On amending the Law of the Russian Federation
On Insurance Business in the Russian Federation

Enacted by the State Duma June 21, 2016
Approved by the Federation Council June 29, 2016

Article 1

Law of the Russian Federation dd. November 27, 1992 No. 4015-1 “On insurance business in the Russian Federation” (Bulletins of the Congress of People's Deputies of the Russian Federation and the Supreme Soviet of the Russian Federation, 1993, No. 2, art. 56; Corpus of Laws of the Russian Federation, 1998, No. 1, art. 4; 1999, No. 47, art. 5622; 2002, No. 12, art. 1093; No. 18, art. 1721; 2003, No. 50, art. 4855, 4858; 2004, No. 30, art. 3085; 2005, No. 10, art. 760; No. 30, art. 3101, 3115; 2007, No. 22, art. 2563; No. 46, art. 5552; No. 49, art. 6048; 2010, No. 17, art. 1988; No. 49, art. 6409; 2011, No. 30, art. 4584; No. 49, art. 7040; 2012, No. 53, art. 7592; 2013, No. 30, art. 4067; No. 52, art. 6975; 2014, No. 23, art. 2934; No. 30, art. 4224; 2015, No. 10, art. 1409; No. 27, art. 3946; No. 29, art. 4385; 2016, No. 22, art. 3094) shall be amended to read as follows:

1) “Its subsidiaries and the insurer's affiliates” in clause 2 of article 8 shall be replaced with “its subsidiaries and affiliates”;

2) New article 13¹ shall be added as follows:

“Article 13¹. National Reinsurance Company

1. National Reinsurance Company is set up as a joint-stock company with the aim of providing additional protection of property interests of insured and securing financial stability of insurers.

As of the date of its set up, National Reinsurance Company is 100 percent owned by the Bank of Russia.

2. No entity or group of entities as determined in accordance with Federal Law dd. July 26, 2006 No. 135-FZ “On protection of competition”, except for the Bank of Russia, is entitled to acquire more than ten percent of shares of National Reinsurance Company. Shares of National Reinsurance Company purchased in violation of the restriction set by this clause shall be sold in accordance with the laws of the Russian Federation within one month after the shareholder becomes or should reasonably become aware of such violation. Failing to meet this requirement, the shareholder (shareholders) forfeits (forfeit) the right to vote at the general shareholders' meeting of National Reinsurance Company with all shares in excess of ten percent of shares issued by National Reinsurance Company. Such shares will not be counted in the quorum of the general shareholders' meeting of National Reinsurance Company or in voting at the general shareholders' meeting of National Reinsurance Company.

3. The competence of the Board of Directors (Supervisory Board) of National Reinsurance Company shall include issues provided for in the Civil Code of the Russian Federation, Federal Law dd. December 26, 1995 No. 208-FZ “On joint-stock companies”, and include determination of forms and types of reinsurance, subject to the provisions of this Law, approval of the regulation on assessment and management of insurance risks, and the accounting policy of National Reinsurance Company, and making decisions regarding participation in reinsurance pools.

4. National Reinsurance Company sets up the reinsurance board to act as its collegial advisory body. The reinsurance board consists of participants of the insurance industry with at least ten years of experience in insurance (reinsurance),
members of associations of insurance entities, including professional associations, representatives of the professional community involved in educational or research activities in the insurance industry, and chief actuaries.

The setup procedures and the scope of activities of the reinsurance board are determined by the Articles of Association of National Reinsurance Company subject to the requirements of this Law.

5. Members of the reinsurance board cannot be the employees of shareholders of National Reinsurance Company, their affiliated entities or employees of their affiliated entities.

6. The priority areas of activity of National Reinsurance Company, the regulation on assessment and management of insurance risks, including amendments thereto, are put forward for discussion by the board of directors (supervisory board) of National Reinsurance Company after their consideration by the reinsurance board. The relevant details shall be published on the website of National Reinsurance Company in the Internet (website).”;

3) New article 13 shall be added as follows:

“Article 13. **Reinsurance of indemnity payment risks under insurance agreements protecting property interests of certain categories of persons**

1. National Reinsurance Company operates as a reinsurer in accordance with its reinsurance license, in particular, through participation in the activities of reinsurance pools prescribed by the federal laws governing specific types of compulsory insurance. National Reinsurance Company does not operate as an insurer.

