

LAW OF THE AZERBAIJAN REPUBLIC

ON COMPULSORY INSURANCES

The present Law shall set out general principles of implementation of types of compulsory insurance in the Azerbaijan Republic as well as procedures and terms and conditions of their fulfilment in order to regulate legal and economic relations between insurers, policy holders, insured persons and beneficiaries and protect their rights and interests in the field of compulsory insurance of real property, compulsory insurance of civil liability of motor vehicle owners, compulsory civil liability insurance associated with the use of the real property and compulsory personal accident insurance of passengers in the Azerbaijan Republic.

I. GENERAL CHAPTER

Part 1. INTRODUCTORY PROVISIONS

Article 1. General provisions

1.1. Except for cases which stipulate different provisions in other laws related to separate types of compulsory insurance, General Chapter of the present Law shall set out basic principles and provisions to be applied in respect of relations for the types of compulsory insurance.

1.2. Provisions of the Special chapter of the present Law shall only apply to the type of compulsory insurance which is defined by the respective parts of the present chapter.

1.3. Unless otherwise provided in the present Law, explanation of used concepts shall be determined by the Civil Code of the Azerbaijan Republic and the Law of the Azerbaijan Republic «On Insurance Activity».

1.4. Except as otherwise stipulated in the present Law relations arising from implementation of types of compulsory insurance stipulated in the present Law, shall be regulated by the Civil Code of the Azerbaijan Republic and the Law of the Azerbaijan Republic «On Insurance Activity».

Article 2. Legislation on compulsory insurances

Legislation of the Azerbaijan Republic on compulsory insurances consists of the Constitution of the Azerbaijan Republic, the Civil Code of the Azerbaijan Republic, the Law of the Azerbaijan Republic «On Insurance Activity», the present Law, international treaties which the Azerbaijan Republic is a Party to and other normative legal acts.

Article 3. Principles of compulsory insurance

3.1. Basic principles of compulsory insurance stipulated in the present Law shall be as follows:

3.1.1. application and compulsion of compulsory insurance in respect of any person interested in relevant type of insurance;

3.1.2. guarantee of protection of persons whose health were injured and/or property was damaged as a result of insurance accidents in the volume and under procedure stipulated in the present Law;

3.1.3. stimulation of prevention of events entailing insurance accidents;

3.1.4. elimination of results of insurance accidents as well as guarantee of use of insurance payments exclusively for such purposes;

3.1.5. provision of financial stability in the insurance operations through multiple financial provision mechanism;

3.1.6. provision of unified methodological approach to the conduct of operations for types of compulsory insurance stipulated in the present Law.

Article 4. Purpose, implementation and area of application of compulsory insurance

4.1. Types of compulsory insurance stipulated in the present Law shall apply in order to ensure an reimbursement for damage caused to natural and legal persons with regard to their property interests.

4.2. Loss of income of persons occurred as a result of insurance accidents shall not be included into compulsory insurance coverage.

4.3. Insurance of property interests associated with any property (building, construction, motor vehicle, device, installation, equipment etc.) in emergency or useless state for the purposes of the present Law shall be prohibited.

4.4. Implementation of any type of compulsory insurance stipulated in the present Law shall be carried out on the basis of relevant permission issued by the insurance supervision authority to the insurer.

4.5. Additional requirements for granting of permission for implementation of types of compulsory insurance shall be determined by the insurance supervision authority.

4.6. Unless otherwise stipulated in the Special chapter of the present Law, insurance coverage for compulsory insurance agreements shall be in force in the territory of the Azerbaijan Republic.

Article 5. Insurer and policy holder

5.1. Insurer shall be a legal person which has a license to carry out insurance activity in the Azerbaijan Republic and which was granted a permission to implement a certain type of compulsory insurance stipulated in the Special chapter of the present Law.

5.2. Under a relevant part of the Special chapter of the present Law, policy holder shall be a natural or legal person which should insure, on compulsory basis, respective property interests and which is a party to compulsory insurance agreement concluded with the insurer.

5.3. Policy holders shall be free to select any insurer having license to carry out a type of compulsory insurance for conclusion of insurance agreement.

Article 6. Insured person, beneficiary and victim

6.1. Insured person shall be a person, whose property interests are insured under compulsory insurance agreement: a person, in favour of whom compulsory insurance agreement is concluded (is included into category of insured persons) – in compulsory personal accident insurance agreement, a person having property in his/her ownership or actual possession – for property insurance, a person determined on a basis Article 6.2 of the present Law – for civil liability insurance.

6.2. Any person legally using a property indicated in compulsory civil liability insurance agreement as well as policy holder on the moment of use of that property shall be deemed to be insured.

6.3. Relevant provisions of the Special chapter of the present Law shall provide exact category of insurers and insured persons for each type of compulsory insurance.

6.4. Beneficiary shall be a person who should be provided with insurance payment in accordance with the Civil Code of the Azerbaijan Republic, this Law and/or terms and conditions of insurance agreement. Beneficiary under Compulsory personal accident insurance of passengers shall be an insured person, in case of his/her death – his/her family members, in case absence of these persons, then other legal successors stipulated in Article 1159 of the Civil Code of the Azerbaijan Republic; beneficiary under civil liability insurance shall be third party, in case of his/her death – family members (assignee in case if third party is a legal person).

6.5. Family members of insured person or third party acting in the capacity of beneficiary, as provided in Article 6.4 of the present Law, shall be entitled to equal shares in receipt of insurance payment.

6.6. Victim under personal accident insurance shall be an insured person, who was injured and a third party, whose property and/or health was damaged, in case of civil liability insurance.

6.7. Victim under real property insurance is any person who has property interests in respect of any loss or property damage in the result of insurance accident, whether he/she is an owner of this property or not.

6.8. Victim under personal insurance is any person who is injured in the result of insurance accident, in case of his/her death – his/her family members.

6.9. For purposes of the present Law “family members” shall mean children of the dead person (adopted children), child born after the death of person, dead person’s wife (husband), parents (adoptive parents).

Article 7. Third parties

Except of policy holder’s and insured person’s family members, third parties under compulsory civil liability insurance shall be natural persons, in case of their death - family members, or legal persons, or their assignees who suffered in result of act or inaction of insured person and are not Parties to respective compulsory agreement and who has a right to receive an insurance payment.

Article 8. Compulsory insurance agreement

8.1. Compulsory insurance agreement shall be an agreement to be concluded between insurer and policy holder for provision of compulsory insurance through issuance of relevant compulsory insurance policy to policy holder (insured persons in other cases).

8.1-1. Agreement shall be effective only in case of its conclusion through the information system provided in the present Law and its existence in the information resource of that system.

8.2. Unless otherwise provided in the Special chapter of the present Law, compulsory insurance agreement shall be concluded for the period of 1 year.

8.3. Where, with regard to relevant property, compulsory insurance agreement on receipt of compulsory insurance coverage stipulated in the present Law is concluded and unless otherwise provided in the Special chapter of the present Law, conclusion of new compulsory insurance agreement until the expiration of the agreement, in case of change of property owner within the validity period of the agreement, including legal transfer of property for lease to another person or for other purposes, shall not be required. In such case, all rights and obligations referred to policy holder under the present Law shall apply to a new owner or user of the property.

8.4. Policy holder shall not be exempted from the obligation to conclude relevant compulsory insurance agreement, if insurance coverage for any type of compulsory insurance indicated in the Special chapter of the present Law is fully or partially stipulated in the voluntary insurance agreement.

8.5. Unless otherwise provided in the Special chapter of the present Law, compulsory insurance agreement shall be terminated in cases and through procedures provided in Articles 919-921 of the Civil Code of the Azerbaijan Republic. In case of termination of compulsory insurance agreement, policy holder shall be obliged to conclude new compulsory insurance agreement for the relevant type of insurance.

8.6. Unless otherwise provided in the present Law, franchise shall not be provided for compulsory insurance agreement.

Article 9. Compulsory insurance policy

9.1. Compulsory insurance policy shall be a document certifying the fact of conclusion of compulsory insurance agreement.

9.2. Compulsory insurance agreement shall be concluded through the handing of relevant agreement by the insurer to the policy holder or insured person.

9.3. Form of compulsory insurance policy blank, rules of its printing and completion shall be determined insurance supervision authority for each type of compulsory insurance taking into account requirements related to the content of insurance policy stipulated in the Civil Code of the Azerbaijan Republic.

9.4. Insurance policy shall be issued on the day of payment of insurance premium and within the period of 3 working days from the moment of payment of insurance premium in case of group insurance.

9.5. Canceled;

9.6. In case of termination of compulsory insurance agreement, relevant compulsory insurance policy shall be returned to insurer.

Article 10. Compulsory insurance amount

10.1. Insurance amount shall be a final limit of insurer's obligations expressed in the amount stipulated in the present Law, for which the insurance object is insured.

10.2. Total sum of insurance payment granted by the insurer under one insurance accident within the period of validity of compulsory insurance agreement may not exceed compulsory insurance amount.

10.3. Insurance amounts for each type of compulsory insurance shall be determined by the parts of the Special chapter of the present Law.

