

THE CIVIL CODE OF THE RUSSIAN FEDERATION

Part Two No. 14-FZ of January 26, 1996,

Chapter 48. Insurance

See Review of the Case-Law Connected with Execution of Insurance Contracts given by Informational Letter of the Presidium of the Higher Arbitration Court of the Russian Federation No. 75 of November 28, 2003

Article 927. Voluntary and Obligatory Insurance

1. Insurance shall be effected on the basis of contracts of property or personal insurance, concluded by the individual or legal entity (insurant) with the insurance company (insurer). The contract of personal insurance is a public agreement (Article 426).

2. In cases where the law entrusts the obligation of insurance cover to the persons referred to in it of the lives, health or property of other persons or of their civil liability to other persons at their expense or at the expense of interested persons (obligatory insurance), insurance shall be effected by concluding contracts in keeping with the rules of this Chapter. For the insurers the conclusion of contracts of insurance shall not be obligatory on the terms offered by the insurant.

See Federal Law No. 40-FZ of April 25, 2002 on Compulsory Insurance of Civil Liability of Transport Vehicles' Owners

3. The law may provide for cases of obligatory insurance of the lives, health and property of individuals at the expense of the resources allocated from the appropriate budget (obligatory

state insurance).

See the Law of the Russian Federation No. 4015-1 on Insurance

Article 928. Interests Whose Insurance Is Not Allowed

1. No insurance of interests contrary to law shall be allowed.

1. No insurance of losses from the participation in games, lotteries and bets shall be allowed.
2. No insurance of expenditure to which a person can be compelled for the purpose of setting hostages free shall be allowed.
3. The terms and conditions of the contracts of insurance which contradict Items 1-3 of this Article shall be null and void.

Article 929. The Contract of Property Insurance

1. Under the contract of property insurance one part (insurer) shall undertake, for the charge stipulated by the contract (insurance premium) and upon the onset of an event (insured accident), stipulated by the contract, to reimburse to the other party (insurant) or another person in favour of whom the contract has been concluded (beneficiary) the losses inflicted in consequence of this event in the insured property or the losses sustained in connection with other property interests of the insurant (to pay insurance compensation) within the amount specified by the contract (insured sum).

2. The following property interests may be insured in particular under the contract of property insurance:

- 1) the risk of loss (destruction), shortage of, or damage to, property (Article 930);
- 2) the liability risk under the obligations arising due to the infliction of harm on the lives, health or property of other persons, and also the civil liability risk (Articles 931 and 932), or liability under contracts in cases, provided for by the law;
- 3) the risk of losses from business activity because of the violation of their obligations by the contracting parties of the businessman or the change in the conditions of this activity due to the circumstances beyond the businessman's control, including the risk of non-receipt of expected incomes - the entrepreneur's risk (Article 933).

Article 930. Insurance of Property

1. Property may be insured under the contract of insurance in favour of the person (insurant or beneficiary) who has the interest in the preservation of the property, based on the law, other legal act or the contract.
2. The contract of insurance of property, concluded in the absence of the insurant's or the beneficiary's interest in the preservation of insured property, shall be void.
3. A contract of insurance of property in favour of a beneficiary may be concluded without reference to the name of the beneficiary (insurance at the expense of the one who pays).

Upon the conclusion of such contract the insurant shall be given an insurance policy to bearer. When the insurant or the beneficiary exercises the rights under such contract this policy shall be given to the insurer.

Article 931. Insurance of Liability for the Infliction of Harm

1. Under the contract of insurance of liability risk under the obligations following in consequence of the infliction of harm on the lives, health or property of other persons, the liability risk of the insurant himself or any other person who bears such liability may be insured.

A person whose risk of liability for the infliction of harm has been insured shall be named in the insurance contract. If this person is not named in the contract, the liability risk of

the insurant himself shall be deemed to be insured.

