

THE LAW OF THE KYRGYZ REPUBLIC

On organization of insurance in the Kyrgyz Republic

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Chapter 1 General provisions

Article 1. Insurance activity

Insurance activity is activity of licensed organizations on rendering services for premiums to individuals and legal entities where subject-matter of those services are certain agreed obligations of insurer in case of unknown occurrence with distribution of the risk among big number of persons subject to similar risk calculated on the basis of the principle of calculation of big numbers.

Article 2. Relationships regulated by this Law

1. This Law establishes the basic principles of the governmental regulation of the insurance activity.
2. This Law shall not apply to the governmental social insurance, other types of compulsory insurance and mutual insurance, as well as the insurance agreement which terms, conditions and procedure are regulated by the Civil Code of the Kyrgyz Republic and by the legal acts enacted on its basis.

Article 3. Concepts used in this Law

For the purposes of this Law the following concepts shall be used:

- insured - an individual or a legal entity who entered into insurance agreement with an insurance organization (insurer);
- insurer - a legal entity (insurance organization), being commercial organization and having special permission (license) for providing of certain type of insurance;
- insurance premium - agreed consideration which insured must pay to insurer in accordance with the procedure and the terms established in the insurance agreement;
- insurance tariffs - the tariffs, developed by insurer and used by him in determination of the amount of the insurance premium to be paid under the insurance agreement;
- amount covered - the sum within which limits the insurer undertakes to pay insurance indemnification under property insurance agreement or under personal insurance agreement;
- insurance indemnification - the amount paid by insurer under insurance agreement to indemnify the damage where insurance event occurs;
- insurance event - occurrence provided by insurance agreement or by law, after which arises the obligation of the insurer to make insurance payment to insured or beneficiary;
- insurance risk - supposed event, on which occurrence the insurance is made;
- insurance value - the value of the insured property specified in the insurance agreement between insurer and insured;
- insurance payments - insurance premium regularly paid by insured to insurer under insurance agreement;
- insurance reserves - the special monetary funds formed by insurers from the received insurance payments referred to corresponding types of insurance to secure the undertaken insurance obligations;
- beneficiary - person in whose favor the insurance agreement was made;
- reinsurance - insurance either partially or altogether against the risk of insurance indemnification under reinsurance agreement made with another insurer. In this case the insurer under insurance agreement (original agreement) who entered into reinsurance agreement is considered as insured in the reinsurance agreement;
- double insurance - insurance of the same property by two or more insurers;

coinsurance - insurance of one object under one agreement jointly by several insurers;
mutual insurance - insurance by individuals and legal entities of their property and other property interests on mutual basis by forming societies of mutual insurance and accumulating therein the necessary resources;
insurance pool - generally, the form of temporary combining together of number of independent insurance organizations for certain mission under a contract (agreement) on joint activity;
participants of insurance market - insurers, insured, insurance agents, insurance brokers, reinsurance brokers, reinsurance companies;
insurance agent - authorized representative of insurer acting on his behalf and under his instructions;
insurance broker - a person or a company carrying out insurance intermediary activity on his own behalf on the basis of instructions received from insured or insurer;
insurance intermediary - insurance agent, insurance broker, reinsurance broker.

Article 4. Insurers

1. Insurers are legal entities established in the organizational and legal form provided by this Law in order to carry out insurance activity and received in accordance with the established procedure the license to carry out insurance activity on the territory of the Kyrgyz Republic.
2. The legal entities which do not comply with the requirements of section 1 of this article shall have no right to carry out insurance activity.

Article 5. Interrelations between insurance organizations and the State

1. Insurance organizations shall not be liable under obligations of the State, and the State shall not be liable under obligations of the insurance organizations.
2. The State shall provide execution and protection of the property and other rights and legal interests of insurance organizations, and of the terms and conditions of free competition in carrying out insurance activity.
3. The interference of executive bodies into insurance activity shall be prohibited, except the Governmental insurance supervision agency of the Kyrgyz Republic.

