

In the case of creation of an insurer or an increase of a registered statutory fund, the statutory fund must be provided only in the form of money. It is allowed to form a statutory fund of an insurer by valuable papers issued by the state, at the nominal value of such papers in accordance with procedure established by the special authorized central body of executive power for issues of supervision of insurance activities (hereinafter referred to as the Authorized body), but not greater than 25 percent of the total amount of the statutory fund.

It is prohibited to use for purposes of forming a statutory fund promissory notes, money of insurance reserves, and also money received as a credit, loan or on the basis of a security, and contribute intangible assets.

The subject of an immediate activity of an insurer may be only insurance, re-insurance and a financial activity relating to formation, placement and management of insurance reserves.

It is allowed to engage in the specified activities in the form of provision of services for other insurers on the basis of

Life, health, capacity to work and additional pension of the insured or an insured person (personal insurance);

possessing, using and managing property (property insurance);

compensating by the insured for the damage caused to a person or the person's property, as well as property damage caused to a legal person (insurance responsibility).

Article 5. Forms of insurance

Insurance may be voluntary or obligatory.

Obligatory kinds of insurance, which are established by laws of Ukraine, must be included in this Law. It is prohibited to carry out obligatory kinds of insurance that are not specified in this Law.

Article 6. Voluntary insurance and kinds of voluntary insurance

Voluntary insurance is insurance that is carried out on the basis of an agreement between the insurer and the insured. General terms and procedure for carrying out voluntary insurance are determined by rules of insurance that are specified by the insurer in accordance with requirem

- 13) liability insurance of owners of air transport (including responsibility of carriers);
- 14) liability insurance of owners of water transport (including responsibility of carriers);
- 15) liability insurance to third persons (other than specified in items 12 - 14 of this Article);
- 16) insurance of credits (including the responsibility of the borrower for failure to return the credit);
- 17) insurance of investments;
- 18) insurance of financial risks;
- 19) insurance of court expenses;
- 20) insurance of given guarantees and received guarantees;
- 21) insurance of medical guarantees;
- 22) other kinds of voluntary insurance.

Characteristics and classification attributes of kinds of voluntary insurance shall be specified by the Authorized body.

Life insurance – it's a kind of personal insurance, which provides for the obligation of the insurer to make an insurance payment in accordance with the insurance agreement in the case of death of the insured person, and also, if the insurance agreement provides so, in the event that the insured person reaches the age specified in the agreement or is alive at the end of the agreement. Terms of an agreement of life insurance may require the insurer to make an insurance payment in the case of an accident that happened to the insured person, or in the case of sickness of the insured person. If in the case of the insurance event the agreement provides for regular annuity insurance payments (annuity pension insurance), the agreement must provide for insurance against the risk of death of the insured person during the period between the beginning of the insurance agreement and the first annuity insurance payment. In other cases taking into account the risk of death of the insured person is obligatory during the entire period of the life insurance agreement.

Insurers may engage only in those kinds of voluntary insurance that are specified in the license.

Article 7. Kinds of obligatory insurance

The following kinds of obligatory insurance are carried out in Ukraine:

- 1) medical insurance;
- 2) personal insurance of medical and pharmaceutical employees (except those who work in organizations and agencies funded from the State budget of Ukraine) in the case of contraction of the HIV in the line of professional duty;
- 3) personal insurance of employees of agency (except th (deat)8(.9((dea5(c)8.2s)TJ1e3vea5(c)8eat)8(.9((d025 Tc.0)3.8(3.8(3.8[of

9) civil liability insurance of transport vehicle owners;

10) insurance of means of water transport;

11) insurance of agricultural and perennial crops by the state agricultural enterprises, grain and sugar beet crops by agricultural enterprises of any ownership form;

12) civil liability insurance of an operator of a nuclear facility for damage that may be caused as a result of a nuclear accident

(clause 12 of part one of Article 7
as specified in Law of Ukraine of 12.13.2001, No. 2893-III);