3. A contract of insurance of the risk of liability for the infliction of harm shall be deemed to be concluded, even if the contract has been concluded in favour of the insurant or any other person liable for the infliction of harm or the contract fails to state in whose favour it has been concluded.
4. In case where the liability for the infliction of harm is insured because its insurance is compulsory, and also in other cases, stipulated by the law or the contract of insurance of such liability, the person in favour of whom the insurance contract is deemed to be concluded shall have the right to present directly to the insurer his claim on the reparation of harm within the insured amount.

Article 932. Insurance of Liability under the Contract

1. Insurance of the risk of liability for the contravention of the contract shall be allowed in cases, provided for by the law.
2. Under the contract of insurance of the risk of liability for the contravention of the contract only the liability risk of the insurant himself may be insured. The insurance contract that does not comply with such requirements shall be void.
3. This risk of liability for the violation of the contract shall be deemed to be insured in favour of the party to whom the insurant should bear liability under the terms and conditions of this contract, that is the beneficiary, even if the insurance contract has been concluded in favour of another person or if the contract does not say in whose favour it is concluded.

Article 933. Insurance of Entrepreneurial Risk

Under the contract of insurance of entrepreneurial risk only the entrepreneurial risk of the insurant himself may be insured and only in his favour.

The contract of insurance of the entrepreneurial risk of the person who is not an insurant shall be void.

The contract of insurance of entrepreneurial risk in favour of the person who is not an insurant shall be concluded in favour of the insurant.

Article 934. The Contract of Personal Insurance

1. Under the contract of personal insurance one party (insurer) shall undertake to pay for the charge, stipulated by the contract (insurance premium) and paid by the other party (insurant), in the lump or periodically the sum of money, specified by the contract (insured amount) in case of the infliction of harm on the life or health of the insurant himself or any other individual named in the contract (insured person), of the attainment of a certain age or the onset of another event, provided for by the contract (insured accident). The right to receive the insured amount shall belong to the person in favour of whom the contract has been concluded.
2. A contract of personal insurance shall be deemed to be concluded in favour of the insured person, if the contract fails to name another person as a beneficiary. In the event of death of the person insured under the contract, in which a different beneficiary is not named, the heirs of the insured person shall be recognized as beneficiaries.

A contract of personal insurance in favour of the person who is not insured, including in favour of the insurant who is not an insured person, may be concluded only with the written consent of the insured person. In the absence of such consent a contract may be recognized as invalid upon the lawsuit of the insured person and in the event of death of this person - upon the lawsuit brought by his heirs.

Article 935. Obligatory Insurance

1. The law may entrust the obligation of insurance to the persons referred to in it: the lives, health and property of other persons, defined in the law, in case of the infliction of harm to their lives, health and property;

See Federal Law No. 177-FZ of December 23, 2003 on Insuring Natural Persons' Deposits Made with Banks of the Russian Federation

See Federal Law No. 165-FZ of July 16, 1999 on the Fundamentals of Compulsory Social Insurance

the risk of their civil liability which can competence in consequence of the infliction of harm on the lives, health or property of other persons or the contravention of contracts concluded with other persons.

See Federal Law No. 40-FZ of April 25, 2002 on Compulsory Insurance of Civil Liability of Transport Vehicles' Owners

1. The obligation of insuring his life and health may not be entrusted to the individual under the law.
2. In cases stipulated by the law or established in the statutory procedure the legal entities, which possess state or municipal property in their economic or operative management, may be entrusted with the obligation of insuring this property.
3. In case where the obligation of insurance does not follow from the law is based on the contract, including the obligation of insuring property, on the contract with the owner of property or on the constituent documents of the legal entity which owns property, such insurance shall not be obligatory in the meaning of this Article and shall not entail the consequences, provided for by Article 937 of this Code.

Article 936. The Conduct of Obligatory Insurance

1. Obligatory insurance shall be effected by means of concluding an insurance contract with the person charged with the obligation of such insurance (the insurant) and the insurer.
2. Obligatory insurance shall be effected at the expense of the insurant with the exception of obligatory insurance of passengers, which in statutory cases may be effected at their expense.
3. Facilities subject to obligatory insurance, the risks against which they should be insured and the minimum amounts of insured sums shall be determined by the law and in the case, specified by Item 3 of Article 935 of this Code, by the law or in the statutory procedure.

