**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.

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 (contenious 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 inUkraine:

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

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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;

**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 le**

**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 incompletion 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

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

**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 va**

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 quatient**;

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

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

**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;