13) insurance of employees (except those that work in the agencies and organizations funded from the State budget of

- 28) liability insurance of owners of dogs (in accordance with the list of breeds specified by the Cabinet of Ministers of Ukraine) with respect to damage that may be caused to the third persons;
- 29) civil responsibility insurance of citizens of Ukraine who own or otherwise lawfully possess weapon, for damage that may be caused to the third person or the third person's property as a result of possessing, storing or using this weapon;
- 30) insurance of animals against death, destruction, forced slaughter, from illnesses, natural disasters in cases and in accordance with the list of animals established by the Cabinet of Ministers of Ukraine;
- 31) liability insurance of subjects of travel activities against damage caused to life or health of a tourist of his property;
- 32) liability insurance of a sea vessel owner;
- 33) insurance of electric power lines and electricity transforming equipment against damages due to natural disasters or technological catastrophes and against unlawful actions of the third persons.
- 34) insurance of liability of producers (suppliers) of animal farming products, veterinary drugs and substances for damages caused to third persons.

(sub-clause 34 is added to part one of Article 7
in accordance with Law of Ukraine of 11.15.2001, No. 2775-III)

To carry out an obligatory insurance the Cabinet of Ministers of Ukraine shall establish the procedure and rules for carrying out such activities, forms of model agreements, special terms of obligatory insurance licensing, amounts of insurance payments and maximum amounts of insurance tariffs or the methodology of actuary computations.

Article 8. Insurance risks and insurance events

Insurance risk – a certain event, for the case of which insurance is carried out and which has characteristics of likelihood and probability of happening.

Insurance event – an event that is specified in an insurance agreement or by legislation and that has happened and

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The insurance amount may be established for a separate insurance event, a group of insurance events, or for the entire insurance agreement.

Insurance amount is not established for insurance events that entail regular successive insurance payments in the form of annuity.

The amount of investment income specified in a life insurance agreement must not exceed four percent a year.

A life insurance agreement must provide for increasing the insurance amount and (or) amount of insurance indemnification by the amounts (bonuses), which are determined by the insurer once a year on the basis of the investment income received from placement of the life insurance reserves less expenses on the insurance case in the amount of 15 percent of the received investment income and obligatory payments into mathematical reserves of the part of the investment income, which corresponds to the amount of investment income, which is used for purposes of computation of insurance tariffs under this insurance agreement and in the case of indexing of the insurance amount and (or) amount of insurance payments on the basis of the official inflation rate, transferring to the mathematical reserves the part of the investment income that corresponds to such indexing.

A life insurance agreement may also provide for an increase of the insurance amount and (or) amount of insurance disbursements by amounts (bonuses) that are specified by the insurer once a year based on other financial results of his activity (participation in profits of the insurer).

The additional insurance obligations assumed by the insurer are to be communicated to the insured in writing and

of insured item, the insurance indemnification shall be paid in the same proportion to the losses determined for the insurance event, unless the insurance agreement provides otherwise.

Franchise – part of losses that is not to be indemnified by the insurer in accordance with the insurance agreement.

"Green Card" and caused a road accident, respective expenses of the Motor (transport) insurance bureau must be compensated by such persons in full amount.

relating to insurance disbursements and insurance indemnification. Insurance agents

terms of insurance disbursement;
 reasons for refusing to make an insurance disbursement;
 rights and obligations of the parties and responsibility for failure to satisfy terms of the agreement;
 other conditions agreed to by the parties;
 signatures of the parties.

The Authorized body may establish additional requirements to agreements on life insurance and agreements on insurance of property of citizens.

In accordance with the international insurance systems that require application of uniform terms of insurance, agreements on insurance are to be executed in accordance with such terms of insurance, with requirements of this Law taken into account.

In the case where the registered in Ukraine auto-transport vehicle enters the territory of another country – member of the international system of auto-insurance "Green Card", the owner of such transport vehicle is required to execute an agreement of obligatory civil insurance of the owner (user) of the auto-transport vehicle's liability to the third persons, which applies to these countries, and to receive from the insurer – full member of the Motor (transport) insurance bureau the insurance certificate "Green Card" of the unified form accepted in all countries – members of this international system of insurance.