Chapter 2 Formation and activity of insurance organizations in the Kyrgyz Republic

Article 6. Specific features of insurance organizations' formation

1. Insurance organization in the Kyrgyz Republic may be formed and act only in the form of joint stock company (either close or open type).
2. The founders and shareholders of an insurance organization may be legal entities and individuals - both residents and non-residents of the Kyrgyz Republic.
3. After getting license for insurance activity the insurance organizations may form on the territory of the Kyrgyz Republic and abroad:
 - subsidiary organizations;
 - branches and representative offices.
4. Classification of the types of insurance activity which the insurance organizations have the right to carry out, shall be developed by Governmental insurance supervision agency of the Kyrgyz Republic and shall be approved by the Government of the Kyrgyz Republic.

Article 7. Capital of insurance organization

1. The bulk of the capital of insurance organization shall be the authorized capital paid in full in the amount not less than the minimum authorized capital established by the Governmental insurance supervision agency of the Kyrgyz Republic.
2. Formation of the authorized capital shall be made in monetary form. The capital shall include only that authorized capital on which the insurance organization has no obligations on repayment of the funds contributed by the founders (shareholders).

3. The funds contributed by the founders (shareholders) into the authorized capital of the insurance organization may be received by them only through sale of their shares.

4. Before obtaining license for insurance transactions an insurance organization must form and deposit to its settlement account the minimum authorized capital.

5. Governmental insurance supervision agency of the Kyrgyz Republic shall have the right to issue normative acts on the issues related to formation and increase of an authorized capital of insurance organizations and to demand that insurance organizations keep the minimum capital, have liquid assets corresponding to the amount of the risks insured by them in accordance with the effective insurance agreements.

Article 8. Branches and representative offices of insurance organizations

1. Insurers shall have the right to open on the territory of the Kyrgyz Republic the branches and representative offices with notification within one month from the date of opening of the Governmental insurance supervision agency of the Kyrgyz Republic. The notification shall contain the postal and legal address of the branch and representative office, information on the managers, number of employees, the scope and the nature of the planned insurance activity, the samples of the official forms of the documents and stamps used by the branch and the representative office. The right to distribute the insurance reserve funds shall belong only to the main insurance organization.

Article 9. Insurance intermediaries

1. Insurers shall have the right to carry out insurance activity via insurance intermediaries (agents and brokers) in accordance with the Civil Code of the Kyrgyz Republic.

2. Insurance brokers may carry out activity related to insurance only after obtaining permission and registration in the Registry of the Governmental insurance supervision agency of the Kyrgyz Republic.

3. Insurance organizations shall have the right to cooperate only with the insurance brokers registered in the Registry of the Governmental insurance supervision agency of the Kyrgyz Republic.

4. The Governmental insurance supervision agency of the Kyrgyz Republic shall have the right to issue normative acts establishing the requirements to the level of qualification of the insurance intermediaries and to the financial reliability of the brokers.

5. The insurers of the Kyrgyz Republic within the limits of the volumes established by the Governmental insurance supervision agency of the Kyrgyz Republic may reinsure their risks directly with the foreign reinsurers including the foreign insurance and reinsurance broker organizations registered as legal entities in the country of their location.

6. The intermediary insurance activity related to conclusion of insurance agreements on behalf of foreign insurance organizations on the territory of the Kyrgyz Republic shall not be allowed.

Article 10. Associations of insurers

1. Insurers may form unions, associations and other entities to coordinate their activity, protect the interests of their members and to carry out joint programs, provided that their formation does not contradict to the law of the Kyrgyz Republic.

These associations of insurers shall not have the right to carry out insurance activity directly.

2. Insurers shall have the right to create insurance pools in the form of ordinary partnership in accordance with the Civil Code of the Kyrgyz Republic. The Governmental insurance supervision agency of the Kyrgyz Republic shall be authorized to issue normative acts regulating specific features of the insurance pools formation.

Article 11. Licensing of insurance activity

1. Insurance organization shall receive the status of legal entity from the moment of its state registration in accordance with the law of the Kyrgyz Republic.