10.4. Unless otherwise provided in the Special chapter of the present Law, insurance amount under compulsory insurance agreement shall be deemed to be reduced at the rate of relevant insurance payment and shall be subject to recovery from the moment of issuance of payment date in accordance with Article 11.2 of the present Law.

Article 11. Premium for compulsory insurance

11.1. Premium for compulsory insurance shall be paid to insurer as a lump-sum through cash or cashless settlement.

11.2. When policy holder does not wish to terminate insurance agreement during the issuance of insurance payment to policy holder except for case stipulated in Article 56.2 of this Law, additional insurance premium, which is subject to payment for recovery of insurance amount, shall be deducted from the insurance amount.

Article 12. Distribution of insurance premiums

12.1. Insurance reserves shall be formed from premiums charged for compulsory insurance premiums, as indicated in Article 81.8 of the Law of the Azerbaijan Republic "On insurance activity" and taking into account compulsory deductions stipulated in Article 12.2 of the present Law.

12.2. In addition to charges from insurance premiums, provided in Article 96.1 of the Law of the Azerbaijan Republic "On insurance activity" and paid under compulsory insurance agreements, deduction in the amount of 1 percent to preventive measures fund stipulated in Article 26 of the present Law, as well as other deductions in cases stipulated in Articles 28.3, 30.1, 30.3 and 31.1 of the present Law shall be made.

12.3. Unless otherwise provided in the law, compulsory deductions stipulated in Article 12.2 of the present Law should be transferred to the respective accounts for each quarter of the fiscal year within the period of 20 days upon completion of that quarter.

12.4. Insurer may spend up to 20 percent of collected insurance premiums for transaction expenses, where up to 15 percent for commission granted for insurance mediation services.

Article 13. Insurance accident

13.1. Insurance accident for types of compulsory insurance shall be events and circumstances stipulated in the Special chapter of the present Law which take place within the validity period of the agreement and shall be a ground for reimbursement for damage caused to insured person or third party in the result of use of property or implementation of activity indicated in the relevant compulsory insurance agreement.

13.2. For purposes of the present Law, insurance accident in compulsory civil liability insurance shall be a fact of occurrence of civil liability of policy holder or insured person for reimbursement of personal injuries and/or property damage of third parties as a result of use of insured property (building, construction, motor vehicle, device, installation, equipment etc.) indicated in the relevant insurance policy.

13.3. For purposes of the present Law, insurance accident under compulsory personal accident insurance shall be personal injury of insured person in a result of accident occurred in cases stipulated in the relevant insurance agreement.

13.4. Irrespective of the person, in whose name the insurance policy was issued, insurance coverage under personal accident or civil liability insurance shall apply to the relevant circumstances and events occurred in a result of act or inaction of any person who was legally and using a property indicated in the relevant insurance agreement.

13.5. Insurer shall submit the written insurance claim form to insured person and/or beneficiary within 3 working days from the moment of submission of verbal information about occurrence of circumstance which may be recognized as an insurance accident.

Article 14. Personal injuries

14.1. For the purposes of the present Law, personal injuries of insured person under personal accident insurance or third parties under civil liability insurance shall be the following:

14.1.1. light, less serious or serious injury of a person;

14.1.2. full or partial loss of work ability (disability);

14.1.3. death of a person.

14.2. Reimbursement for injury of insured person or third parties in a result of insurance accident shall be made in the following proportions of insurance amount :

14.2.1. death of victim, including his/her death within the period of 3 years from the moment of occurrence of insurance accident as a result of injury, disease, poisoning or contusion – 100 percent;

14.2.2. declaration of victim as a dead in accordance with court decision entered into legal force – 100 percent;

14.2.3. assignment of disability group or determination of restricted health capacity to victim within the period of 3 years from the moment of occurrence of insurance accident as a result of injury, poisoning or contusion:

14.2.3.1. 80 percent for 1st group of disability or restricted health capacity until reaching the age of 18 years old;

14.2.3.2. 60 percent for 2nd group of disability or restricted health capacity for the period of five years;

14.2.3.3. 40 percent for 3rd group of disability or restricted health capacity for the period of two years or the period from six months to two years.

14.2.4. 30 percent for less serious or serious injury without assignment of disability group or restricted health capacity;

14.2.5. light injury – 15 percent.

14.3. For purposes of the present Law and other laws regarded to separate types of compulsory insurance, list of serious, less serious and light injuries shall be defined by the relevant body of executive power.

Article 15. Property damage

15.1. Property damage under types of compulsory insurance shall be a damage of the property, destruction of the property, its loss or property damage interests in any other way.

15.2. Where the repair or restoration of property, which is damaged, seems to be impossible or unprofitable for technical or other reasons, it shall be deemed to be destructed.

15.3. Amount of property damage shall consist of the following:

15.3.1. expenses incurred directly from the repair or restoration of the property which is damaged or its cost immediately prior to occurrence of insurance accident, if that property is deemed to be destructed;

15.3.2. expenses related to demolition and move of buildings, installations, equipment to other place in order to reduce damage;

15.3.3. expenses related to transportation of property which is damaged as well as collection and transportation of its remains;

15.3.4. other expenses incurred in a result of measures taken in order to reduce damage during the insurance accident.

Article 16. Determination of damage

16.1. Compulsory assessment of damage caused in a result of insurance accident to the state and municipal property shall be provided by the insurer.

16.2. Insurer shall determine an amount of damage caused in a result of insurance accident directly itself or through its relevant person appointed according to the requirements of Article 10.10 of the Law of the Azerbaijan Republic “On insurance activity”, who carries out auxiliary activity in the field of insurance. Where the parties

fail to agree on the assessed amount of damage determined by the insurer, assessment of damage, shall be carried out by an independent expert dealing with assessment activity, upon mutual agreement of the parties according to the requirements of Article 10.10 of the Law of the Azerbaijan Republic “On insurance activity”.

16.3. Where policy holder or insured person will not retain damaged property in such a state it was immediately after insurance accident, prior to assessment of amount of damage by the insurer or with its consent within the period stipulated in Article 16.4 of the present Law or will not create conditions for the assessment of caused damage, except for cases stipulated in Article 925.5 of the Civil Code of the Azerbaijan Republic”, it should accept results of assessment carried out by the insurer in the respective form.

16.4. Where insurer fails to arrange an assessment of amount of property damage within the period of 7 working days from the moment of notification about occurrence of insurance accident, policy holder and insured person as well as aggrieved third parties may start an assessment and elimination of damage independent expert or specialist dealing with assessment activity. If, in such case, insurer fails to prove that it was not able to arrange assessment of damage in time due to death or disease of property owner or due to failure of policy holder, insured person or aggrieved third parties to create conditions for the assessment of property, it should accept results of assessment carried out by aggrieved third parties as provided in the present Article.

Article 17. Documents required for insurance payment

17.1. Insurance payment under compulsory insurance shall be made on the basis of the following documents:

17.1.1. insurance claim reflecting the following data:

17.1.1.1. date and number of compulsory insurance policy;

17.1.1.2. type of compulsory insurance;

17.1.1.3. name of policy holder;

17.1.1.4. name of insured person;

17.1.1.5. place, date and time of occurrence of circumstance which may be deemed to be an insurance accident;

17.1.1.6. details and cause of circumstance which may be deemed to be an insurance accident;

17.1.1.7. description of damage caused in a result of occurrence of circumstance which may be deemed to be an insurance accident and assumed amount of damage, if possible.

17.1.2. Canceled;

17.1.3. copy of document certifying ownership right in respect of property indicated in the insurance policy or right of use or disposal;

17.1.4. unless otherwise provided in the Special chapter of the present Law, reference from competent authority on details (time, place of occurrence of accident, guilty person(s) and/or victim as well as damaged property, features of damage) about the circumstance which may be deemed to be an insurance accident;

17.1.5. in relevant cases – document certifying the amount of damage in connection with destruction or deprivation of property in any other way as a result of occurrence of circumstance which may be deemed to be an insurance accident;

17.1.6. in relevant cases – medical reference about injury rate for the personal injury of third parties or insured person as a result of occurrence of circumstance which may be deemed to be an insurance accident, and copy of reference of social and medical expert commission reflecting disability group, reason and date of its assignment, in case of disability;

17.1.7. in relevant cases, in case of death of third party or insured person as a result of occurrence of circumstance which may be deemed to be an insurance accident – copy of medical examination opinion about cause of death, copy of death certificate as well as copies of relevant documents (birth certificate or identity card, marriage certificate in respect of husband (wife) certifying relational connection of the dead person with his/her family members;

17.1.8. in relevant cases, when third party or insured person dies within the period of 3 years due to personal injury as a result of occurrence of circumstance which may be deemed to be an insurance accident – copy of medical examination opinion certifying cause-and-effect relation of his/her death with the accident, copy of death certificate as well as copies of relevant documents (birth certificate or identity card, marriage certificate in respect of husband (wife) certifying relational connection of the dead person with his/her family members;

17.1.9. where policy holder or insured person under compulsory civil liability insurance has reimbursed a property damage or has made any payment in connection with the harm inflicted to health – duly authenticated copy of document certifying such payment;

17.1.10. where beneficiary is a natural person – copy of his/her identity card; where beneficiary is a legal person – relevant power attorney issued to its authorized representative and copy of identity card of that authorized representative;

17.1.11. other documents stipulated in the Special chapter of the present Law.