Article 17. Rules of insurance

Rules of insurance are formulated by the insurer for each particular kind of insurance separately and are subject to registration with the Authorized body at the time of issuance of the license for the right to engage in the relevant kind of insurance.

Rules of insurance must specify:

a list of objects if insurance;
 procedure for determination of insurance amounts and (or) amounts of insurance disbursements;
 insurance risks;
 exceptions from the insurance events and limitations of insurance;
 a term and locality where the agreement on insurance is effective;
 procedure for execution of the agreement on insurance;
 rights and obligations of the parties;
 actions of the insurer in the case the insurance event occurs;
 a list of documents that substantiate the happening of the insurance event and the amount of losses;
 procedure and terms for making insurance disbursements;
 a term for passing a decision on making or refusing to make insurance disbursements;
 reasons for refusing to make an insurance disbursement or disburse an insurance indemnification;
 conditions of termination of the agreement on insurance;
 a procedure for dispute resolution;
 insurance tariffs in accordance with insurance agreements other than agreement on life insurance;

insurance tariffs and methodology of their computation in accordance with lif

Insurance disbursements are to be made in currency specified in the agreement on insurance, unless otherwise is provided by legislation of Ukraine.

Monetary obligations of parties of agreements on life insurance, if they agree so, may be denominated either in the national currency of Ukraine, or in a freely convertible currency or conventional units, which specify the actual amount of obligations of the insurer on the date when such obligations arise or are fulfilled.

Article 20. Duties of an insurer

An insurer is required to:

- 1) inform the insured about the terms and rule of insurance;
- 2) within two working days, as soon as it becomes known that an insurance event took place, take measures to prepare all necessary documents for a timely insurance disbursement or insurance indemnification to the insured;
- 3) as the insurance event takes place, make an insurance disbursement or pay an insurance indemnification in the term specified in the agreement. The insurer bears property responsibility for late insurance disbursements (insurance indemnifications) by way of paying to the insured a fine (penalty, interest) in the amount specified by terms of the agreement on insurance;
 - 4) compensate for losses incurred by the insured in the case of an insurance event in connection with prevention or reduction of losses, if so is provided by the terms of the agreement;
 - 5) on the basis of the application of the insured, in the event he took measures that reduced the insurance risk

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In the event of death of the insured - citizen, who entered an agreement on property insurance, the rights and duties of the insured shall be assumed by the persons who inherited this property. The insurer or any of the heirs may initiate the re-execution of the agreement on insurance.

Article 26. Rejection to make insurance disbursements or insurance indemnification

The grounds for rejection to make insurance disbursements or insurance indemnification are:

- 1) willful actions by the insured or persons, in the interest of which the agreement on insurance is entered, aimed at making the insurance event happen. The said provision does not apply to actions related to their performing their civil or service duties, in the state of necessary self-defense measures (without exceeding the limits of sufficient self-defense) or protection of property, life, health, honor, dignity and business reputation. Qualification of actions by the insured or persons, in the interest of which the agreement on insurance was entered, shall be established in accordance with existing legislation of Ukraine;
- 2) commitment by the insured citizen or other person in the interest of which the agreement on insurance was executed, of the willful crime, which resulted in the insurance event;
- 3) intentional submission by the insured of misleading information about the object of insurance or about the fact of occurrence of the insurance event;
- 4) receipt by the insured of complete indemnification for losses under property insurance from persons involved in causing these losses;
- 5) late notification of the insurer of the insurance event without serious reasons for doing so, or creating difficulties for the insurer in determining circumstances, nature and amounts of losses;
- 6) other cases specified by legislation of Ukraine.

Terms of the agreement on insurance may provide for other grounds for rejection of insurance disbursements, if this is consistent with legislation of Ukraine.

A decision to reject an insurance disbursement must be made by the insurer within a term that is not larger than the specified by the rules of insurance and must be communicated to the insured in writing with explanation of grounds for the rejection.

