiaries;
- insurers (insurance companies);
- insurance agents;
- insurance brokers;
- insurance actuaries;
- A Special Authority with the legal authority to supervise and regulate the activity of providers of insurance services (henceforth - the State insurance supervisory authority).

2. Insurance companies are regulated by this Law.

4. The name (business name) of a provider of insurance services duly registered as a legal entity must contain a description of the type of business it undertakes: “insurance”, “reinsurance”, “insurance broker” or some similar word or form of words.

5. A provider of insurance services duly registered as a legal entity shall not have the right to use full or short name (business name) which repeats either in part or in full the name (business name) of another provider of insurance services.

6. Insurers (insurance companies) may not carry on business other than insurance activity.

Article 7. Insured

Insured shall be understood as natural persons and legal entities making insurance contracts with insurers (insurance companies) or having this status by force of law.

Article 8. Insurers (Insurance Companies)

1. Insurers calculate the insurance risk, receive insurance premiums, form insurance reserves, invest assets, estimate the size of loss or damage, pay the insurance benefit, and carry on other activities involved with the fulfillment of their obligations under the insurance contract.

2. Where an insurance company is formed by means of a financial contribution from foreign investors, the following requirements shall be met:

- A foreign investor is obliged to submit a document confirming its solvency: a foreign bank confirmation where it is a natural person or an audited Balance Sheet of last year where it is a legal entity.
- Not less than half of the members of the collective managing body of the insurance company with the foreign participation must be citizens of the Republic of Tajikistan. Foreign investors being members of the managing body of the insurance company shall have at least two-years' working experience in insurance and/or finance;
- - An insurance company with the foreign shareholding in its statutory capital shall be obliged to notify in advance the State insurance supervisory authority in case it intends to increase its statutory capital by means of a financial contribution from foreign investors, or to transfer its shares (stakes in the statutory capital) to a foreign investor (including the sale of shares to foreign investors), or buy shares (stakes in statutory capital) possessed by foreign shareholders;
- The payment by foreign investors for shares (stakes in statutory capitals) owned by them in the insurance companies shall be carried out exclusively in a monetary form in the currency of the Republic of Tajikistan;
- All persons performing the functions of a director and a chief accountant of insurance companies shall be citizens of the Republic of Tajikistan.

Article 9. The Requirements Made to an Insurer (Insurance Company) with Regard to Informing its Insured

1. In the event that an insurance company duly registered as a legal entity, is reorganized, changes its name or address, or introduces any other changes into its statutes, the insurance company shall be obliged to submit the application on re-issue of the documents confirming possession of a licence enclosing documents confirming such changes to the Authorized Body within a term not exceeding 15 (fifteen) days from the date when such change come into effect, in compliance with the laws of the Republic of Tajikistan.

Article 11. The Requirements Made to Insurance Actuaries

1. Insurance actuaries shall possess attested qualifications which operate either under a labour contract or under a civil law contract with the insurer (insurance company) carrying on insurance business to calculate insurance tariffs, the insurance reserves of insurers, the value of investments using actuarial methods of calculation.

2. Insurers (insurance companies) shall be obliged within the results of each financial year to carry on an actuarial valuation of their insurance obligations (insurance reserves). The results of the actuarial valuation must be contained in a report, to be submitted to the State insurance supervisory authority.

3. The requirements concerning the procedure for the organizing qualifying examinations for insurance actuaries, issuing and annulling qualification certificates shall be established by the Authorized Body.

Article 12. Insurance Risk and Insured Event

1. An insurance risk shall be understood as a certain probable occurrence which is insured against.

2. To be considered an insurance risk, an event must have the qualities of probability and accident.

3. An insured event shall be understood as an event which is envisaged by the contract of insurance or by law, upon the occurrence of which there is an obligation on the insurer to pay an insurance benefit to the insured, beneficiary or other third persons.

Article 13. Sum Insured and Insurance Benefit

1. When insuring property, the insured sum shall be determined within the limits of the actual value of this property at the moment of concluding the contract of insurance.

2. For personal insurance, the insured sum shall be agreed between the insurer and the insured.

3. The parties may not dispute the insured value of property, set out in a contract of insurance, except when the insurer can prove that the insured deliberately acted to mislead the insurer.

4. Insurance benefits (compensations) according to a contract of insurance shall be made in

6. In the event of loss or damage to property an insured or a beneficiary shall have the right to pass on their legal rights over the property to the insurer in order to obtain from the insurer insurance benefit in the full amount of the sum insured.

7. With regard to personal insurance, insurance benefit (sum insured) made to the insured or to any other person with the right to receive such benefit according to the contract of insurance shall not be affected by amounts due under other contracts of insurance and also with regard to compulsory social insurance, welfare protection, payments made to compensate damage, compulsory insurance and compulsory public insurance.

