

THE LAW OF UKRAINE

On Amending the Law of Ukraine “On Insurance”

The Verkhovna Rada hereby decrees to:

. Make the following amendments to the Law of Ukraine “On Insurance” (Vidomosti Verkhovnoyi Rady Ukrainy, 2002, No.7, p.50, No.8, p.62, No.14, p.96; 2003, No.38, p.313; 2004, No.2, p.6, No.19, p.254, No.26, p.362; 2005, No.1, p.1, p.10):

1. In Article 2:

1) Paragraph one shall be replaced with new paragraphs as follows:

“Insurers that have the right to perform insurance activity within the territory of Ukraine shall be the following:

- financial institutions established in the form of joint-stock, universal, commandite or additional liability companies according to the Law of Ukraine “On Business Partnerships” in consideration of the fact that participants of such financial institutions should be at least three in number, as well as other peculiarities provided by this Law, and are licensed according to the established procedure to perform insurance activities (hereinafter referred to as resident insurers);

- permanent representative offices in the form of foreign insurance companies registered by the Authorized body according to the present Law, which are also duly licensed for performing insurance activities (hereinafter referred to as affiliates of non-resident insurance companies).

Non-resident insurers shall be established financial institutions and licensed for performing insurance activities in accordance with legislation of the states, where they are registered.

Insurance activity in mandatory types of insurance shall be performed by the insurer that has a legal entity status in

“The procedure of registration, licensing, supervision over activities, application of enforcement measures and liquidation of affiliates of non-resident insurers shall be established by the present Law and regulations of the Authorized body.

A non-resident insurer shall have the right to set up affiliates in Ukraine under the following conditions:

1) the state, where a non-resident insurer is registered does not belong to the states that do not participate in the international cooperation for prevention and combating of legalization of illegal income and financing of terrorism, and cooperates with the Financial Action Task Force of Money Laundering;

Activities of affiliates of a non-resident insurer shall comply with the requirements established by the present Law and/or regulations of the Authorized body.”

2. In Article 30:

1) paragraph two shall be stated as follows:

“availability of the paid charter fund for resident insurers or a security deposit for affiliates of non-resident insurers and availability of the insurer’s guarantee fund”;

2) paragraph five shall read as follows:

“The minimum size of the charter fund (security deposit) of the insurer involved in the types of insures other than life insurance shall be established in the amount equivalent of EUR1 mln, and the insurer involved in life insurance – EUR10 mln against the exchange rate of the Ukrainian currency.”

3. Article 31 shall be supplemented with part twenty-one as follows:

“Insurance reserves of affiliates of non-resident insurers, except for a portion of insurance reserves in the size established by the Authorized body, in which they may be represented by the rights of demand to non-resident re-insurers shall be placed within the territory of Ukraine”

Parts twenty-one and twenty-two of this Article shall be deemed parts twenty-two and twenty-three respectively.

4. Article 37 shall be supplemented by the following clause after clause 2:

“revoke the license for performing insurance activities by an affiliate of a non-resident insurer if a non-resident insurer is deprived of its license for performing insurance activities, or if it was liquidated/declared bankrupt in the state of registration”.

Clauses 3-11 shall be deemed clauses 4-12 respectively.

5. In Article 38:

1) in paragraph four the word “insurer” shall be supplemented with the word “resident”.

2) a new paragraph shall be added as follows:

“The Authorized body shall establish a special procedure of issuing licenses, the list of documents attached to the application for licensing by the affiliate of a non-resident insurer, based on the rules of equal access to the financial service market”.

6. In Article 43:

1) paragraph one after the word “insurer” shall be supplemented with the word “resident”;

2) paragraph six after the word “insurer” shall be supplemented with the word “resident”;

3) paragraph seven after the word “insurer” shall be supplemented with the word “resident”;

4) paragraph ten after the word “insurer” shall be supplemented with the word “resident”;

5) paragraph six after the word “insurers” shall be supplemented with the word “resident”;

6) paragraph thirteen after the word “insurer” shall be supplemented with the word “resident”;

7) in paragraph fourteen:

paragraph six after the word “insurer” shall be supplemented with the word “resident”;

the words “foreign insurers” shall be replaced with the words “non-resident insurers”;

8) paragraph sixteen after the word “insurer” shall be supplemented with the word “resident”;

9) paragraph eighteen after the word “insurer” shall be supplemented with the word “resident”;

add a new paragraph as follows:

“Demands of the insured, beneficiaries and creditors shall be satisfied at the expense of the assets of the affiliate of a non-resident insurer,