2. In order to start its activity the insurance organization must obtain license for insurance activity in accordance with the established procedure for the fee which amount is established by law of the Kyrgyz Republic.

3. The Governmental insurance supervision agency of the Kyrgyz Republic shall maintain the Registry of insurance organizations which received license for insurance activity.

4. Separate license shall be given for each type of insurance. Insurers and reinsurers shall have the right to carry out insurance activity only in respect of the types of insurance which are expressly specified in the license.

5. The licenses shall have unlimited effective term unless otherwise provided in the license, and shall be effective on all the territory of the Kyrgyz Republic.

Regulations on procedures for licensing of insurance activity in the Kyrgyz Republic may provide for the cases where an applicant may be given temporary license.

6. The license for insurance activity may be given to an insurance organization only in case where members of its management, chief accountant and auditor comply with the criteria of reliability and correspond to the qualification requirements established by the Government of the Kyrgyz Republic.

7. The licenses for insurance activity shall be personal (subject to no alienation) and shall not be subject to transfer to third parties.

8. The licenses for insurance activity shall be issued on the basis of the documents submitted by an insurance organization, which list and requirements thereto are established by this Law.

9. The Governmental insurance supervision agency of the Kyrgyz Republic shall consider the applications of legal entities for the licenses within the period of 30 days from the moment of receipt of the documents specified in article 12 hereof.

10. An insurer must inform the Governmental insurance supervision agency of the Kyrgyz Republic on the changes made in the founding documents within one month from the moment of registration of these changes in accordance with the established procedure.

Article 12. Documents needed to obtain license

1. To receive license for insurance activity an insurer shall submit the following documents:

- application in the established form;
- founding agreement, charter of the insurance organization, minutes of the meeting of the founders on enactment of the charter, approval of the assignment of members of the directors' council, officials of the executive body of the insurance organization and the chief accountant;
- copy of the state registration certificate;
- information on the amount of the paid authorized capital;
- business-plan of the activity of the insurance organization in which the ways to achieve the goals provided by the charter are specified;
- terms and conditions (rules) of insurance;
- insurance tariffs;
- information on the shareholders of the insurance organizations possessing 10 and more percent of the shares of the insurance organization;
- list of the members of the council of directors of the insurance organization specifying the chairman and his deputy and containing their full names and addresses;
- list of members of the board of the insurance organization specifying the chairman of the board and his deputy, and containing the full names and addresses of each person and the information on their compliance with the requirements of reliability and qualification;
- in respect of the chief accountant and the internal auditor the information confirming the level of education and the previous labor experience is needed;
- copy of payment order or receipt of credit cash order on payment of the license fee.

2. Insurers whose only activity is reinsurance shall submit the following documents:

- application in the established form;
- founding agreement, charter of the insurance organization, minutes of the meeting of the founders on enactment of the charter, approval of the assignment of members of the directors' council, officials of the executive body of the insurance organization and the chief accountant;
- copy of the state registration certificate;
- information on the amount of the paid authorized capital;
- information on the shareholders of the insurance organizations possessing 10 and more percent of the shares of the insurance organization;
- list of the members of the council of directors of the insurance organization specifying the chairman and his deputy and containing their full names and addresses;
- list of members of the board of the insurance organization specifying the chairman of the board and his deputy, and containing the full names and addresses of each person and the information on their compliance with the requirements of reliability and qualification;
- in respect of the chief accountant and the internal auditor the information confirming the level of education and the previous labor experience is needed;
- copy of payment order or receipt of credit cash order on payment of the license fee.

3. In addition to the documents specified in sections 1 and 2 of this article the Governmental insurance supervision agency of the Kyrgyz Republic may demand the following documents from the insurance organization which is formed with participation of the following entities:

a) foreign insurance company:

- resolution of the corresponding body of a foreign insurance company on its participation in formation of the insurance organization on the territory of the Kyrgyz Republic;
- legal written confirmation of the authorized body of the corresponding foreign state that the foreign insurance company, - the founder, - has the valid license for insurance activity with specification of the types of the insurance activity;
- officially published balances for three previous years;

b) foreign citizens:

- report of an audit organization on financial state of this person or another official document confirming its financial well-being.