8. With regard to life insurance, a life insurer (insurance company) may pay in addition to a sum insured income arising out of investments.

9. In the event of the termination of a contract of accumulative insurance a ransom shall be refunded to the insured in the amount specified by the contract of accumulative insurance.

10. Natural persons and legal entities are required to provide documents and conclusions to insurers, upon their request, relating to the occurrence of the insured event and needed to decide on insurance benefits in accordance with the laws of the Republic of Tajikistan.

Article 14. Insurance Premiums and Insurance Tariffs

1. Insurance premium indicates the sum the insured must pay to the insurer (insurance company) under the contract of insurance.

2. Voluntary insurance premium rates shall be determined based on the actual value of the property or the amount as agreed between the insured and insurer (insurance company).

3. Compulsory insurance premium rates shall be established by the laws of the Republic of Tajikistan.

4. The insurance tariff shall be understood as the basis of insurance premium which is defined by insurers (insurance companies) themselves taking into account the nature of the insured object and the nature of the risk.

5. The limits of insurance tariff rates shall be established using actuarial methods of calculation and submitted for approval to the State insurance supervisory authority.

Article 15. Coinsurance

An object of insurance can be insured by a number of insurers (insurance companies) duly registered as legal entities in the Republic of Tajikistan under one contract of insurance.

Article 16. Reinsurance

1. Reinsurance business on the territory of the Republic of Tajikistan shall be carried out on the basis of a licence to carry on insurance activity within the territory of the Republic of Tajikistan issued by the Authorized Body.

2. In addition to the contract of reinsurance, agreement between the insured and the insurer may be made in other documents according to normal business practice.

3. Where there are domestic insurance companies assuming reinsurance risks, insurers (direct insurers) on the territory of the Republic of Tajikistan including foreign insurance companies and insurance companies with foreign ownership shall be obliged to reinsure with such companies not less than 5% of all insurance commitments under main contracts of insurance.

4. Compulsory public insurance shall not be subject to reinsurance.

5. Foreign reinsurance companies shall be permitted to undertake reinsurance business on the territory of the Republic of Tajikistan only upon availability of an adequate rating by any international rating agency. Rating requirements shall be established by the Authorized Body.

6. The activities of reinsurance carried out on the territory of the Republic of Tajikistan shall be regulated by the legal regulations issued by the Authorized Body.

CHAPTER 2. SECURING THE INSURER'S FINANCIAL STABILITY

Article 17. Conditions to ensure the financial stability of insurers (insurance companies)

1. The conditions that ensure the financial stability of insurers are as follows:

- economically justified insurance tariffs;
- sufficient insurance reserves to cover obligations arising out of contracts of insurance, coinsurance and reinsurance;
- shareholders' funds;
- reinsurance.

2. Insurance reserves and shareholders' funds shall be secure assets, held on the basis of diversification, liquidity, age and cost.

3. Shareholders' funds of insurers (insurance companies) shall include authorized capital, capital reserves, supplementary capital and unappropriated balance.

4. Insurers (insurance companies) should possess paid up authorized capital, the amount of which should not be lower than the minimum level of authorized capital set for newly-established insurance companies.

5. The minimum authorized capital for insurance companies on the territory of the Republic of Tajikistan shall be established by the government of the Republic of Tajikistan.

6. The minimum authorized capital of newly-created insurance companies, insurance companies with foreign ownership, except for joint-stock insurance companies, shall be subscribed in full by their founders before the date of issuing a licence to carry on insurance business exclusively in a monetary form in the national currency of the Republic of Tajikistan.

7. The authorized capital of joint stock insurance companies shall be formed pursuant to the requirements of the law of the Republic of Tajikistan “On joint stock companies”.

8. Borrowed assets and mortgaged property may not be included in authorized capital.

9. Changes in the minimum level of authorized capital for insurers (insurance companies) can be made exclusively by the government of the Republic of Tajikistan not more than once every two years.

10. Insurers (insurance companies) must fulfill the requirements of this law and the legal regulations required by the State insurance supervisory authority for financial security in respect of the formation of their insurance reserves, the formation and structure of their assets out of which insurance reserves are created, quotas for reinsurance, the required ratio between shareholders' funds and assumed obligations, the formation and structure of assets constituting the shareholders' funds and types of bank guarantees.

11. Insurers (insurance companies) may transfer the obligations undertaken under contracts of insurance (insurance portfolio) to another insurer or to a number of insurers (substitute insurers) which have licenses to carry on the classes of insurance included in the transferred portfolio and

1. The required maximum amount of the obligations of the insurer under one contract of insurance or reinsurance shall be established by the State insurance supervisory authority, allowing for the amount of shareholders' funds of the insurer (insurance company).

2. Insurers (insurance companies) shall have the right to undertake insurance or reinsurance obligations exceeding the required maximum amount specified in Item 1 of this Article provided that the excess part of the risks for undertaken obligations has been reinsured.