2. National Reinsurance Company accepts ceded indemnity payment obligations under original contracts of insurance (reinsurance) of property interests of persons, which are:

1) Subject to restrictions, directly or indirectly related to the decisions of foreign public authorities or international organizations, which prevent their reinsurance outside the Russian Federation;
2) Owners of residential quarters having made insurance agreements with reinsured (insurer) against loss (destruction) of residential quarters as a result of force majeure including fire, flood, or other act of God, in the cases provided for in the laws of the Russian Federation.

3. The conditions for assuming obligations referred to in clause 2 of this article are determined in the reinsurance agreement made between the reinsured (insurer) and National Reinsurance Company, in particular, subject to the regulation on assessment and management of insurance risks, and the accounting policy of National Reinsurance Company.

4. The reinsured (insurer) shall cede, and National Reinsurance Company shall accept the obligation to pay indemnity as referred to in clause 2 of this article in the amount of ten percent of the ceded obligations, unless otherwise prescribed by the laws of the Russian Federation governing insurance (reinsurance) of property interests of persons indicated in sub-clause 2, clause 2, of this article. If the reinsured (insurer) cedes such obligations to other reinsurers (including organizations referred to in clause 11 of article 13 of this Law), the reinsurance conditions of the National Reinsurance Company shall be similar to the conditions applicable in case of ceding such obligations to other reinsurers. National Reinsurance Company, if assuming indemnity payment obligations, shall follow the instructions of the reinsured (insurer) in case of occurrence of an insured event and when making indemnity payment under the principle insurance (reinsurance) agreement.”;

4) New article 13 shall be added as follows:

“Article 13. Partial ceding of indemnity payment obligations to National Reinsurance Company

1. The reinsured (insurer) shall cede indemnity payment obligations to National Reinsurance Company under original insurance (reinsurance) agreements, including those coming within the scope of its obligatory reinsurance agreement, in the amount of ten percent of the indemnity payment obligations ceded except for the obligations that are:

1) Referred to in clause 2 of article 13 and in clause 8 of article 14 hereof;
2) Set by the federal laws governing specific types of compulsory insurance and subject to reinsurance through a reinsurance pool prescribed by the federal law governing specific types of compulsory insurance;

3) Applicable under insurance agreements made as part of the international systems of insurance of motor TPL with the participation of a professional association of insurers in accordance with Federal Law dd. April 25, 2002 No. 40-FZ “On compulsory motor TPL insurance.”

2. As regards the obligations referred to in clause 1 of this article, National Reinsurance Company is entitled to accept them in the amount specified in clause 1 of this article, or reduce their amount, or refuse to accept reinsurance thereof, according in particular by the regulation on assessment and management of insurance risks, and the accounting policy of National Reinsurance Company.

3. The obligation of the reinsured (insurer) provided for by clause 1 of this article shall be deemed fulfilled upon receipt by National Reinsurance Company of a respective offer (an offer to make a reinsurance agreement covering indemnity payment obligations under the original insurance (reinsurance) contracts of the reinsured (insurer) in the amount of ten percent of the ceded obligations and on the conditions agreed in accordance with the provisions of this article). National Reinsurance Company shall give a notice of acceptance, qualified acceptance or refusal to accept an offer of the reinsured (insurer) within a time period specified therein.

4. If National Reinsurance Company accepts noe more than ten percent of the indemnity payment obligations referred to in clause 1 of this article, the conditions of reinsurance of such obligations shall be similar to the conditions of reinsurance agreed with other reinsurers (including organizations referred to in clause 11 of article 13 of this Law). National Reinsurance Company, if it accepts indemnity payment obligations, shall follow the instructions of the reinsured (insurer) in case of occurrence of an insured event and when making indemnity payment under the original insurance (reinsurance) agreement.”;

5) Article 14¹ shall be supplemented with clauses 8 and 9 as follows:
“8. The obligations of the reinsured (insurer) provided for by clause 4 of article 13\textsuperscript{2} and clause 1 of article 13\textsuperscript{3} hereof can be fulfilled by ceding a part of such obligations to a reinsurance pool, in particular, a reinsurance pool set up according to this article with the participation of National Reinsurance Company.

9. The obligations of the reinsured (insurer) established by clause 4 of article 13\textsuperscript{2} and clause 1 of article 13\textsuperscript{3} hereof shall apply to reinsurance contracts made on behalf of insurance (reinsurance) pools set up with the participation of the reinsured (insurer).”

**Article 2**

1. This Federal Law shall become effective upon its official publication.


President of the Russian Federation V. Putin

Moscow, Kremlin
July 3, 2016
No. 363-FZ