

The scope of this report - by **Rokas (Kiev)** - is to present the legal regime framework related to insurance in Ukraine, which is as follows below...

## 1. REGULATION

The main laws regulating insurance in Ukraine are the following:

- The Constitution of Ukraine;
- Civil Code of Ukraine;
- Commercial Code of Ukraine;
- Air Code of Ukraine;
- Labour Code of Ukraine;
- Law "On Insurance" no. 85/96-BP;
- Law "On Financial Services and State Regulation of Financial Services Markets" no. 2664-III;
- Regulation of the Financial Services Commission of Ukraine "On Confirmation of Characteristics and Classification Features of Types of Voluntary Insurance" no. 565;
- Regulation of the Financial Services Commission of Ukraine "On Regulation of License Conditions of Insurance" no. 40;
- Regulation of the Financial Services Commission of Ukraine On Registration of Insurance and Reinsurance Brokers and Maintenance of the State Register of Insurance/Reinsurance Brokers" no. 736 ".

## 2. INSURANCE AND REINSURANCE COMPANIES, BRANCH OFFICES OF FOREIGN INSURANCE COMPANIES AND DIRECT PROVISION OF INSURANCE SERVICES, WHEN APPLICABLE

Pursuant to the Ukrainian legislation an insurer can be a legal entity, which obtained the license, and incorporated in the following types:

- Joint Stock Company (public or private);
- General Partnership;
- Commandite Company/Limited Partnership;
- Additional Liability Company/Unlimited Partnership.

The number of shareholders shall be no less than three.

The international insurers are prohibited from maintaining insurance activity directly at the territory of Ukraine with the exceptions provided by the Law on Insurance.

The Financial Services Commission of Ukraine (hereinafter – the Commission) provides separate insurance license for general (non-life) insurance services and for life insurance services companies.

All insurance/reinsurance companies and brokers are registered at the State Register of Financial Institutions which is kept by the Commission.

## 3. INSURANCE SUPERVISION

The Commission is the only state authority empowered to supervise insurance in Ukraine; provides insurance license for insurers and certificates for insurance brokers and keeps records of all registered insurance/reinsurance companies and brokers.

## 4. QUALIFICATIONS AND SUPERVISION OF THE MANAGEMENT

In accordance with the Ukrainian legislation a general manager and a chief accountant of an insurer should meet the following requirements:

- advanced professional skills and a good business reputation;
- a general manager shall hold a university (or equivalent) degree in law or economics and have at least 5 years of relevant work experience;
- a chief accountant shall hold a university degree in economics and have at least 5 years of relevant work experience;
- both of them shall:
  - a) complete the appropriate professional skills enhancement courses organized by the Commission;

- b) not have been a senior manager or a chief accountant of a financial institution recognized as bankrupt or subject to compulsory liquidation over the previous 5 years;
- c) not have any standing or unsuspended conviction for a deliberate crime including crimes in the commercial and administrative field.

## 5. CAPITAL REQUIREMENTS AND RESERVES

The charter capital (fund) of an insurer must be paid in cash.

The statutory minimum for the charter capital of an insurer must be equal to the UAH equivalent to:

- EUR 1,000,000,000.00 for an insurer;
- EUR 1,500,000.00 for a life insurer.

The Ukrainian legislation does not provide any requirements for the charter capital (fund) of the insurance broker.

## 6. INSURANCE INTERMEDIATION

### Agents

Individuals or legal entities representing, acting on behalf of and under the authorization of an insurer, who carry out part of the insurer's activities (conclusion of insurance contracts, collection of insurance premiums, performing functions related to insurance payments and reimbursements, etc.) and receive fees from the insurer under agency agreements.

### Insurance brokers

Individuals or legal entities acting on their own behalf but in respect of interests of a person requiring insurance; receive fees and act pursuant to brokerage agreements with insureds.

A broker must sell insurance products of at least 3 insurers and the sale of insurance products of one insurer must not constitute more than 35% of a broker's activity.

### Reinsurance brokers

Legal entities acting on their own behalf under brokerage agreements with insurers requiring reinsurance.

## 7. MARKETING AND SALES PRACTICES (CONSUMER PROTECTION)

The consumer protection of insureds is covered by general provisions on consumer protection of Ukrainian legislation.

The insurer has to provide information in respect of conditions of the insurance agreement.