17.2. Insurer notified about occurrence of circumstance which may be deemed to be an insurance accident, as provided in the present Law, shall be obliged to provide the person applied for submission of insurance claim, as provided in Article 17.1.1 of the present Law, with insurance claim questionnaire and assist aforesaid person in completion of that questionnaire, if necessary.

17.3. Insurer shall register an application on insurance claim.

17.4. Insurer shall immediately make a request to the competent authority for acquisition of reference stipulated in Article 17.1.4 of the present Law. The competent authority shall provide any information not prohibited by the Law of Azerbaijan Republic "On Access to Information" within 10 days period from the moment of request receipt.(09.07.2014 annex)

17.5. For the purpose of granting of insurance payment, insurer shall not be entitled to require documents from a policy holder, insured person and/or beneficiary other than those provided in the present Law.

Article 18. Term for insurance payment or rejection from it

18.1. Insurer shall be obliged to pay insurance payment not later than 7 working days from the moment of submission to and/or receipt by it of last of documents indicated in Article 17.1 of the present Law, take measures, certified in writing, for assessment of damage, repair, restoration of property or its replacement with new property or provide substantiated notification about rejection of payment of insurance payment to policy holder, insured person or beneficiary.

18.2. If insurance payment is not paid within the period provided in Article 18.1. of the present Law, insurer shall pay fine in the amount of 0,1 percent of sum of insurance payment for each day of delay.

Article 19. Procedure of granting of insurance payment for personal injury

19.1. Insurer shall pay insurance payment for personal injury of insured person or third party, as provided in the present Law, notwithstanding insurance payment granted under types of insurance regarded to another personal insurance and/or social insurance as well as any means paid by guilty person under personal accident insurance.

19.2. Except for cases stipulated in Article 21 of the present Law, insurer, in any case, as provided in the legislation, must pay insurance payment for personal injury of third party regardless of insurer's or policy holder's degree of fault in occurrence of insurance accident under compulsory civil liability insurance.

19.3. Third party under civil liability insurance shall be entitled to require reimbursement of personal injury from policy holder, insured person or require reimbursement of injury within insurance amount, provided in the present Law, from insurer.

19.4. Where policy holder or insured person made any payment in favor of victim in connection with personal injury of third party under civil liability insurance, insurer shall grant insurance payment calculated in accordance with the present Law to policy holder or insured person within insurance amount taking into account requirement of Article 19.5 of the present Law.

19.5. Where the sum paid by policy holder or insured person in connection with personal injury of third party under civil liability insurance is less than the sum of insurance payment calculated in accordance with the present Law, part of insurance payment in the amount of relevant difference shall be granted to the victim.

19.6. Where insured person or third party has not received, inter vivos, insurance payment stipulated in the present Law for personal injury, amount of insurance payment

which was payable to him/her or outstanding part of that amount shall be paid to his/her family members acting in the capacity of beneficiaries.

19.7. Where insured person or third party dies from harm caused to his/her health as a result of insurance accident within the period of 3 years from the moment of occurrence of that accident, difference between the amount of relevant insurance payment which he/she received and insurance amount shall be paid to his/her family members.

19.8. Where total volume of insurance amount calculated separately for the damage caused to two or more insured persons or third parties as a result of single insurance accident exceeds relevant sum insured, insurance payment shall be granted to third parties in the amount of proportion of insurance amount to damage caused to each third party.

19.9. Expenses for burial incurred by policy holder or insured person in case of death of third party shall not be included into the amount of insurance payment.

Article 20. Procedure of granting of insurance payment for property damage

20.1. Total amount of insurance payment for property damage granted under all types of voluntary and compulsory insurance may not exceed the amount of actual damage.

20.2. Except for cases stipulate in Article 21 of the present Law, insurer, in any case, shall be obliged to pay, as provided in the present Law, insurance payment for property damage of third party regardless of policy holder's or insured person's degree of fault in occurrence of insurance accident under compulsory civil liability insurance.

20.3. Insurance payment for property damage shall be made at insurer's option in the form of expenses for repair, restoration or replacement of property or in the form of direct payment of amount of assessed damage to the beneficiary.

20.4. Under civil liability insurance, amount of liability for damage caused by insured person to the property of two or more third parties as a result of single insurance accident exceeds relevant insurance amount, insurance payment shall be granted to third parties in the amount of proportion of that insurance amount to damage caused to each third party.

20.5. Third party shall be entitled to require reimbursement of property damage from policy holder, insured person or from insurer within insurance amount stipulated in the present Law. When one of them fully reimburses the damage, third party's claim shall be deemed to be paid.

20.6. Where a property damage of third party as a result of insurance accident is fully reimbursed by policy holder or insured person as well as by insurer which is a party of another relevant insurance agreement concluded by third party, insurer shall pay insurance payment in the amount of insurance amount to policy holder or insured person or other insurer which submitted a claim by way of subrogation. In such case, amount of insurance payment may not exceed an amount paid to the beneficiary by the policy holder or insured person or other insurer.

20.7. Where an amount paid to the victim in connection with the property damage of third party as a result of insurance accident by policy holder or insured person as well as by insurer, which is a party to another insurance agreement concluded by third party, is

less than an amount of damage, insurer shall carry out insurance payment through the payment for difference between paid amount and damage amount and amount of compensation paid to policy holder or insured person or other insurer which submitted a claim by way of subrogation.

Article 21. Grounds for rejection of insurance payment

21.1. Except for cases regarded to grounds of right of subrogation stipulated in the present Law and along with general grounds for rejection of payment of insurance payment stipulated in the Civil Code of the Azerbaijan Republic, insurance payment under compulsory insurance agreements shall not be granted in the following cases:

21.1.1. where accident or circumstance relates to military operations, terrorism, mass riots, nuclear explosion, radioactive pollution;

21.1.2. where insurance claim relates to damage caused to money, securities, precious metals and precious stones, works of art, including artworks, engravings, sculptures belonging to third parties as well as to property in the form of models, plans and outlines, patents for invention, documents, books and scripts;

21.1.3. where insurance claim relates to moral damage and loss of income;

21.1.4. where insurance claim relates to policy holder's or insured person's property interests for payment of fine, forfeit and penalty fee;

21.1.5. in cases stipulated in Article 36.3 of the present Law.

21.2. Canceled

Article 22. Rights and obligation of policy holder

22.1. Policy holder shall be entitled to:

22.1.1. obtain regulations and terms and conditions of insurance as well as information about policy holder's rights and obligations from insurer;

22.1.2. acquire duplicate of insurance policy in case if its loss;

22.1.3. realize services of any independent expert, included into the register stipulated in Article 95.3 of the Law of the Azerbaijan Republic "On insurance activity", in order to define amount of personal injuries and property damage;

22.1.4. get acquainted with the results of determination of amount of caused damage and insurance payment by insurer or independent experts;

22.1.5. receive insurance payment according to procedures as well as in volume and within periods stipulated in the present Law;

22.1.6. realize privileges in connection with insurance premiums in accordance with Article 57.1 of the present Law;

22.1.7. to complain to insurance supervision authority and court, in case of disagreement with the amount of insurance payment or insurer's decision about rejection of payment;

22.1.8. other rights provided in the present Law and Civil Code of the Azerbaijan Republic.

22.2. Policy holder shall be obliged to:

22.2.1. conclude compulsory insurance agreement with independently selected insurer having a permission to carry out relevant type of compulsory insurance and pay insurance premiums as stipulated in the present Law and policy;

22.2.2. notify, upon conclusion of insurance agreement, insurer about all circumstances which should be included into the agreement as well as all known circumstances which may affect insurer's decision about rejection of agreement or its conclusion with altered contents, as well as all circumstances associated with the change of insurance risk upon conclusion of agreement, including information about all previous insurance agreements for relevant types of compulsory insurance, insurance accidents occurred under those agreements and paid insurance payments and submit respective documents;

22.2.3. inform insurer about other insurance agreements which are in force in respect of insurance subject or which were concluded subsequently;

22.2.4. inform, as provided in the present Law, relevant state authorities as well as insurer about occurrence of circumstance which may be deemed to be an insurance accident and about existence of victim, if other persons, who are entrusted with the obligation to inform, have not submitted relevant information;

22.2.5. inform victim (s) about existence of relevant compulsory insurance agreement in case of occurrence of circumstance which may be deemed to be an insurance accident;

22.2.6. take all reasonable and possible measures for prevention and/or diminution of damage as well as retention of property, including rescue of life and health of victim or persons who may suffer in case of occurrence of circumstance which may be deemed to be an insurance accident and right after that occurrence;

22.2.7. not to change a place of occurrence of circumstance which may be deemed to be an insurance accident or damaged property until examination to be carried out by insurer or its representative and/or other competent persons, except for cases stipulated in Article 925.5 of the Civil Code of the Azerbaijan Republic;

22.2.8. create, as far as possible, conditions for insurer to examine damaged property and/or property which led to damage, explore reasons, consequences of occurred accident, degree and volume of damage as well as submit all existing required documents in case of granting of insurance payment or for fulfilment of right of subrogation in relevant cases;

22.2.9. inform insurer about all claims and demands lodged against it in connection with occurred circumstance which may be deemed to be an insurance accident;

22.2.10. inform insurer about payments made by other persons guilty of caused damage;

22.2.11. recover insurance amount by means of payment of additional insurance premium in relevant cases upon receipt of insurance payment in connection with requirements of the Special chapter of the present Law;

22.2.12. carry out other obligations stipulated in the present Law and Civil Code of the Azerbaijan Republic.