4. An active insurance organization in order to receive license for additional type of insurance shall submit the following documents:

- application in the established form;
- terms and conditions (rules) of insurance;
- insurance tariffs;
- copy of payment order or receipt of credit cash order on payment of the license fee.

5. The list of documents and requirements to receive license for insurance activity may be extended in accordance with the established procedure.

Article 13. Requirements to business-plan of insurance organization

1. Business-plan of insurance organization must disclose the strategy, directions and scope of activity of the insurance organization to be formed showing its potential to fulfill its obligations.

In addition to that the business-plan must include:

- information on what types of insurance the insurance organization will perform, its general and specific terms and conditions of insurance;
- tariffs on all the types of insurance;
- calculations in respect of amount of risk subject to indemnification;
- information on actually formed amount of the authorized capital;
- basic provisions of the policy of risks' reinsurance;
- estimated amount of costs related to management of the insurance organization and creation of the network of its representatives;
- estimated value of the commissions and other current costs in connection with the insurance activity for the first year of the activity, the expected sums of insurance premiums and insurance indemnification, the expected situation on liquidity;
- calculations on formation of the insurance reserves, their distribution and supposed profitability.

Article 14. Grounds for license issue refusal

1. The Governmental insurance supervision agency of the Kyrgyz Republic shall have the right to refuse the issue of the license for insurance activity for one of the following reasons:

- non-compliance of the documents attached to the application with the requirements of the law of the Kyrgyz Republic;
- failure to present the documents in full volume established by this law;
- non-compliance of the candidates to the key positions in the insurance organizations to the requirements of reliability and qualification;
- failure to pay the minimum amount of the authorized capital by the moment of taking the decision on issue of the license;
- failure to pay the fee for issue of the license;
- on other grounds provided by the law of the Kyrgyz Republic.

2. On its refusal to issue the license the Governmental insurance supervision agency of the Kyrgyz Republic shall inform the applicant in written form specifying the reasons to refuse.

Article 15. Ban on activity not related to insurance

Insurance organizations shall have no right to carry out any other activity except:

- that which is specified in the license;
- that which is needed to carry out the activity of the insurance organization in accordance with the law of the Kyrgyz Republic.

Article 16. Information for insured

1. Insurer must provide to insured the clear information which shall include the following:
 - name, address, organizational and legal form and the location of the insurer;
 - rules of insurance for available types of insurance and the effective tariffs;
 - the terms for which the insurance agreements are concluded;
 - the terms and conditions of the effect and termination of the insurance agreement;
 - address of the insurance supervision body whereto the insured may bring his complaints in respect of the insurer.
2. Within the effective term of the insurance agreement the insurance organization in case of change of its name, address, organizational and legal form and location of the insurer must inform the insured on that in written form.

Chapter 3 Provision of financial stability of insurer

Article 17. Conditions of provision of financial stability of insurers

The financial stability of insurers is provided by availability of the fully paid authorized capital, formed insurance resources, system of reinsurance and by compliance of the insurers with the norms effective in the Kyrgyz Republic.

Article 18. Guarantees of insurers' solvency

1. In order to provide their solvency the insurers must follow the norms of solvency and the norms of maximum liability on insurance of certain risks proceeding from the amount of their own resources.
The methods of calculation of the said norms and their amounts shall be developed by the Governmental insurance supervision agency of the Kyrgyz Republic.
2. The insurers who have taken obligations in the volumes exceeding their ability to fulfill these obligations on account of their own money and insurance resources - must insure the risk of fulfillment of the corresponding obligations with reinsurers.