The insurer's rejection to make insurance disbursements may be appealed by the insured in court.

A negative financial condition may not be a basis for insurer's rejection to make insurance disbursements or indemnification (or parts thereof) to the insured.

Article 27. The insurer's acquiring the rights of the insured with respect to persons responsible for loss

The insurer, which has paid an insurance indemnification in accordance with the property insurance agreement, within the limits of actual expenses acquires the right to a claim that the insured or other person, which has received the insurance indemnification, has against the persons responsible for causing the loss.

Article 28. Terminating an agreement on insurance

An agreement on insurance is terminated and is no longer valid by agreement of the parties, and also in the event of:

- 1) the end of the term of the agreement;
- 2) fulfillment by the insurer of the full scope of his obligations to the insured;
- 3) the insured's failure to make timely insurance payments in terms specified in the agreement. In this case the agreement is considered terminated early if the first (or a successive) insurance payment was not made despite the written demand of the insurer during ten working days after the demand was serviced to the insured, unless otherwise is provided by the terms of agreement;
- 4) liquidation of insured legal person or death of the insured citizen or his legal disability, except in cases specified in Articles 22, 23 and 24 of this Law;
- 5) liquidation of the insurer in accordance with procedure established by legislation of Ukraine;

6) the court passing the decision on recognizing the agreement on insurance invalid;

7) in other cases specified by legislation of Ukraine.

An agreement on insurance may be terminat

Article 30. Conditions for ensuring solvency of insurers

Insurers, which have assumed insurance obligations in amounts

The received proceeds are to be added.

In this case the last month of the payment period shall consist of the number of days on the date of payment.

Insurers may pass a decision to introduce from the beginning of the calendar year in accordance with the established by the Authorized body methodology for formation and keeping records of such technical reserves for kinds of insurance, other than life insurance:

Reserve of unearned premiums;

Reserve of declared but not paid losses;

Reserve of losses that have occurred but haven't been declared;

Reserve for catastrophes;

Reserve for loss fluctuations.

Insurers are required to notify in writing the Authorized organ of introduction of formation and accounting of the specified technical reserves for kinds of insurance, other than life insurance, no later than 45 days before the beginning of the calendar year.

To cover insurance obligations relating to life insurance and medical insurance, insurers shall form separate reserves at the expense of proceeds of insurance payments and incomes from investing the money of the formed reserves for these kinds of insurance.

The money of the life insurance reserves are not property of the insurer and must be separated from his other properties. The insurer is required to account for the money in life insurance reserves in a separate balance account and keep their accounting records separately.

Money of the life insurance reserves may not be used by the insurer for paying any liabilities, except those that correspond to the assumed obligations under agreements on life insurance, and may not be included in the liquidation mass in the event of bankruptcy of the insurer or his liquidation for other reasons, and are subject to transfer to other insurer on the basis of the consent of the insurer and the insured persons, or are subject to transfer to the insured person.

A separate list of reserves for medical insurance, and also the procedure for formation and accounting of such reserves may be determined by the respective normative – legal acts.

Insurers are required to create and keep records of the following life insurance reserves:

Long-term liabilities (mathematical reserves);

Insurance amounts payable.

The amount of reserves of long-term liabilities (mathematical reserves) shall be computed actuarially separately for each agreement in accordance with the methodology of formation of life insurance reserves with taking into account the pace of growth of inflation. The methodology for formation of life insurance reserves, amounts of insurance obligations depending on kinds of agreements on life insurance, and also minimum terms of life insurance agreements shall be established by the Authorized body.

The Cabinet of Ministers of Ukraine may change the list of insurance reserves and procedure for their computations.