22.3. Where policy holder and insured person are not the same person, policy holder's rights other than those stipulated in Article 22.1.1 of the present Law and policy holder's obligations other than those stipulated in Articles 22.2.1, 22.2.2, 22.2.3, 22.2.11 of the present Law shall also be regarded to insured person's rights and obligations.

Article 23. Rights and obligations of insurer

23.1. Insurer shall be entitled to:

23.1.1. require relevant information and documents from policy holder or insured person in case of conclusion of insurance agreement and assessment of insurance risk as well as carry out examination of property regarded to compulsory insurance agreement;

23.1.2. receive premiums under compulsory insurance;

23.1.3. have access to premises (buildings, constructions etc.) regarded to insurance agreement, explore reasons of occurrence of circumstance which may be deemed to be an insurance accident and carry out examination of property which led to circumstance or obtain explanations from person or invite experts in this regards;

23.1.4. determine amount of damage caused in a result of insurance accident personally or through relevant person carrying out auxiliary activity in the field of insurance, invite experts in this regards, obtain required information from policy holder and/or insured person;

23.1.5. require, in relevant cases, compulsory insurance policy from policy holder or insured person in case of granting of insurance payment with a view of return back of that policy;

23.1.6. realize subrogation right against relevant persons, as provided in the Article 936 of the Civil Code of the Azerbaijan Republic and Article 25 of the present Law, upon granting of insurance payment;

23.1.7. represent policy holder or insured person in court in cases arisen from interests in connection with insurance payment;

23.1.8. other rights stipulated in the present Law, Civil Code of the Azerbaijan Republic and Law of the Azerbaijan Republic “On insurance activity”.

23.2. Insurer shall be obliged to:

23.2.1. acquaint policy holder or insured person with terms and conditions of relevant compulsory insurance, its rights and obligations arising from compulsory insurance agreement as well as, provide policy holder with informative brochures which reflects how to act in case of circumstance which may be deemed to be an insurance accident and the legal grounds of rejection of making insurance payment in the understandable way.(09.07.2014 Annex)

23.2.2. assess insurance risk personally or through its representative, as well as regarding legal persons or independent experts carrying out auxiliary activity in the field of insurance with regard to requirements of Article 10.10 of the Law of the Azerbaijan Republic “On insurance activity”;

23.2.3. issue insurance policy to policy holder after receipt of insurance premium within terms stipulated in the present Law;

23.2.4. make amendments to insurance agreement in cases stipulated in the present Law;

23.2.5. immediately register information about occurrence of circumstance which may be deemed to be an insurance accident in case of existence of such information;

23.2.6. make a request to the relevant competent authorities, institutions or organizations, in case of receipt of information about occurrence of circumstance which may be deemed to be an insurance accident, for acquisition of documents certifying the fact of occurrence of such circumstance not later than 3 working days;

23.2.7. apply to the relevant competent authorities, institutions or organizations in writing for acquisition of references about degree and volume of damage and other documents;

23.2.8. carry out other obligations stipulated in the present Law, Civil Code of the Azerbaijan Republic and Law of the Azerbaijan Republic “On insurance activity”.

23.3. Insurer can not refuse to conclude insurance agreement with a person who has insurance interest and applied for insuring appropriate risks.

Article 24. Rights of victim

24.1. Victim shall be entitled to:

24.1.1. notify insurer about occurrence of circumstance which may be deemed to be an insurance accident, as a result of which it was damaged;

24.1.2. collect, instead of policy holder or insured person, documents required for granting of insurance payment and submit them to insurer which concluded compulsory insurance agreement with policy holder;

24.1.3. get acquainted with the course and results of investigation of circumstance which may be deemed to be an insurance accident carried out by insurer and determination of amount of insurance payment;

24.1.4. require an appointment of independent expert in relevant cases, including the case of disagreement with volume of personal injury and/or property damage and determined by insurer;

24.1.5. acquire insurance compensation in cases and under procedures stipulated in the present Law;

24.1.6. lodge a complaint against insurer's decision to insurance supervision authority and court about rejection of payment of insurance payment, against failure of insurer to comply with the claim to appoint independent expert for determination of damage or in case of disagreement with the amount of insurance payment;

24.2. Rights of victim stipulated in the present Article shall be transferred to other beneficiaries in cases provided in the present Law.

Article 25. Grounds for right of subrogation under compulsory insurance

25.1. Insurer's right of subrogation in the amount of insurance payment granted under compulsory civil liability insurance against policy holder and/or against insured person, in relevant cases, shall emerge in the following cases:

25.1.1. where insurance accident is a result of intentional, illegal actions of policy holder or insured person aimed at occurrence of that accident, except for actions excluding administrative liability or avoiding criminal component of action;

25.1.2. unless otherwise provided in the Special chapter of the present Law under any type of insurance, where policy holder or insured person or their representative, authorized person deviates from examination conducted by the competent authority in connection with detection of exploitation of property (building, construction, motor vehicle, device, installation, equipment etc.) in alcoholic intoxication as a result of consumption of alcohol, narcotic drugs, psychotropic and other drastic substances on the moment of occurrence of insurance accident as well as the fact of use of aforesaid substances;

25.1.3. where property indicated in compulsory insurance policy is exploited by the person who is not entitled to use, manage, apply and exploit it in other form, provided that if relevant property has been exploited unauthorized person without policy holder's or insured person's knowledge (except for cases where they are obliged to know), right of subrogation shall emerge against that person;

25.1.4. where insurance accident occurred during the use of property indicated in compulsory insurance policy for purposes not corresponding to its technical assignment;

25.1.5. where policy holder (insured person) or its representative, during the insurance accident, intentionally failed to take possible measures to prevent infliction of greater damage and/or to diminish it, as well as to rescue the life of sufferer or persons who might presumably suffer from damage, provided that rights of subrogation emerges in such a volume in which amount of damage might be diminished, if aforesaid measures had been taken;

25.1.6. where insurance accident is accompanied with action intentionally committed by policy holder or insured person who is not recognized as victim, during the fulfilment of one or another type of activity with breach of requirement of the law regulating such type of activity;

25.1.7. where policy holder or insured person, during the conclusion of insurance agreement, has not informed insurer intentionally or has submitted false information about all circumstances which should be included into the agreement as well as about all known circumstances which may affect insurer's decision about rejection of agreement or its conclusion with altered contents, as well as all circumstances associated with the change of insurance risk upon conclusion of agreement; (09.07.2014 Annex)

25.1.8. in case stipulated in Article 63.1 of the present Law.

25.2. In cases stipulated in Article 25.1 of the present Law, right of subrogation shall emerge against guilty person for insurance accident. Where a person guilty of occurrence of insurance accident has been acting or should have been acting under supervision of policy holder (insured person) which granted him/her relevant property for use, management or exploitation in other form for fulfilment of certain instruction under labor agreement, civil legal agreement or agreement on recruitment for safe conduct of works, right of subrogation may be also applied against that policy holder (insured person).

25.3. Canceled;

25.4. Beneficiary's right to claim under relevant compulsory insurance agreement before insurer or liquidation commission, in case of payment of the compensation according to Article 32.1.1 of this Law, shall be transferred to the Compulsory Insurance Bureau, which is provided in Article 27 of the present Law, in the amount of granted compensation.

Article 26. Insurer's preventive measures fund

26.1. At the expense of relevant compulsory deductions stipulated in Article 12.2 of the present Law, insurer shall form preventive measures fund to cover required expenses aimed at measures enforced for prevention of circumstances which may be deemed to be insurance accident as well as for financing of awareness-raising activity to this effect and for prevention and diminution of damage in case of occurrence of such circumstances.

26.2. Means accumulated in preventive measures fund should be calculated separately for each type of compulsory insurance and should be used for purposes set out by insurance supervision Service.