Article 937. The Consequences of the Violation of the Rules for Obligatory Insurance

1. The person in favour of whom obligatory insurance should be effected shall have the right, if he knows that insurance is not effected, to demand in due course of law its implementation by the person charged with the obligation of insurance.
2. If the person who is entrusted with the obligation of insurance has not effected it or has concluded an insurance contract on the terms deteriorating the position of the beneficiary as compared with the terms defined by the law, he shall bear liability to the beneficiary with the onset of an insured accident on the same terms on which the insured compensation should have been paid in case of proper insurance.
3. The sums of money saved groundlessly by the person charged with the obligation of insurance due to the fact that he has not fulfilled this obligation or has fulfilled it improperly, shall be recovered on the claim lodged by bodies of state insurance supervision for the benefit of the

Russian Federation with the addition of interest to these sums of money in keeping with Article 395 of this Code.

Article 938. The Insurer

Legal entities with a permit (license) appropriate insurance may conclude insurance contracts as insurers.

The requirements made to insurance companies and the procedure for licensing their activity and exercising state supervision over this activity shall be determined by the laws on insurance.

Article 939. The Performance of the Obligations under the Insurance Contract by the Insurant and the Beneficiary

1. The conclusion of an insurance contract in favour of the beneficiary, especially at a time when the insured person is the beneficiary shall not absolve the insurant from the obligations under this contract, unless the latter provides for otherwise or if the insurant's obligations have been fulfilled by the person, in favour of whom the contract was concluded.
2. The insurer shall have the right to demand from the beneficiary, especially at a time when the beneficiary is represented by the insured person, that the latter should perform the obligations under the insurance contract, including the obligations entrusted to the insurant but not fulfilled by him, upon the presentation by the beneficiary of the claim for the payment of insurance compensation under the contract of property insurance or of the insured amount under the contract of personal insurance. The risk of the consequences of non-fulfilment or untimely fulfilment of the obligations, which should have been fulfilled earlier, shall be borne by the beneficiary.

Article 940. The Form of the Insurance Contract

1. An insurance contract may be concluded in writing. Non-observance of the written form shall invalidate an insurance contract, exception being made for the contract of obligatory state insurance (Article 969).
2. An insurance contract may be concluded by means of drawing up one document (Item 2 of Article 434) or handing over by the insurer to the insurant on the basis of his written or oral statement an customer policy (certificate or receipt) signed by the insurer. In the latter case the insurant's consent to conclude a contract on the terms proposed by the insurer shall be confirmed by the acceptance from the insurer of the documents, referred to in the first paragraph of this Item.
3. At the time of concluding an insurance contract the insurer shall have the right to apply the standard forms of the contract (insurance policy), elaborated by him or the association of insurers for particular types of insurance.

Article 941. Insurance Under the General Policy

1. Systematic insurance of different lots of similar property (goods, cargoes, etc.) on acceptable terms during a definite period of time may be effected by agreement between the insurant and the insurer on the basis of one insurance contract, that is, general policy.
2. The insurant shall be obliged to provide the insurer with information specified by such policy in respect of each lot of property subject to the operation of the general policy within the period of time, envisaged by it, and if this period is not provided for by it, at once upon their receipt. The insurant shall not be released from this duty, even if by the time of the receipt of such information, the possibility of losses liable to compensation by the insurer has already passed.

3. On the demand of the insurant the insurer shall be obliged to issue insurance policies

for particular lots of property liable to the operation of the general policy. In the event of inconsistency of the insurance policy with the general policy in terms of content, preference shall be given to insurance policy.

Article 942. The Essential Terms and Conditions of the Insurance Contract

1. During the conclusion of a contract of property insurance the insurant and the insurer

shall reach agreement on: 1) definite property or any other property interest as the object of insurance; 2) the character of the event that entails insurance (insured accident); 3) the amount of the insurance sum; 4) the validity terms of the contract.

2. During the conclusion of a contract of personal insurance the insurant and the insurer

shall reach understanding on: 1) the insured person; 2) the character of the event (insured accident) that entails insurance in the life of the insured person; 3) the amount of the insurance sum; 4) the validity term of the contract.