Money of the insurance reserves must be placed with taking into account security, profitability, liquidity, diversification and must be represented by the assets of the following categories:

Money in the current account;

(paragraph two of part eighteen of Article 31
as amended according to the Law of Ukraine No. 2921-III of January 10, 2002)

Bank deposits;

Currency deposits in accordance with the currency of the insurance;

Immovable property;

shares, securities;

valuable papers issued by the state;

rights of claim to reinsurers;

investments in the economy of Ukraine by sectors specified by the Cabinet of Ministers of Ukraine;

bank metals;

credits to insured citizens that have entered agreements on life insurance, within the limits of the buy-out amount at the time of provision of the credit, and with the buy-out amount being a security for the credit. In this case the credit may not be given earlier than one year after the insurance agreement took effect, and for the period, which exceeds the period that remains until the end of the term of the insurance agreement;

cash held in a cash register in the amount of the limits on cash balance established by the National Bank of Ukraine.

Money of life insurance reserves may be used for long-term crediting for housing construction, including individual developers, in accordance with procedure established by the Cabinet of Ministers of Ukraine.

Insurers are prohibited to carry out any other kinds of credit activities.

Article 32. Funds of insurance guarantees

To ensure additional coverage of insurance obligations, insurers may create, on the basis of an agreement, the Fund of insurance guarantees, which is a legal person. The state registration of the Fund shall be

The state supervision of insurance activities is carried out for the purpose of meeting the requirements of legislation of Ukraine on insurance, effective development of insurance services, prevention of insolvency of insurers and protection of interests of the insured.

- 1) receive in accordance with the established procedure from insurers the reporting documents on insurance activity, information about their financial position and necessary explanations regarding reporting data, and from enterprises, agencies (including banks), organizations and citizens – the information necessary for accomplishing the assigned to it tasks;
- 2) carry out examinations of correctness of application by the insurers of legislation of Ukraine on insurance activity and accuracy of their reporting documents with respect to indicators that characterize the implementation of agreements on insurance, no more than

Information note on financial position of the founders of the insurer, verified by the auditor (auditing firm), if the insurer is created in the form of full or commandite company, or a company with additional liability;

rules (terms) of insurance;

feasibility studies of the planned insurance (reinsurance) activity;

information on participants of the insurer, head of the executive organ and his deputies, a copy of the diploma of head of the executive organ of the insurer or his first deputy verifying higher economic or legal education, a copy of the diploma of the chief accountant of the insurer verifying the higher economic education, information on availability of respective certificates in cases specified by the Authorized body.

The Authorized body is required to consider the application of the insurer for the issuance of the license within the term that does not exceed 30 calendar days from the moment of receipt of all specified in this Article documents.

The insurer is required to inform the Authorized body of the changes to the specified in this Article documents within the 10-day period following registration of such changes in accordance with the established procedure.

Article 39. Rejection to issue a license to carry out insurance activity and review of disputes over revocation of a license

The ground for rejection in issuing to a legal person a license to carry out an insurance activity may be the inconsistency of the documents that are submitted with the application with the requirements of existing legislation of Ukraine.

The Authorized body shall notify the legal person of the rejection to issue a license in writing and with indication of reasons for the rejection.

Disputes over rejection to issue a license or revocation of a license shall be considered in accordance with the court procedure.

Article 40. Insurance confidentiality

Officials of the Authorized body shall be held responsible as provided by legislation if they disclose in any form the information that constitutes the insurance secret.

Confidential information concerning activities and financial position of the insured – client of the insurer, which became known to him in the course of relationships with a client or third persons during the carrying out of an activity in the sphere of insurance, disclosure of which may cause material or moral damage to the client, is w(9)-5.3(tho)-5.3(r)-6(in the following cases:

In response to a written inquiry or on the basis of the

In response to written demands of the court or to the court

Limitations regarding receipt of information, which constitutes an insurance secret, shall no apply to employees of the Authorized body, which, within the limits of powers provided by this Law, carry out state supervision of insurance activities.

Article 41. Relationship between the insurer and the state

Insurer is not responsible for obligations of the state, and the state – for obligations of the insurer.

Shall not be allowed, except for obligatory kinds of insurance, life insurance, insurance of property of citizens, reinsurance, insurance of export-import supplies on the