Article 27. Compulsory Insurance Bureau

27.1. Compulsory Insurance Bureau (hereinafter-the Bureau) is a non-commercial organization established and operating as a union of legal entities in accordance with the Civil Code of Azerbaijan Republic and the present Law, for the protection of interests of suffered insured persons and third parties, provision of stability and development of compulsory insurance system, as well as, fulfilment of the following functions:

27.1.1. provision of mutual activities of the participating insurers in connection with their activities in the field of compulsory insurance types stipulated in the present Law and the Law of the Azerbaijan Republic “On compulsory insurance against occupational disability as a result of accidents at work and occupational diseases”, as well as, within international compulsory insurance systems;

27.1.2. representation and protection of interests of participants in state authorities and municipality bodies, other bodies and organizations in connection with their activities in the field of compulsory insurance types stipulated in the present Law and Law of the Azerbaijan Republic “On compulsory insurance against occupational disability as a result of accidents at work and occupational diseases”;

27.1.3. propose amendments to legislation and practical work associated with compulsory insurance types stipulated in the present Law and Law of the Azerbaijan Republic “On compulsory insurance against occupational disability as a result of accidents at work and occupational diseases”;

27.1.4. elaboration and application of methodological instructions for arrangement of expert and technical examinations in connection with investigation of accidents and losses under compulsory insurance types provided in the present Law and the Law of the Azerbaijan Republic “On compulsory insurance against occupational disability as a result of accidents at work and occupational diseases”;

27.1.5. representation of Bureau’s participants in relations with international organizations operating under compulsory insurance types provided in the present Law and the Law of the Azerbaijan Republic “On compulsory insurance against occupational disability as a result of accidents at work and occupational diseases”;

27.1.6. providing compensation payments to injured third parties as a result of accidents occurred in the territory of Azerbaijan Republic as stipulated in this Law and realize all rights and obligations of insurers during the investigation of insurance accidents and making insurance payments thereof;

27.1.7. provision of existence of electronic information system, provided in the present Law, its usage and coordination with other electronic information systems:

27.1.7-1. Providing financial support of informative project (events) on decrease of insurance accidents and minimization of losses upon these accidents under compulsory insurance types stipulated in the present law in accordance with the plan of action approved by the Bureau;

27.1.7-2. conducting mutual activities with the participants of the international systems for compulsory insurances;

27.1.7-3. printing in a centralized manner of blank forms of compulsory insurance types provided in this Law and in the Law on “Compulsory

insurance against loss of professional work capacity as a result of labour accidents and occupational diseases”, free of charge to supply with them insurers and keeping their record.

27.1.8. fulfilment of other functions complying to objectives and tasks provided in its charter.

27.2. Insurer shall be a participant of the Bureau and pay guarantee deposit under the relevant type of compulsory insurance in order to obtain permission to enforce and operate under any type of compulsory insurance, provided in the present Law.

27.3. Amendments to the charter of the Bureau should be submitted for state registration of legal persons together with positive opinion of insurance supervision authority about compliance of those amendments with objectives and functions of the Bureau provided in the present Law.

27.4. The Bureau shall conduct any entrepreneurial activity towards achieving the goals stipulated in Article 27.1 of this Law only by establishing a business company or participating in such company.

Article 28. Procedure of participation in the Bureau

28.1. Insurer willing to be a participant of the Bureau shall submit official request to the Bureau with a document reflecting initial consent of insurance supervision authority in connection with granting of permission for relevant type of compulsory insurance.

28.2. Mutual relations between participating insurer and the Bureau, including insurer’s participation in Bureau’s activity, its accountability, submission of information and other matters shall be provided in the charter of the Bureau.

28.3. Participation fee is a sum to be paid by insurer which applied for participation in the Bureau.

28.4. Amount of participation fee shall be determined by insurance supervision authority.

28.5. Insurer shall be included into the register of participating insurers of the Bureau as soon as documents certifying the payment of participation fee and guarantee deposit provided in the Article 30.1 of the present Law have been entered to the Bureau.

28.6. Any insurer having the document reflecting initial consent of insurance supervision authority to operate under any type of compulsory insurance provided in the present Law, joint capital of which meets requirements of Article 79.4 and 79.5 of the Law of the Azerbaijan Republic “On insurance activity” after making compulsory payments as stipulated in Articles 28.3 and 30.1 of this Law to the Bureau shall be included into the register of the Bureau’s participating insurers.

28.7. The Charter of the Bureau shall include provision reflecting participating insurers’ consent on insurers’ right to be entered into the register of the Bureau who is in compliance with the requirements of Articles 28.6 of this Law and obtained the initial consent of the insurance supervision authority.

Article 29. Termination of participation in the Bureau

29.1. Participation of insurer in the Bureau shall be terminated on the following grounds:

29.1.1. in case of suspension or abrogation of license granted to participating insurer for insurance activity;

29.1.2. in case of restriction of activity of participating insurer for all types of compulsory insurance provided in the present Law.

29.2. In case of termination of participation, the Bureau shall exclude relevant insurer from the register of participating insurers and notify that insurer and insurance supervision authority thereof within 2 working days posting this information on its official website.

29.3. Termination of participation in the Bureau shall not release insurer from the obligation to pay calendar and additional fees provided in the present Law under relevant compulsory insurance agreements concluded prior to the date of such termination.

29.4. In case of abrogation of license granted to participating insurer for insurance activity, obligations arising from its participation in the Bureau shall be enforced by temporary administrator or liquidation commission of that insurer.

Article 30. Guarantee deposit and calendar fees of participating insurers

30.1. Guarantee deposit, as one of the sources for reserves of compensation payments, shall be a lumpsum paid to the Bureau by insurer willing to be its participant.

30.2. Amount of guarantee deposit shall be determined by insurance supervision authority.

30.3. Calendar fees, as one of the sources of reserves of compensation payments, shall be a regularly paid to the Bureau by participating insurers, as provided in the present Law.

30.4. Insurer shall pay calendar fees from the moment of its inclusion into the register of participating insurers to the moment of termination of participation in the Bureau according to requirement of Article 29.3 of the present Law.

30.5. The first reporting period for calculation of calendar fees is considered as a period from the first day of a calendar quarter when an insurer is included in the register of participating insurers of Bureau to the first day of a subsequent quarter.

30.6. Calendar fees shall be paid from the day of inclusion of insurer into the register of participating insurers of the Bureau in the amount of 5 percent of collected premiums under compulsory insurance agreements.

30.7. Calendar fees shall be transferred to the relevant account of the Bureau for each month within 15 calendar days from the last date of that month.

Article 31. Additional fees of participating insurers

31.1. If the compensation reserve of the Bureau is not sufficient for payment of compensations, any additional payments made by the Bureau on its own means in order to

fulfil the obligations in connection with such payments must be reimbursed by additional fees paid by participating insurers.

31.2. Where the Bureau so requires, in order to ensure payment of additional fees, an insurer shall form a reserve for contingent liabilities in a manner stipulated by the insurance supervision authority.

31.3. If so required, amount of additional fees due by a participating insurer is determined in proportion of the last year's insurance premiums received in connection with a respective insurance type to the entire insurance premiums received by all participating insurers during the same period for the same insurance type.

31.4. In case of necessity for additional fees, insurance supervision authority shall determine method and terms of such additional payment under each case.

Article 32. Assignment of compensations

32.1. Compensation shall be made by the Bureau, if fulfilment of insurance payments provided in the present Law, Law of the Azerbaijan Republic "On compulsory insurance against occupational disability as a result of accidents at work and occupational diseases" for property damage and personal injuries are impossible in the following cases:

32.1.1. due to insolvency, or insurer's failure to comply with obligation in connection with property damage and personal injury under relevant compulsory insurance agreements.

32.1.2. where third party is injured by unknown or stolen motor vehicle;

32.1.3. where third party is injured as a result of usage of motor vehicle by person not having compulsory civil liability insurance agreement required under Part 4 of the Special chapter of the present Law.

32.2. Insured person under Part 2, insured person or victim under Parts 3 and 4, policy holder or insured person under Part 5 of the Special Chapter of this Law shall have a right to claim compensation.

32.3. Insured person under Part 2, victim, in case of reimbursement of caused damage, insured person under Parts 3 and 4 and insured person, in case of reimbursement of damage policy holder under Part 5 of the Special chapter of the present Law has a right to get compensation.

32.4. The Bureau equally realizes all subrogation rights of insurers as stipulated under articles 25.4 and 63.3 of the Law.

Article 33. Payment of compensations

33.1. Compensation shall be paid on a person's written request addressed to the Bureau, after the final court decision on an insurance accident entered into force, which may be the ground for the payment.

33.2. Requirements set out in the present Law, Civil Code of the Azerbaijan Republic and Law of the Azerbaijan Republic "On compulsory insurance against occupational

disability as a result of accidents at work and occupational diseases” in respect to beneficiary and insurer in connection with relevant compulsory insurance shall be applied to relations between person entitled to get compensation and the Bureau.

33.3. The compensation is granted in cases provided in Articles 31.2.1 and 32.1.3 of the Law, provided that circumstance entailing damage to a third party may be considered as an insurance accident with conditional recognition of existence of an agreement on compulsory insurance of the vehicle owner's civil liability.

33.4. Compensations shall be paid in amount of insurance payments and under the same procedure provided in the present Law, Law of the Azerbaijan Republic “On compulsory insurance against occupational disability as a result of accidents at work and occupational diseases” for relevant type of compulsory insurance.

33.5. When compensation payment is calculated, the amount paid to the victim by the respondent and/or by the insurer which has insured his/her civil liability is subtracted.

Article 34. Mutual relations between the Bureau and insurance supervision authority

34.1. Insurance supervision authority shall adopt relevant normative legal acts for regulation of the Bureau’s activity, including compensation payment.