Article 19. Insurance Reserves

1. To provide security for the performance of insurance and reinsurance obligations, insurers (insurance companies) shall maintain insurance reserves to the amount calculated by the actuary and submit thereof for approval to the State insurance supervisory authority.

2. Insurance reserve funds shall be used exclusively for paying insurance benefits by insurers with regard to the performance of their insurance and reinsurance obligations.

3. The requirements for formation and calculation procedures for insurance reserves shall be established by legal regulations issued by the Authorized Body.

4. Improper use of insurance funds shall be prohibited.

5. Insurers (insurance companies) shall have the right to invest insurance reserves according to the procedure established by the legal regulations of the Republic of Tajikistan.

6. Insurance reserves shall be placed allowing for diversification, security, profitability and liquidity criteria.

7. Insurers (insurance companies) shall have the right to check the proper use of funds allocated to the insured to finance measures for the prevention of insured events.

8. In the event of improper use by the insured of the funds allocated to finance measures for the prevention of insured events the insured and the insurer shall be obliged to compensate for such losses at the expense of personal funds of the insured for further proper use thereof for preventive measures.

Article 20. Insurer's Accounting and Reporting Specifics

1. Insurers (insurance companies) shall do their bookkeeping, draw up accounting and statistical reports in conformity with the chart of accounts, bookkeeping regulations, and using accounting and reporting formats adopted by the Authorized Body according to legal regulations.

2. Accounts of insurance transactions covering objects of personal insurance shall be kept separately from the accounts of all other types of insurance.

3. Insurers (insurance companies) shall file accounting and statistical reports and other information with the State insurance supervisory authority, using the format and in keeping with the procedures adopted by the Authorized Body.

4. Insurance brokers shall provide the State insurance supervisory authority with the information on their activity as insurance brokers, in keeping with the procedures adopted by the Authorized Body.

Article 21. Publication of Annual Accounting Reports by Insurers

1. Insurers (insurance companies) shall publish annual accounting reports using the procedure and within the timescale established by legal regulations of the Republic of Tajikistan, after the authenticity and completeness of said reports was confirmed by auditors.

2. The annual accounting reports shall be published in official publications and in mass media covering the territory where the insurer is carrying on business. The insurer shall provide details to the State insurance supervisory authority on the auditor's report and on the publication of the annual report.

CHAPTER 3. STATE SUPERVISION OF INSURANCE BUSINESS IN THE REPUBLIC OF TAJIKISTAN

Article 22. State Supervision of Insurance Business in the Republic of Tajikistan

1. State supervision of the activities of providers of insurance services (henceforth-insurance supervision) shall have as its objectives: to ensure correct observance of insurance legislation; to prevent participants in the relationships covered by this law from committing

5. Insurance supervision shall consist of the following:

- the licensing of the activities of providers of insurance services and the maintenance of the combined state register of the providers of the insurance services;
- the monitoring of the observance of insurance legislation including on-site inspection of the activities of providers of insurance services and the verification of the reports submitted by them, and the monitoring of insurers' compliance with the rules ensuring their stability and solvency;
- issuing within 30 days in cases stipulated in this law the following permissions: for insurance organizations to increase their authorized capital at the expense of foreign investors, for foreign insurance and reinsurance brokers and other insurance and other1 to in

education course in economics or finance. In addition at least two years' working experience in the field of insurance and/or finance is required.

2. The chief accountant of an insurer (insurance company) or an insurance broker shall have received an education in economics or finance at higher education level as confirmed by a document recognized in the Republic of Tajikistan certifying the successful completion of a higher education course in economics or finance. In addition at least two years' working experience in an insurance organization and/or in an insurance broker is required.

3. An insurance actuary shall have received an education at higher education level in mathematics, technology or economics as confirmed by a document recognized in the Republic of Tajikistan certifying the successful completion of a higher education course in mathematics, technology or economics and in addition shall have received a qualification certificate confirming its knowledge of actuari

Article 30. Concerning the Annulment of the Law on Insurance of the Republic of Tajikistan

The law dated July 20, 1994 “On insurance” of the Republic of Tajikistan shall henceforth be legally void (Republic of Tajikistan Supreme Soviet Bulletin, 1994, No.14, Item 207; Akhbori Majlisi Oli of the Republic of Tajikistan (News of the Parliament), 1997, No.9, Article 117, Item XXII, No.23-24, Article , Item XVI, 1999, No.5, Article 73; 2001, No.4, Article 179; 2005, No.12, Article 635; 2008, No.3, Article 197).

Article 31. On Entering This Law into Effect

1. This Law except for Article 11 shall come into force since the day of its official publication.

2. Article 11 of this Law shall become effective January 1, 2014.

President of the Republic of Tajikistan
City of Dushanbe, December 29, 2010
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Emomali Rakhmon