Article 943. The Definition of the Terms and Conditions of the Insurance Contract in the Insurance Rules

1. The terms and conditions on which an insurance contract is concluded may be defined in the standard insurance rules, adopted, approved or endorsed by the insurer or by the association of insurers (insurance rules).
2. The conditions contained in the insurance rules and not included in the text of the insurance contract (insurance policy) shall be compulsory for the insurant (beneficiary), if the contract (insurance policy) expressly indicated the application of such rules and the rules are set forth in one document with the contract (insurance policy) or on its reverse side or are appended to it. In the latter case the delivery of the insurance rules to the insurant during the conclusion of a contract shall be certified with an entry in the contract.
3. During the conclusion of an insurance contract the insurant and the insurer may come to terms on the modification or exclusion of some provisions in the insurance rules and on the supplementing of the rules.
4. The insurant (beneficial) shall have the right to refer in defence of its interests to the insurance rules to which there is a reference in the insurance contract (insurance policy), even if these rules are not compulsory for it by virtue of this Article.

Article 944. Information Given by the Insurant During the Conclusion of an Insurance Contract

1. During the conclusion of an insurance contract the insurant shall be obliged to communicate to the insurer the circumstances known to him and of relevance for the definition of the possible onset of an insured accident and the extent of possible losses from its commencement (insurance risk), if these circumstances are not known and should not be known to the insurer. The circumstances definitely specified by the insurer in the standard form of the insurance contract (insurance policy) or in its written inquiry shall be recognized as essential in any case.

— If an insurance contract has been concluded in the absence of the insurant's replies to any questions put by the insurer, the latter may not demand afterwards the dissolution of the contract or its recognition as invalid on the ground that relevant circumstances have not been

communicated by the insurant.

3. If it is ascertained after the conclusion of an insurance contract that the insurant has given to the insurer information known to be false about the circumstances, referred to in Item 1 of this Article, the insurer has the right to demand that the contract should be recognized as invalid and that the consequences, stipulated by Item 2 of Article 179 of this Code should be applied.

The insurer may not demand the recognition of the insurance contract as invalid, if the circumstances about which the insurant has concealed have already disappeared.

Article 945. The Insurer's Right to the Appraisal of Insurance Risk

1. During the conclusion of a property insurance contract the insurer shall have the right to inspect the insurable property and in case of need to schedule an expert examination in order to estimate its actual value.
2. During the conclusion of a personal insurance contract the insurer shall have the right to examine the insurable person for the appraisal of the actual state of his health.
3. The appraisal of insurance risk by the insurer shall not be compulsory on the strength of this Article for the insurant, who has the right to prove something different.

Article 946. Secrecy of Insurance

The insurer shall have no right to disclose information about the insurant, the insured person and the beneficiary, the state of their health and about their property status, which he obtained as a result of his professional activity. For the divulgence of secrecy of insurance the insurer shall bear liability depending on the kind of the infringed rights and the nature of divulgence in accordance with the rules, envisaged by Article 139 or Article 150 of this Code.

Article 947. The Insurance Sum

1. The sum of money, within the limits of which the insurer undertakes to pay out insurance compensation under the property insurance contract or which he undertakes to pay out under the personal insurance contract (insurance sum) shall be determined by the agreement between the insurant and the insurer in keeping with the rules, provided for by this Article.
2. In case of insurance of property or entrepreneurial risk, unless the insurance contract stipulates otherwise, the insurance sum shall not exceed their actual value (insurance sum). It shall be held as such value: for property its actual value in the place of its location on the day of concluding an insurance contract; for entrepreneurial risk the losses from business activity, which the insurant, as is to be expected, would sustain with the onset of an insured accident.
3. In contracts of personal insurance and contracts of civil liability insurance the insurance sum shall be determined by the parties at their discretion.

Article 948. The Contestation of the Insured Value of Assets

The insured value of assets, referred to in the insurance contract, may not be contested afterwards, except for the case when the insurer, who before the conclusion of the contract has not availed himself of his right to the appraisal of insurance risk (Item 1 of Article 945) was deliberately misled with regard to this value.