34.2. The Bureau shall notify insurance supervision authority about all known facts of non-observance by participating insurers of requirements set out in the present Law, including regulations and instructions of insurance supervision authority as well as failure to comply with their own obligations in accordance with the present Law and the Bureau’s charter.

34.3. Insurance supervision authority shall, inform the Bureau in case of detection of circumstances which may serve as grounds for compensation payments in participating insurer, as well as, adoption of the following decisions about within the period of 1 working day:

34.3.1. granting license for insurance activity;

34.3.2. reorganization of insurer;

34.3.3. restriction or restoration of license of participating insurer under any type of compulsory insurance provided in the present Law;

34.3.4. suspension or restoration of validity of license of participating insurer;

34.3.5. appointment of temporary administrator for participating insurer;

34.3.6. abrogation of license of participating insurer issued for insurance activity.

34.4. In case of detection of facts of failure of participating insurers to comply with obligations to Bureau specified by the present Law, as well as, incomplete or wrong introduction of the sums which are subject to payment of Bureau, insurance supervision authority instructs insurers on elimination of such circumstances and informs Bureau about this.

Article 34-1. Information system for compulsory insurances

34-1.1. For the purpose of the organization of exchange of information and effective supervision over implementation of compulsory insurance types provided in the present Law the unified electronic information system (further – "information system") which covers the data necessary for the conclusion of compulsory insurance agreements, reflected in the insurance policies, and also data on insurers, policy holders, insured persons, subject of insurance, insurance accidents, victims and (or) the damaged property and their owners shall be provided.

34-1.2. Information system must allow entering or accepting respective information to its information resource through the Internet, store it in clear, readable form and provide its processing.

34-1.3. Formation of the technical and program complex associated with the installation of information systems and usage thereof by the Bureau, as well as their maintenance shall be carried out under the supervision of an insurance supervision authority.

Article 34-2. Provision of information system with data

34-2.0. For automatic acceptance by information system of the following data which are available on its electronic information resource the appropriate executive authority has to provide coordination of this resource with information system:

34-2.0.1. information reflected in the identity card of citizen of the Azerbaijan Republic;

34-2.0.2. information reflected in the respective permission card certifying the right of foreigners and stateless persons to temporary or permanent residence in the territory of the Azerbaijan Republic;

34-2.0.3. name, taxpayer identification number and legal address of legal persons (branch or representative office);

34-2.0.4. information reflected in the registration certificate of transportation vehicles.

Article 34-3. Basic requirements to the use of information system

34-3.1. Insurance supervision authority, relevant executive authority, Bureau, participating insurers of the Bureau as well as policy holders shall be deemed to be users of information system.

34-3.2. Conclusion of the compulsory insurance agreements through the entry of the relevant information into the information system and storage of all information reflected in the agreements in that system shall be provided by the insurer.

34-3.3. Along with the possibility to obtain all information required for regulation of occurred insurance accident from the information system, insurer and Bureau have to enter data on insurance accident that the information system requires in electronic form and to ensure its storage.

34-3.4. Information system must provide the possibility to obtain data on existence of compulsory insurance agreement through the mobile communication and Internet and

acquisition of information reflected in that agreement. During the conclusion of compulsory insurance agreement, insurer has to inform the policy holder about legal and technical features of that possibility in writing.

34-3.5. User entering the data in the information system is required to provide this information to the individual whom they concern to, upon his/her request

Article 34-4. Acquisition of information from information system

34-4.0. Users of information system may acquire the following information from its information resource:

34-4.0.1. policy holders — insurance agreements concluded by them and information on insurance payments issued under such agreements;

34-4.0.2. participating insurers of the Bureau - information on insurance agreements concluded by them and separate, as well as, summarized information in respect of insurance payments made by them;

34-4.0.3. insurance supervision authority and the Bureau —all data maintained in the information systems;

34-4.0.4. relevant body of executive power — confirmation of existence of compulsory insurance agreements concluded by persons who or which are entrusted with the obligation of compulsory insurance under types of compulsory insurance covered by the information system, information on the name of insurer which is a party to insurance agreement, number and period of validity of insurance policy.

II. SPECIAL CHAPTER

Part 2. COMPILSORY INSURANCE OF REAL PROPERTY

Article 35. Purpose and assignment of compulsory insurance of real property

35.1. Compulsory insurance of real property shall be applied with the purpose of reimbursement of damage caused in connection with damage, destruction or loss of property in a result of fire or other circumstances.

35.2. For purposes of the present Part, insurance of constructions, residential and non-residential premises, residential houses and buildings, apartments as well as state property owned by natural and legal persons, is compulsory.

35.3. Followings shall not be subject to compulsory insurance:

35.3.1. property, in respect of which there is a decision about its demolition in accordance with the Civil Code of the Azerbaijan Republic and Town-planning and Construction Code of the Azerbaijan Republic;

35.3.2. unfinished immovable property;

35.3.3. property which is in dangerous condition;

35.3.4. property which is recognized as unauthorized construction in accordance with Article 180 of the Civil Code of the Azerbaijan Republic.

35.4. Compulsory insurance of residential buildings, residential houses and apartments shall provide guarantee for damage caused to their structural elements, premises, including door and window structures, glasses, water, sewerage and gas supply pipes as well as heating system, communication wires, electric and other cables, ornate elements, including all types of outward and inward plasterworks, walls, ceiling and floor.

35.5. During the implementation of compulsory insurance of residential building in accordance with requirements of the present Part, conclusion of compulsory insurance of non-residential premises located in that building shall not be required for purposes of the present Part.

Article 36. Insurance accident under compulsory insurance of real property

36.1. Insurance accident shall be damage, destruction or other loss of property in the following cases:

36.1.1. fire, lightning stroke;

36.1.2. explosion of gas used in house or in production;

36.1.3. short circuit in electric wiring;

36.1.4. explosion of steam boilers, gas warehouses, gas pipelines, machines, devices and other similar installations and appliances;

36.1.5. damage of water, heating, sewerage pipes and fire-fighting systems as well as inundation as a result of leakage of water from neighbouring construction, residential and non-residential premises, residential houses and buildings, apartments, rooms;

36.1.6. falling, dumping, blow, demolition, discharge of any object or its parts and other similar effect; 36.1.7. clash with ground vehicle;

36.1.8. natural disasters – earthquake, volcano, storm, hurricane, thunderstorm, hail, mudflow, flood, shower, landslide;

36.1.9. actions of third parties.

36.2. In addition to those provided in Article 36.1 of the present Law, insurance coverage for additional risks shall be set out by voluntary insurance agreement concluded between the parties.

36.3. Damage, destruction or other loss of property in the following cases shall not be deemed to be an insurance accident:

36.3.1. intentional actions of policy holder, beneficiary or their executive officials aimed at occurrence of insurance accident;

36.3.2. causing of damage to insured property as a result of effect of production flame or heat applied for repair, processing or for other industrial purposes, if there is no fire;

36.3.3. theft of any part of property during the accident or afterwards;

36.3.4. change of level of subterranean waters;

36.3.5. leakage of water pipes or reservoirs as a result of freezing, erosion, corrosion, gradual deterioration, repair, transfer or increase of volume of pipes or reservoirs.

Article 37. Persons obliged to carry out compulsory insurance of property

Persons having property in their ownership provided in Article 35.2 of the present Law or actually possessing it, shall be obliged to carry out compulsory insurance of that property according to Article 8.3 of the present Law.

Article 38. Policy holder under compulsory insurance of real property

Policy holder shall be a person who has concluded compulsory insurance agreement of real property and who relevant compulsory insurance policy has been issued to.

Article 39. Insurance amounts and franchise under compulsory insurance of real property

39.1. Insurance amounts under compulsory insurance of real property, except for residential houses and apartments, shall be determined as follows:

39.1.1. for constructions and buildings – in the amount of cost of construction/restoration of similar construction and building in the place of location of property, which is an object of insurance. During the determination of cost of restoration, material deterioration coefficient and technical state of property, which is an object of insurance, shall be taken into account;

39.1.2. for non-residential premises – in the amount of market value of similar property which is in the same technical state in the place of location of property, which is an object of insurance.

39.2. Franchise under compulsory insurance of real property, except for residential houses and apartments, shall be agreed in the relevant compulsory insurance agreement.

39.3. Insurance amounts and absolute deductible franchise under compulsory insurance of residential houses and apartments shall be determined as follows:

39.3.1. insurance amount for real property located in Baku city – 25.000 manats, franchise – 250 manats;

39.3.2. insurance amount for real property located in Ganja, Sumgayit and Nakhchivan cities – 20.000 manats, franchise – 200 manats;

39.3.3. insurance amount for real property located in other settlements – 15.000 manats, franchise – 150 manats.

39.4. Damage caused in a result of insurance accident shall be indemnified in full even if insurance amounts set out in Article 39.3 of the present Law are less than market value of property, however, provided that it should not exceed the insurance amount.

Article 40. Premiums under compulsory insurance of real property

40.1. The sum of premium under compulsory insurance of real property is determined by means of application of tariffs expressed in interest rates to insurance amount, depending on assignment or peculiarities of property.