Article 19. Resources to be formed by insurance organization

1. In order to secure the fulfillment of taken insurance obligations the insurers shall form insurance resources needed for future insurance indemnification for certain types of insurance before taxes from the received insurance premiums.
2. The Governmental insurance supervision agency of the Kyrgyz Republic shall determine the method of calculation and the procedure for formation of the compulsory insurance resources to be formed by insurer and designed to secure the insurance indemnification payments.
3. The insurance reserves of one type of insurance can not be used to secure the obligations under insurance agreements of another type of insurance.
4. The insurance reserves shall be formed in the currency in which the insurance is made including also the freely convertible currency.
5. From the proceeds left after payment of taxes and coming into disposal of insurers they may form other reserves required to provide their activity.
6. The insurance reserves formed by insurers shall not be subject to taking to the state or local budgets.

Article 20. Distribution of insurance reserves

1. Insurers shall have the right to dispose (invest) the insurance reserves and to render temporary financial assistance to insured who concluded personal insurance agreements within the limits of amounts covered by these agreements.
2. Distribution of insurance reserves shall be made by insurers in compliance with the principles of reliability, returnability, profitability, liquidity and diversification.

3. To the extent of limitations established by the Governmental insurance supervision agency of the Kyrgyz Republic the investment of insurance resources may be made outside of the territory of the Kyrgyz Republic.

Article 21. Insurance currency

1. Payment of insurance premium and payment of insurance indemnification may be made both in national and foreign currency.

2. Where the insurance premium is paid in foreign currency the amount covered (insurance indemnification) may be paid in soms under agreement between the parties.

Chapter 4 Records keeping and reporting in insurance organizations

Article 22. Records keeping and reporting in insurance organizations

1. Insurance organizations must keep accounting in accordance with the law of the Kyrgyz Republic.

2. Insurance organizations must annually submit to the Governmental insurance supervision agency of the Kyrgyz Republic the balance and the profit and losses report, as well as the operations and other statistical reports on the insurance activity in accordance with the form and within the terms established by the Governmental insurance supervision agency of the Kyrgyz Republic.

3. Insurance organizations shall be liable in accordance with the law of the Kyrgyz Republic for authenticity and completeness of the reporting and submitted information.

Article 23. Audit of insurance organization

1. Permanent internal audit shall be performed in insurance organization, and the authority of that audit shall include confirmation of authenticity of financial statements, supervision over the accuracy of the calculations, reasonableness of the formation and use of insurance resources, reasonableness of the established insurance tariffs.

The executive body of the insurance organization must provide to the auditor access to all the information required to fulfill the tasks assigned to him.

2. Activity of insurance organization shall be subject to annual revision by external audit organizations.

Audit of insurance organization must correspond to the minimum criteria for audit of an insurance organization established by the Governmental insurance supervision agency of the Kyrgyz Republic.

Article 24. Publication of main indicators of activity of insurance organization

Insurance organization shall publish in mass media an annual report including the balance and the profit and losses report in the form and within the terms established by the Governmental insurance supervision agency of the Kyrgyz Republic after confirmation by an external audit company of the authenticity of the information given in that report and after approval of the annual balance and of the profit and losses report by the annual shareholders meeting.

Article 25. Record keeping and storage of documents

1. Insurance organization must provide strict record keeping and storage of documents used in accounting and in preparation of the reports.

2. List of main documents subject to storage and the terms of their storage shall be established by the Governmental insurance supervision agency of the Kyrgyz Republic.

Chapter 5 Governmental insurance supervision

Article 26. Governmental supervision over insurance activity in the Kyrgyz Republic

1. Governmental supervision over the insurance activity on the territory of the Kyrgyz Republic and regulation of the issues of insurance activity shall be provided by the Governmental insurance supervision agency of the Kyrgyz Republic.

2. The main functions of the Governmental insurance supervision agency of the Kyrgyz Republic shall be determined by the regulations subject to approval by the Government of the Kyrgyz Republic.

3. The Governmental insurance supervision agency of the Kyrgyz Republic shall have the right:

- a) to receive from insurers the established reports on insurance activity and information on their financial state;
- b) to check the compliance by insurers with the requirements of the law of the Kyrgyz Republic on insurance and authenticity of the reports submitted by them;
- c) to supervise the activity of insurance organizations in accordance with the procedure established by the Government of the Kyrgyz Republic;
- d) in case of violations by insurance organizations of the requirements of the law on insurance activity - to issue orders to the insurers on removal of such violations, and in case of failure of the insurers to fulfill such orders - to suspend or restrict the effect of licenses of these insurers till removal of the discovered violations or to take a decision on cancellation of the licenses;
- e) to start the process of liquidation of insurance organization in case of its insolvency in accordance with the law on bankruptcy.