Article 949. Incomplete Property Insurance

If the contract of property insurance or entrepreneurial risk has fixed the insurance sum below the insured value, the insurer shall be obliged on the onset of an insured accident to

compensate for the part of the losses sustained by the insurant (beneficiary) in proportion to the ratio between the insurance sum and the insured value.

The contract may provide for a higher amount of insurance compensation but not higher than the insured value.

Article 950. Additional Property Insurance

1. In case where property or entrepreneurial risk is insured only in terms of the part of insured value, the insurant (beneficiary) shall have the right to effect additional insurance, including with another insurer, with the proviso that total insurance sum should not exceed the insured value in all insurance contracts.
2. The non-observance of the provisions of Item 1 of this Article shall entail the consequences, envisaged by Item 4 of Article 951 of this Code.

Article 951. The Consequences of Insurance Over and Above the Insured Value

1. If the insurance sum, referred to in the contract of property insurance or entrepreneurial risk, exceeds the insured value, the contract shall be void in that part of the sum which exceeds the insured value. The excessively paid part of the insurance premium shall not be subject to return in this case.
2. If in accordance with the insurance contract the insurance premium is contributed by instalments and by the time of ascertaining the circumstances, referred to in Item 1 of this Article, it has not been contributed in full, the remaining insurance contributions shall be paid in the amount reduced in proportion to the decrease in the amount of the insurance sum.
3. If the overestimation of the insurance sum in an insurance contract has been the consequence of deceit on the part of the insurant, the insurer shall have the right to demand that the contract be recognized as invalid and the related losses caused to him be compensated in the amount that exceeds the sum of the insurance premium received by him from the insurant.
4. The rules, envisaged in Items 1-3 of this Article, shall also be accordingly applied in the case where the insurance sum has exceeded the insured as a result of insurance of one and the same facility by two or several insurers (double insurance).

The amount of insurance compensation subject to payment in this case by each insurer shall be cut down in proportion to the decrease in the original insurance sum under the relevant insurance contract.

Article 952. Property Insurance Against Different Insurance Risks

1. Property and entrepreneurial risk may be insured against different insurance risks both under one and several insurance contracts, including contracts with different insurers. In these cases the amount of the total insurance sum may exceed the insured value in all contracts.
2. If the obligation of insurers to pay the insurance compensation for the same consequences of the onset of one and the same insured accident follows from two or several contracts, concluded in keeping with Item 1 of this Article, the rules, stipulated by Item 4 of Article 951 of this Code, shall be applied to such contracts in the respective part.

Article 953. Coinsurance

An insurance object may be jointly insured under one insurance contract by several insurers (coinsurance). If such contract does not define the rights and obligations of each insurer, they shall be liable jointly and severally to the insurant (beneficiary) for the payment of insurance compensation under the property insurance contract or of the insurance sum under

the personal insurance contract.

Article 954. Insurance Premium and Insurance Instalments

1. Insurance premium shall be understood to mean the payment for insurance which the insurant (beneficiary) shall be obliged to make to the insurer in the procedure and in time-limits fixed of the insurance contract.
2. In estimating the amount of the insurance premium subject to payment under the insurance contract the insurer shall have the right to apply the insurance rates elaborated by him which determine the premium, collected from the unit of the insurance sum with due account of the object of insurance and the character of insurance risk. In cases provided for by the law the amount of the insurance premium shall be estimate in keeping with insurance rates, established or regulated by state insurance supervision bodies.
3. If the insurance contract provides for the payment of the insurance premium by instalments, the contract may determine the consequences of the non-payment of regular insurance instalments within the established time-limits.
4. If an insured accident took place before the payment of a regular insurance instalment which is overdue, the insurer shall have the right to offset the amount of the overdue insurance instalment at a time of estimating the amount of insurance compensation subject to payment under the property insurance contract or the insurance sum under the personal insurance contract.