40.2. Procedure of determination of insurance tariffs under compulsory insurance of real property shall be set out by insurance supervision authority, not more than 0,2 percent of insurance amount in respect of residential houses and apartments.

40.3. Premiums under compulsory insurance of residential houses and apartments owned by vulnerable families entitled to receive state social assistance shall be paid at the expense of assets of the state budget, as provided by the relevant body of executive power.

Article 40-1. Additional requirement to the reinsurance operations under compulsory insurance of real property

The risks relating to insurance coverage associated with natural disasters granted by insurers shall be reinsured under the unified reinsurance program defined by the Bureau. In case of the reinsuring such risks, the Bureau is acting as the single representative of the participating insurers.

Article 41. Insurance payment under compulsory insurance of real property

41.1. Insurance payment for property damage insured under compulsory insurance of real property shall be carried out on the same basis set out in the Special chapter of the present Law, within relevant insurance amounts provided in Article 39 of the present Law.

41.2. Where a person fails to comply with his/her obligation to carry out insurance of any property in his/her ownership and/or possession provided in Article 35.2 of the present Law and competent authorities adopt relevant decision about granting of compensation for property damage at the expense of state assets, amount of such compensation to be paid may not exceed 20% of damage amount.

Part 3. COMPULSORY CIVIL LIABILITY INSURANCE ASSOCIATED WITH USE OF REAL PROPERTY

Article 42. Purpose and assignment of compulsory civil liability insurance of real property owners

42.1. Compulsory civil liability insurance of real property owners is applied with a purpose of reimbursement against personal injuries and property damage of third parties during the exploitation of relevant property, including fulfilment of construction, repair, reconstruction or other works in the territory of the property.

42.2. Civil liability insurance against third parties in connection with exploitation of any property, set out in Article 42.3 of the present Law, shall be compulsory.

42.3. For purposes of the present Part, property, in respect of which civil liability insurance is compulsory, shall mean buildings, constructions, installations, sites which are exploited by legal persons for their own activity as well as by individual entrepreneur.

Article 43. Persons obliged to carry out civil liability insurance of real property owners

43.1. For purposes of the present Part, relevant persons who own property provided in Article 42.3 of the present Law or actually possess such property as well as who leased it or managed it on the basis of power of attorney or who exploit it on legal grounds, shall be deemed to be owners of that property.

43.2. Following persons, shall be obliged to insure their civil liability in connection with damage which may be caused to third parties as a result of exploitation of any property in their possession provided in Article 42.3 of the present Law, including construction, repair, reconstruction or other works on the relevant site according to Article 8.3 of the present Law:

43.2.1. legal persons;

43.2.2. individual entrepreneur.

Article 44. Insurance accident under compulsory civil liability insurance of real property owners

44.1. The fact of occurrence of civil liability for reimbursement against personal injuries and/or property damage caused to third parties as a result of exploitation of real property, including implementation of construction, repair, reconstruction or other works, shall be deemed to be an insurance accident in the following cases:

44.1.1. fire occurred as a result of use of electric or gas devices or consequences of measures taken to prevent such fire;

44.1.2. gas explosion;

44.1.3. short circuit in electric wiring;

44.1.4. flood as a result of crash of water, heating, sewerage pipes;

44.1.5. falling, dumping, blow, demolition, discharge of any object or its parts and other similar effect.

Article 45. Policy holder and insured person under compulsory civil liability insurance of real property owners

45.1. Policy holder shall be a person which has concluded agreement with insurer on property interests for damage caused to third parties in connection with exploitation of real property that is in his/her possession, including fulfilment of construction, repair, reconstruction and other works on the relevant site and who relevant compulsory insurance policy has been issued to.

45.2. Regardless of person the relevant compulsory insurance policy has been issued to, under the present Part, any person legally using a property of which civil liability of owner is insured in connection with exploitation of real property, which is in his/her possession, including fulfilment of construction, repair, reconstruction and other works on the relevant site or person operating on those grounds in its territory shall be recognized as insured person whose property interests under civil liability against third parties are insured.

Article 46. Third parties under compulsory civil liability insurance of real property owners

With the exception of stipulated in Article 7 of the present Law, for purpose of the present Part, persons who are not parties to relevant compulsory insurance agreement and who suffered as a result of action or inaction of policy holder or insured person as well as persons who entered the place of location of any property provided in Article 42.3 of the present Law, including the territory of construction, repair, reconstruction and other works, if access to that territory is not restricted, shall be recognized as third parties.

Article 47. Insurance amounts under compulsory civil liability insurance of real property owners

47.1. Insurance amounts for damage caused to third parties as a result of insurance accident shall be determined in the following amounts:

47.1.1. insurance amount for personal injuries– 5.000 manats per person, not more than 50.000 manats per accident;

47.1.2. property damage – 50.000 manats.

Article 48. Premiums under compulsory civil liability insurance of real property owners

Amounts of premiums under compulsory civil liability insurance of real property owners shall be determined by insurance supervision authority depending on assignment of relevant property.

Article 49. Insurance payment and right of subrogation under compulsory civil liability insurance of real property

49.1. Granting of insurance payment for personal injury and/or property damage of third parties under compulsory civil liability insurance of real property owners shall be carried out on the basis set out in the Special chapter of the present Law, within insurance amounts provided in Article 47 of the present Law.

49.2. Ground for emergence of right of subrogation of insurer against policy holder or insured person provided in Article 25.1.2 of the present Law shall apply if it is proved that conditions occurrence of relevant accident have been created as a result of exploitation of property (building, construction, motor vehicle, device, installation, equipment etc.), including of fulfilment of construction, repair, reconstruction and other works by policy holder or insured person or their representative in alcoholic, narcotic or toxicological intoxication.

Part 4. COMPULSORY CIVIL LIABILITY INSURANCE OF MOTOR VEHICLE OWNERS

Article 50. Purpose and assignment of compulsory civil liability insurance of motor vehicle owners

50.1. Compulsory civil liability insurance of motor vehicle owners shall be applied for reimbursement against personal injuries as well as property damage of natural and legal persons as a result of use of mechanical motor vehicles in the territory of the Azerbaijan Republic.

50.2. Civil liability insurance before third parties in connection with use of the following motor vehicles is compulsory:

50.2.1. following motor vehicles cylinder capacity of which exceeds 50 cubical centimetres:

50.2.1.1. passenger vehicles and other motor vehicles produced on their basis;

50.2.1.2. freight vehicles and other motor vehicles produced on their basis;

50.2.1.3. minibuses, buses and other motor vehicles produced on their basis;

50.2.1.4. motorcycles and scooters;

50.2.1.5. tractors, motor vehicles used in road construction works, forestry and agriculture.

50.2.2. trolleybuses and trams.

Article 50-1. Types of Compulsory Civil Liability Insurance Agreement of Motor vehicle Owners

50-1.0. There are the following types of insurance agreement on compulsory civil liability insurance of motor vehicle owners:

50-1.0.1. compulsory insurance agreement of the motor vehicles registered in the Azerbaijan Republic (hereinafter - "standard insurance contract");

50-1.0.2. compulsory insurance agreement of the motor vehicles registered in other country, the driver of which cannot provide Green Card as stipulated in Article 63-1.2 of this Law upon entering the territory of the Azerbaijan Republic (hereinafter - "frontier insurance contract");

50-1.0.3. the international insurance agreement issued in accordance with Part 4-1 of this Law (hereinafter - "Azerbaijani Green Card").

Article 50-2. Additional requirement to the insurers willing to operate under compulsory civil liability insurance of motor vehicle owners

Insurer willing to operate under compulsory civil liability insurance of motor vehicle owners shall be included in the register of insurers authorized to operate within the Green Card System provided in Article 63-4 of the present Law.

Article 51. Additional requirement for the termination of the agreement on compulsory civil liability insurance of motor vehicle owners

51.1. Canceled;

51.2. Provisions stipulated in the general chapter in connection with termination of compulsory insurance agreements shall apply to agreement on compulsory civil liability insurance of motor vehicle owners, taking into account Article 51.3 of the present Law.

51.3. In case of disposal of property regarded to agreement on compulsory civil liability insurance of motor vehicle owners concluded in accordance with the present Law, policy holder shall be entitled to terminate that agreement.

Article 52. Insurance accident under compulsory civil liability insurance of motor vehicle owners

52.1. The fact of occurrence of civil liability for reimbursement against personal injuries and/or property damage of the third parties in the result of using of motor vehicle in the territory of Azerbaijan Republic shall be deemed to be insurance accident.

52.2. Use of motor vehicle shall mean operation of motor vehicle related to its movement. Use of any equipment installed on the motor vehicle, but not connected directly to its participation in road traffic shall not be deemed to be using of motor vehicle.

Article 53. Motor vehicle owners, policy holder and insured person to be insured under compulsory civil liability insurance of motor vehicle owners

53.1. For purposes of the present Part, owners of motor vehicles are persons who own motor vehicle, or use it on the basis of a power of attorney, rental agreement or other legal grounds.

53.2. Motor vehicle holders shall insure their civil liability in respect to motor vehicle that they own, or is a subject of lease, in connection with personal injuries or property damage caused to third parties in the result of using of motor vehicles.