4. The Governmental insurance supervision agency of the Kyrgyz Republic shall have no right to regulate:

- a) the amounts of insurance payments except the compulsory insurance;
- b) the amounts covered except the compulsory insurance.

Article 27. Improvement of financial situation of problem insurance organization

1. In case of worsening of financial situation of an insurance organization the Governmental insurance supervision agency of the Kyrgyz Republic shall have the right to bring shareholders attention to the question of the necessity of financial improvement including the requirement on use of one or number of the following measures:

- 1) submission by the insurance organization of a reasonable letter of obligation on improvement of the financial situation;
- 2) sending to the insurance organization of a written warning;
- 3) assignment of a qualified consultant (adviser);
- 4) introduction of direct supervision;
- 5) assignment of temporary administration on management of the insurance organization.

2. Submission of a reasonable letter of obligation on improvement of financial situation shall mean sending by the insurance organization to the Governmental insurance supervision agency of the Kyrgyz Republic of a written notice in which the specific shortcomings in the activity of the insurance organization are recognized and the ways to remove these shortcomings are pointed out.

3. The warning to the insurance organization shall be made by the Governmental insurance supervision agency of the Kyrgyz Republic where it is necessary to inform the insurance organization that it violates certain norms and rules or is engaged in the activity threatening to its stability and reliability, and in order to warn this organization that in future more serious measures may be taken against it.

4. The Governmental insurance supervision agency of the Kyrgyz Republic may assign a qualified employee responsible for advising the problem insurance organization on taking necessary measures to correct the existing situation in the insurance organization. In this case all the expenses related to advising the insurance organization shall be paid by the said insurance organization.

5. Direct supervision shall be introduced in cases where by opinion of the Governmental insurance supervision agency of the Kyrgyz Republic the insurance organization acts in a risky way, and such activity may affect the good state of the insurance organization, but at the same time there are no grounds to assign temporary administration or to cancel the license of the insurance organization for insurance activity. Direct supervision shall be introduced by assignment of an authorized inspector.

6. Temporary administration of insurance organization may be introduced by the Governmental insurance supervision agency of the Kyrgyz Republic in the following cases:

- establishment of facts of violations in the activity of the insurance organization related to inability of the management of the insurance organization to organize the work of the insurance organization in compliance with the law;
- involvement of the insurance organization into illegal activity;
- unsatisfactory financial state of the insurance organization;
- rise of disagreement between the governing bodies of the insurance organization which disorganize its work;

- loss of control over the insurance organization in connection with the change of the management of the insurance organization;
- violation of law by officials of the insurance organization;
- institution of criminal proceeding in respect of managers and officials of the insurance organization or start of criminal investigation in respect of them.

7. Assignment of temporary administration shall mean transfer of all the powers on management of the insurance organization to the person assigned by the Governmental insurance supervision agency of the Kyrgyz Republic. In this case all the costs related to the assignment of the temporary administrator shall be paid by the insurance organization.

8. Temporary administration of an insurance organization shall terminate its effect by decision of the Governmental insurance supervision agency of the Kyrgyz Republic after removal of the circumstances caused the necessity to introduce the temporary administration.

Article 28. Grounds for suspension and revocation of license

1. The Governmental insurance supervision agency of the Kyrgyz Republic shall have the right to suspend the effect of licenses for certain types of insurance or to revoke the license for insurance activity for the following reasons:

- the insurance organization fails to fulfill obligations on payment of insurance indemnification to insured;
- the insurance organization repeatedly violates the law of the Kyrgyz Republic which regulates the insurance transactions;
- the insurance organization does not take measures to improve the financial situation;
- the activity which is prohibited by this law is carried out;
- within 12 months after obtaining the license the insurance organization fails to start its activity on this type of insurance.