Article 955. Replacement of the Insured Person

1. In case where the contract of insurance of the risk of liability for the infliction of harm (Article 931) has insured the liability of a person other than the insurant, the latter shall have the right, unless otherwise stipulated by the contract, to replace this person by another one at any time before the onset of the insured accident by notifying the insurer about this in writing.
2. The insured person, named in a personal insurance contract, may be replaced by another person on the initiative of the insurant and with the consent of the insured person and the insurer.

Article 956. The Replacement of the Beneficiary

The insurant shall have the right to replace the beneficiary, named in the insurance contract, by another person while notifying the insurer about this in writing. The beneficiary, appointed with the consent of the insured person (Item 2 of Article 934), may be replaced under the personal insurance contract only with the consent of this person.

The beneficiary may not be replaced by another person after he has fulfilled any obligation under the insurance contract or has presented to the insurer his claim for the payment of insurance compensation or the insurance sum.

Article 957. The Beginning of the Validity of the Insurance Contract

1. An insurance contract, unless it provides for otherwise, shall enter into force at the time of payment of the insurance premium or its first instalment.
2. Insurance, stipulated by the insurance contract, shall extend to the insured accidents which have taken place after the entry of the insurance contract into force, unless the contract provides for a different period of the started operation of insurance.

Article 958. The Termination of an Insurance Contract Short of the Term

1. **An insurance contract shall cease to be valid before the beginning of the period for which it was concluded, if after its entry into force the possibility of the onset of an insured accident disappeared and insurance risk ceased to exist due to the circumstances other than**

the insured accident. Such circumstances include in particular:
the destruction of insured property for reasons other than the onset of an insured accident;

the termination of business activity in the statutory order by the person who has insured the entrepreneurial risk or civil liability risk, associated with this activity.

1. The insurant (beneficiary) shall have the right to waive the insurance contract at any time, if by the time of his refusal the possibility of the onset of an insured accident had not disappeared to the circumstances, referred to in Item 1 of this Article.
2. If the insurance contract ceases to be valid short of the term due to the circumstances, referred to in Item 1 of this Article, the insurer shall have the right to the part of the insurance premium in proportion to the time during which insurance was effected.

If the insurant (beneficiary) waives the insurance contract short of the term, the insurance premium paid to the insurer shall not be subject to return, unless otherwise stipulated by the contract.

Article 959. The Consequences of Increased Insurance Risk During the Validity Term of the Insurance Contract

1. In the period of validity of the property insurance contract the insurant (beneficiary) shall be obliged to inform the insurer about the substantial changes which have become known to him in the circumstances communicated to the insurer during the conclusion of the contract, if these changes can substantially influence insurance risk by increasing it. Changes, stipulated in the insurance contract (insurance policy) and in the insurance rules given to the insurant, shall be recognized as considerable in any case.
2. The insurer who is notified about the circumstances entailing the increase risk shall have the right to demand the introduction of changes in the insurance contract or the payment of an additional insurance premium in proportion to the increase in risk. If the insurant (beneficiary) objects to changes in the terms and conditions of the insurance contract or to the additional charge to the insurance premium, the insurer shall have the right to demand the cancellation of the contract in keeping with the rules, provided for by Chapter 29 of this Code.
3. In case of default of the obligation by the insurant or beneficiary, provided for by Item 1 of this Article, the insurer shall have the right to demand the dissolution of the insurance contract and the compensation for the losses caused by the cancellation of the contract (Item 5 of Article 453).
4. The insurer shall have no right to demand the cancellation of the insurance contract, if circumstances entailing the increase in insurance risk have already disappeared.
5. In case of personal insurance the consequences of changes in insurance risk during the validity term of the insurance contract, referred to in Items 2 and 3 of this Article, may take place, if only they are expressly envisaged in the contract.

Article 960. The Assignment of the Rights to Insured Property to Another Person

In case of the assignment of the rights to insured property from the person in whole interest the insurance contract was concluded to another person, the rights and obligations under this contract shall be transferred to the person to whom the rights to property have passed, exception being made for the cases of the compulsory seizure of property on the grounds, referred to in Item 2 of Article 235 of this Code, and of the refusal from the right of ownership (Article 236).