## 8. TYPES OF COMPULSORY INSURANCES

The Law of Ukraine "On Insurance" provides the complete list of types of compulsory insurance:

1. medical insurance (not applicable in practice yet);
2. insurance of medical and pharmaceutical personnel (excluding the personnel employed at institutions and organizations financed by the State Budget of Ukraine) against infection with HIV during the performance of duty;
3. insurance of institutional fire-fighting brigades personnel (excluding fire-fighting brigades financed by the State Budget of Ukraine), rural fire-fighting brigades and voluntary fire-fighting teams;
4. insurance of major league athletes;
5. life and health insurance of veterinary personnel;
6. passengers' insurance against transport accidents;
7. civil aviation insurance;
8. insurance of the sea carrier and the ship attendance performer against damage caused to passengers, luggage, cargo, post, to other users of the ship and to third parties;
9. motor vehicle owner's civil liability insurance;
10. ship insurance;
11. nuclear installation operator's civil liability insurance against nuclear damage that may be caused by a nuclear incident;
12. insurance of psychiatric personnel (excluding the personnel employed at institutions and organizations financed by the State Budget of Ukraine), including employees looking after patients with mental disorders;

13. entrepreneurs' civil liability insurance against damage that may be caused by fires and accidents at high risk facilities including fire-and-explosion risk facilities and facilities where performance of business activities may cause ecological disasters and epidemics;
14. investor's civil liability insurance including insurance against damage caused to the environment and to people's health under a product sharing agreement, unless otherwise provided by this agreement;
15. property risk insurance under a product sharing agreement in cases stipulated by the Law of Ukraine "On Product Sharing Agreements";
16. insurance of financial liability, life and health of an interim administrator, liquidator of the financial institution (for banks it is an authorized person of the Individuals' Deposits Guarantee Fund), members of the executive direction and administrative council of the Individuals' Deposits Guarantee Fund and of the employees of the Ministry of Finance of Ukraine charged to solve issues regarding state's participation in the capitalization of the bank;
17. property risk insurance during industrial development of oil and gas fields in cases stipulated by the Law of Ukraine "On Oil and Gas";
18. insurance of medical and other personnel of state and municipal hospitals and state research centers (excluding the personnel employed at institutions and organizations financed by the State Budget of Ukraine) against contagious diseases during the performance of duty in high infection risk conditions;
19. insurance of liability of exporters and people responsible for hazardous wastes disposal against damage that may be caused to a person's health, property and to the environment during cross border transfer and disposal of the hazardous wastes;
20. insurance of objects of space activity (earth-based infrastructure) as per list adopted by the Cabinet of Ministers of Ukraine submitted by the National Space Agency of Ukraine;
21. civil liability insurance of subjects of space activity;
22. insurance of objects of space activity (space infrastructure) belonging to Ukraine against risks related to spacecraft launch preparations at a space launching site, to the spacecraft launch and operation in the space;
23. liability insurance against risks related to spacecraft launch preparations at a space launching site, to the spacecraft launch and operation in the space;
24. liability insurance of carriers transporting hazardous freights against negative consequences during transportation of these freights;
25. professional liability insurance against damage that may be caused to third parties as per list of professional activities adopted by the Cabinet of Ministers of Ukraine;
26. dog-owner's liability insurance against damage that may be caused to third parties as per list of breeds adopted by the Cabinet of Ministers of Ukraine;
27. civil liability insurance of Ukrainian citizens who own or otherwise lawfully possess firearms against damage that may be caused to a third party or its property resulting from the possession, storage or use of such firearms;
28. animal insurance (excluding farm animals) against death, destruction, forced killing, against diseases, natural disasters and accidents in cases and as per list of animals adopted by the Cabinet of Ministers of Ukraine;
29. tourist businesses' liability insurance against damage caused to the life or health of a tourist or to his property;
30. sea ship owner's liability insurance;
31. insurance of power transmission lines and power transmitter transforming equipment against damage resulting from natural disasters or technogenic catastrophes and against unlawful actions of third parties;
32. liability insurance of producers (suppliers) of produce of animal origin, veterinary drugs and substances against damage caused to third parties;
33. insurance of the object of mortgage against risks of accidental destruction, accidental damage or spoiling;
34. insurance of property transferred into concession;
35. entrepreneurs' civil liability insurance against damage that may be caused to the environment and people's health during storage and use of pesticides and agricultural chemicals;
36. entrepreneurs' civil liability insurance against damage that may be caused to third parties resulting from performance of explosive works;

37. property risks insurance of a resources user during research and industrial development and use of the coal fields' gas (methane);
38. insurance of life and health of volunteers during volunteering;
39. civil liability insurance of a private notary;
40. insurance of non-payment risk in case of insolvency and/or bankruptcy of the state lotteries operator.

## **9. INSURANCE MARKET**

The insurance industry as an individual industry of financial services is showing a rapid growth in Ukraine. Pursuant to the statistics data provided by the Commission, the insurance market of Ukraine is represented by:

- 442 insurance companies;
- 66 life insurance companies;
- 44 reinsurance companies;
- 60 insurance brokers.

*Report prepared by: Alina Karas - Attorney at Law, LL.M., Director of IKRP Rokas & Partners Ukraine*