Article 29. Specific features of liquidation of insurance organization

1. Liquidation of a solvent insurance organization under decision of its shareholders shall be made after preliminary notification and under supervision of the Governmental insurance supervision agency of the Kyrgyz Republic.

2. In case of liquidation of a solvent insurance organization the shareholders, with the consent of the Governmental insurance supervision agency of the Kyrgyz Republic, may take a decision on transfer of the contents of the insurance activity under effective insurance agreements to another insurance organization. In this case to the assignee together with the contents of the insurance activity shall be transferred also the rights and obligations of the assignor in respect of the insured, beneficiaries and all other persons having rights and obligations under the said insurance agreements.

3. Liquidation of insolvent insurance organization shall be made in accordance with the law on bankruptcy with the account of specific features provided by this law.

4. In case of insolvency the insurance organization must immediately notify on that the Governmental insurance supervision agency of the Kyrgyz Republic.

5. Insured and other creditors in case of default of insurance organization shall submit request on recognition of the insurance organization as bankrupt to the Governmental insurance supervision agency of the Kyrgyz Republic.

6. The Governmental insurance supervision agency of the Kyrgyz Republic after receipt of the request from creditors on recognition of insurance organization as insolvent shall have the right on the basis of the analysis of the results of financial and economic activity of the insurance organization to bring action to court on start of a bankruptcy procedure in respect of the insurance organization or on assigning the status of temporary closed to that organization.

7. Creditors shall have the right to apply to court with the request to suspend the decision of the Governmental insurance supervision agency of the Kyrgyz Republic on assigning the status of temporary closed to the insurance organization and to start the process of bankruptcy in accordance with the law.

8. Where court makes judgment on bankruptcy of insurance organization, the special administrator (liquidator) must fulfill on the account of estate of the insurance organization first of all the requirements of the effective insurance agreements on return to insured those parts of insurance premiums which refer to the time left before the end of the effective term of insurance agreements.

Under the life insurance agreements the liquidator must pay to insured under the effective agreement from the estate of the insurance organization first of all the money in the amount of that part of reserve fund which fall on that agreement.

Article 30. Secrecy of insurance and commercial secret of insurer

Employees of the Governmental insurance supervision agency of the Kyrgyz Republic shall have no right to disclose the information which became known to them due to their official position and which constitutes a commercial secret of insurer, as well as other information referred to insurer and his clients.

Article 31. Financial provision of Governmental insurance
supervision agency of the Kyrgyz Republic

Financing of the activity of the Governmental insurance supervision agency of the Kyrgyz Republic shall be made on the account of the state budget of the Kyrgyz Republic and deductions of insurance organizations from the insurance premiums in the amount established by the Government of the Kyrgyz Republic.

Article 32. On entering this Law into effect

1. This Law shall become effective from the moment of its publication.

2. It shall be established that insurance organization which have been registered before enactment of this Law in the organizational and legal form different from that provided by this Law must before 31 December 1998 be transformed into joint-stock companies and be reregistered in accordance with the established procedure.

3. Article 29 of this Law shall be effective pending the changes and amendments in the Law of the Kyrgyz Republic "On bankruptcy (insolvency)" are made establishing specific features for bankruptcy of insurance organizations in accordance with the provisions of this Law.

4. The following legal acts shall be considered repealed:

- The Law of the Kyrgyz Republic "On insurance in the Republic of Kyrgyzstan" (Vedomosti of the Supreme Soviet of the Republic of Kyrgyzstan, 1991, # 22, Article 681);

- Resolution of the Supreme Soviet of the Republic of Kyrgyzstan "On entering into effect the Law of the Republic of Kyrgyzstan "On insurance in the Republic of Kyrgyzstan" (Vedomosti of the Supreme Soviet of the Republic of Kyrgyzstan, 1991, # 22, Article 682).

President of the Kyrgyz Republic A.Akaev

Enacted by Legislative Assembly
of Jogorku Kenesh of the Kyrgyz Republic June 30, 1998