The person to whom the rights to insured property has been transferred shall at once notify the insurer about this.

Article 961. The Notification of the Insurer about the Onset of an Insured Accident

1. Under the property insurance contract the insurant, who was informed about the onset of the insurance accident, shall be obliged to notify without delay the insurer or its representative about its onset. If the contract provides for a definite date and/or method of notification, the latter shall be effected in the stipulated period and the method, indicated in the contract. The same obligation lies with the beneficiary who knows about the conclusion of the insurance contract in his favour, if he intends to avail himself of the right to insurance compensation.
2. Default of the obligation, provided for by Item 1 of this Article shall entail the insurer to waive the payment of insurance compensation, unless it is provided that the insurer had learnt about the onset of the insured accident in due time or that the insurer has no information about this could not influence his obligation to pay insurance compensation.
3. The rules, envisaged by Items 1 and 2 of this Article, shall be applied accordingly to the personal insurance contract, if the death of the insured person or the infliction of injury on his health is an insured accident. In this case the date of notification of the insurer, specified by the contract may not be less than 30 days.

Article 962. The Diminution of Losses from the Insured Accident

1. With the onset of the insured accident, provided for by the property insurance contract, the insurant shall be obliged to take reasonable measures available in the present circumstances in order to reduce possible losses. In taking such measures the insurant shall follow the instructions of the insurer, if they have been brought to the notice of the insurant.
2. Expenses on the reduction of losses subject to compensation by the insurer shall be reimbursed by the insurer, if such expenses were necessary or made in order to fulfil the insurer's instructions, even if appropriate measures had proved to be unsuccessful. Such expenses shall be reimbursed in proportion to the ratio between the insurance sum and the insured value, regardless of the fact that together with the compensation for other losses they can exceed the insurance sum.
3. The insurer shall be released from the compensation for the losses which have arisen in consequence of the fact that the insurant failed to take reasonable measures accessible to him in order to reduce possible losses.

Article 963. The Consequences of the Onset of an Insured Accident Through the Fault of the Insurant, Beneficiary or the Insured Person

1. The insurer shall be released from the payment of insurance compensation or the insurance sum, if the insured accident commenced owing to the intent of the insurant, beneficiary or insured person, except for the cases, stipulated by Items 2 and 3 of this Article. The law may provide for cases of the release of the insurer from the payment of insurance compensation under the property insurance contracts in case of the onset of an insured accident owing to gross negligence on the part of the insurant or beneficiary.
2. The insurer shall not be released from the payment of insurance compensation under the contract of insurance of civil liability for the infliction of harm on human life or health, if harm was done through the fault of the person responsible for it.
3. The insurer shall not be released from the payment of the insurance sum which is subject under the personal insurance contract to payment in the event of death of the insured person, if his death took place because of suicide and by that time the insurance contract had been in effect for not less than two years.

Article 964. The Grounds for the Release of the Insurer from the Payment of Insurance Compensation and the Insurance Sum

1. Unless the law or the insurance contract provides for otherwise, the insurer shall be released from the payment of insurance compensation and the insurance sum, when the insured accident commenced owing to: the impact of a nuclear blast, radiation or radioactive contamination; the hostilities, and also exercises and other military undertakings; the civil war, popular unrest of any kind of strikes.
2. Unless the property insurance contract provides for otherwise, the insurer shall be released from the payment of insurance compensation for the losses sustained owing to the seizure, confiscation, requisition, attachment or destruction of insured property according to the orders of state bodies.

Article 965. The Assignment of the Insurant's Rights to Compensation for Damage to the Insurer (Subrogation)

1. Unless the property insurance contract provides for otherwise, the right of claim which the insurant (beneficiary) has to the person, responsible for the losses reimbursed as a result of insurance, shall assign within the paid sum of money to the insurer who has paid insurance compensation. However, the contract clause that excludes the assignment of the right of claim to the person who deliberately caused damage shall be void.
2. The right of claim that has been transferred to the insurer shall be implemented by him with the observance of the rules regulating the relations between the insurant (beneficiary) and the person responsible for losses.
3. The insurant (beneficiary) shall be obliged to give all documents and evidence to the insurer and to provide him with all information necessary for the implementation by the insurer of the right of claim that has passed to him.
4. If the insurant (beneficiary) has abandoned his right of claim to the person responsible for the losses compensated by the insurer, or if the exercise of this right has become impossible through the fault of the insurant (beneficiary), the insurer shall be released from the payment of insurance compensation in full or in part and shall have the right to demand the return of the excessively paid sum of compensation.

Article 966. Limitation Period for Claims Related to Property Insurance

1. Limitation period for claims following from a property insurance contract, except for a contract of insuring the risk of liability under obligations which result from infliction of harm upon life, health or property of other persons, shall be two years.
2. Limitation period for claims following from a contract of insuring the risk of liability under obligations which result from infliction of harm upon life, health or property of other persons shall be three years (Article 196).

Article 967. Reinsurance

1. The risk of payment of insurance compensation or the insurance sum, assumed by the insurer under the insurance contract may be insured by him in full or in part at another insurer (insurers) under the contract of reinsurance concluded with the latter.
2. The rules envisaged by the Chapter and subject to application to the insurance of entrepreneurial risk shall be applied to the contract of reinsurance, unless the contract of reinsurance provides for otherwise. Under the contract of insurance (principal contract) the insurer who has concluded the contract of reinsurance shall be deemed to be an insurant in the latter contract.

3. In case of reinsurance the insurer shall remain liable to the insurant under the principal

insurance contract for the payment of insurance compensation or the insurance sum.
4. It shall be permissible to conclude two or several contracts of reinsurance.

On the reinsurance contracts, see also Letter of the Ministry of Finance of the Russian Federation No. 24-00/KP-52 of April 15, 2002

Article 968. Mutual Insurance

1. Individuals and legal entities may insure their property and other property interests, referred to in Item 2 of Article 929 of this Code, on a mutual basis by means of pooling necessary resources in mutual insurance societies.
2. Mutual insurance societies shall effect the insurance of property and other property interests of their members and shall be non-profit making organizations. The specific aspects of the legal status of the mutual insurance societies and the conditions of their activity shall be determined by the Law on mutual insurance in conformity with this Code.
3. The mutual insurance societies shall insure the property and property interests of their members directly on the basis of their membership, unless the societies' constituent documents provide for the conclusion of insurance contracts in these cases. The rules envisaged by this Chapter shall be applied to the insurance relations between the mutual insurance society and its members, unless otherwise stipulated by the Law on mutual insurance.
4. Obligatory insurance through mutual insurance shall be allowed in cases, provided for by the Law on mutual insurance.

5. Abrogated. Article 969. Obligatory State Insurance

1. The law may institute obligatory state insurance of the lives, health and property of civil servants of some categories for the purpose of ensuring the social interests of individuals and the interests of the State. Obligatory state insurance shall be effected at the expense of the financial resources, appropriated for these purposes from the corresponding budget to the ministries and other federal executive bodies (insurants).
2. Obligatory state insurance shall be effected directly on the basis of the laws and other legal acts on such insurance by state insurance companies and other state organizations (insurers), indicated in these acts or on the basis of insurance contracts, concluded by insurers and insurants in accordance with these acts.
3. Obligatory state insurance shall be paid to the insurers in the amount, defined by laws and other legal acts on such insurance.
4. The rules, envisaged by this Chapter, shall be applicable to obligatory state insurance, unless otherwise stipulated by the laws and other legal acts on such insurance and unless the contrary follows from the substance of relevant insurance relations.

Article 970. The Application of General Rules for Insurance to Special Types of Insurance

The rules, provided for by this Chapter, shall be applicable to the relations of insurance of foreign investments against non-commercial risks, marine insurance, medical insurance, insurance of bank deposits and pensions, unless the laws on these types of insurance stipulate otherwise.

On the marine insurance see Merchant Shipping Code of the Russian Federation No. 81-FZ of

April 30, 1999

On Insuring Natural Persons' Deposits Made with Banks of the Russian Federation, see Federal Law No. 177-FZ of December 23, 2003