53.3. Policy holder shall be a person who pays premium for compulsory civil liability insurance of motor vehicle owners and is a party of the relevant compulsory insurance agreement.

53.4. Regardless of person the relevant compulsory insurance policy has been issued to, under the present Part, any person legally using motor vehicle shall be recognized as insured person whose property interests under civil liability against third parties is insured.

Article 54. Third parties under compulsory civil liability insurance of motor vehicle owners

Except cases stipulated in Article 7 of the present Law, for purposes of the present Part, persons, including passengers of motor vehicle who are not parties to relevant compulsory insurance agreement and who suffered in the result of action or inaction of policy holder or insured person shall be deemed to be third parties.

Article 55. Term and the entry into force of compulsory insurance agreement based on its type

55.1. Standard insurance agreement is concluded for 12 months.

55.2. A frontier insurance agreement is concluded for one, three, six or twelve months.

55.3. Azerbaijani Green Card is concluded for a period of one, three, six or twelve months.

55.4. A frontier insurance agreement becomes effective from the moment of its conclusion.

55.5. Standard insurance agreement becomes effective from the moment of its conclusion unless otherwise stipulated by the agreement.

55.6. Azerbaijani Green Card becomes effective from the moment of its conclusion unless otherwise stipulated in it.

Article 56. Insurance amounts under compulsory civil liability insurance of motor vehicle owners

56.1. Insurance amounts under standard and frontier insurance agreements of compulsory civil liability insurance of motor vehicle owners for personal injuries which may be caused to third parties shall be determined in the following amounts:

56.1.1. insurance amount for personal injuries– 5.000 manats per person, not more than 50.000 manats per accident;

56.1.2. for property damage of third parties – 5.000 manats.

56.2. Insurance amounts under compulsory civil liability insurance of motor vehicle owners shall not be amended during the term of validity of that agreement, regardless of granting of relevant insurance payments.

Article 57. Insurance premiums under compulsory civil liability insurance of motor vehicle owners

57.1. Procedure of calculation of the amounts of premiums under compulsory civil liability insurance of motor vehicle owners shall be determined by insurance supervision authority.

57.2. Premium under compulsory insurance agreements concluded for the period of one month shall be paid in proportion of 20 percent from relevant annual inum.

Article 58. Insurance payment under compulsory civil liability insurance of motor vehicle owners

58.1. Copy of driver license of insured person shall also be required for granting of insurance payment under compulsory civil liability insurance of motor vehicle owners along with relevant documents provided in Article 17.1 of the present Law.

58.2. In accordance with Article 17.1.4 of the present Law submission of reference about road traffic accident certifying the fact of occurrence of circumstance which may be deemed to be an insurance accident from the relevant body of executive power shall not be required in case of existence of each of the following conditions as well as on the assumption of submission of protocol drawn up by accident participants and certifying the existence of such conditions to insurer:

58.2.1. where accident has occurred with involvement of not more than two motor vehicles;

58.2.2. in case of absence of dispute between the parties for detection of guilty person for the accident;

58.2.3. in case of non-causing of personal injury in the result of accident;

58.2.4. where accident participants reasonably assume that volume of damage in the result of accident does not exceed 1.000 manats.

58.3. Where total liability of insurer for damage caused in the result of insurance accident to a several third parties calculated separately in respect of each victim under procedure stipulated in Articles 14.2 and/or 15.3 of the present Law respectively, exceeds insurance amounts provided in Articles 56.1.1 and/or 56.1.2 of the present Law respectively, insurance payment shall be granted to each victim in proportion to correlation of total insurance amount provided per one insurance accident and personal injuries caused to him/her.

58.3-1. If, in the result of traffic accident which may be considered as insurance accident, the driver, passenger or pedestrian will die, insurer which has insured the civil liability of the owner of that motor vehicle shall pay compensation in the amount of 20 percent of insurance amount to family members of died person within 2 working days from the moment of acquisition of reference of the relevant state authority certifying such fact and copy of respective death certificate. If the fact of emergence of civil liability of the owner of motor vehicle in the occurrence of insurance accident is determined, remaining part of insurance compensation shall be paid as provided in the present Law. If the fact of emergence of civil liability of the owner of motor vehicle in the occurrence of insurance accident is not determined, right to subrogation in the amount of paid compensation against the insurer, which has insured the guilty person and his/her civil liability, shall be effective, except for case of automobile-pedestrian accident.

58.3-2. In case of determination of third parties' guilt along with insured person, except of personal injuries of a natural person, sum of insurance payment is decreased proportionally to the degree of the guilt of the third person.

58.4. The form of reference provided in Article 17.1.4 of the present Law and required for purposes of the present Part shall be determined by insurance supervision authority.

58.5. The form of protocol and rules for its completion provided in Article 58.2 of the present Law shall be determined by insurance supervision authority.

Article 59. Canceled;

Article 60. Canceled;

Article 61. Canceled;

Article 62. Canceled;

Article 63. Right of subrogation under compulsory civil liability insurance of motor vehicle owners

63.1. Taking into account Article 63.2 of the present Law, insurer which has granted insurance payment shall have right of subrogation in the amount of insurance payment against a guilty person, even when driver leaves the site of insurance accident occurred under compulsory civil liability insurance of motor vehicle owners.

63.2. Grounds of right of subrogation specified in Articles 25.1.5, 25.1.6 and 25.1.7 of the present Law shall not apply for the purposes of the present Part.

63.3. Where the Bureau grants compensation in cases provided in Articles 32.1.2 and 32.1.3 of the present Law, right of victim to claim against the person who is responsible for damage shall be transferred to the Bureau in the amount of such compensation.

63.4. The subrogation right shall not arise where compensation is paid according to Article 32.1.3 of this Law with respect to traffic accident that resulted with a death of guilty person.

Part 4-1. GREEN CARD SYSTEM

Article 63-1. General provisions concerning Green Card System

63-1.1. This Part regulates the matters relating to— a card system of international motor vehicles insurance (hereinafter – “Green Card System”) operating at the Working Party on Road Transport of the European Economic Commission of the United Nations, ensuring payments in cases where a civil liability for reimbursement of personal injuries and/or property damage of third parties caused in the result of use of motor vehicles outside of the country of their registration.

63-1.2. Green Card – means the International Motor Insurance Agreement in the form approved by the Economic Commission for Europe of the United Nations as well as the international association of national bureaux of motor insurers, and the managing organization of the Green Card System - Council of Bureaux (hereinafter -“Council of Bureau”), as proof of existence in force of compulsory civil liability insurance in each visited country implementing Green Card System;

63-1.3. Claims handling within the Green Card system shall be carried out in the order as stipulated in the rules of the Council of Bureaux adopted by the General Assembly on 30 may 2002 and revised on 29 May 2008, which can from time to time be amended by the Council of Bureaux (hereinafter -“Internal Regulation”) and notifications, rules and instructions of the Council of Bureaux.

63-1.4. The functions of the Green Card Bureau in the Azerbaijan Republic carry out by Bureau in connection with the participation in the Green Card System as a binding professional organization and its membership in the Council of Bureaux;

63-1.5. The Bureau shall in centralized manner provide its participants with the Green Card forms. The form of Green Card shall conform to one of the models referred to in Recommendation No 5 (hereinafter - Recommendation No 5 - the document adopted on 25 January 1949 by the Working Party on Road Transport of the Inland Transport Committee of the European Economic Commission of the United Nations, superseded by Annex 1 of the revised Consolidated Resolution on the Facilitation of Road Transport (R.E.4) adopted by the Inland Transport Committee at the 66 session which was held from 17 to 19 of February 2004.

63-1.6.. The Bureau's participants may individually or collectively authorise the Bureau to deal with administration of the claims handling.

Article 63-2. General requirements relating to the Green Card System

63-2.1. In case where a motor vehicle registered in the Azerbaijan Republic is temporarily used in the territory of a foreign country implementing the Green Card System, such motor vehicle's holder shall be required before leaving the territory of the Azerbaijan Republic to obtain Azerbaijani Green Card by concluding the compulsory insurance contract as stipulated in Article 50-1.0.3 of this Law.

63-2.2. The owner of a motor vehicle, registered in the Azerbaijan Republic shall conclude an Azerbaijani Green Card only with a local insurer authorized to operate within Green Card System.

63-2.3. Azerbaijani Green Card shall be in effect in the states indicated and not crossed out therein.

63-2.4. Holders of motor vehicles registered in the territories of foreign countries having valid Green Card upon entering the Azerbaijan Republic shall not be required to obtain frontier insurance contract.

63-2.5. The insurance amounts under the Green Card for the damage caused in another country implementing Green Card System by a motor vehicle registered in the Azerbaijan Republic holding valid Azerbaijani Green Card are based on the insurance amounts in accordance with the legal acts of the respective country concerned and the insurance amounts as specified in Article 56.1. of this Law, whichever are higher.

63-2.6. The Bureau shall bear responsibility for the liabilities of the participating insurers within the Green Card system and the participating insurers of the Bureau shall bear joint and several responsibilities for the liabilities of the Bureau.

Article 63-3. The Bureau's functions in connection with the participation in the Green Card System

63-3.0. The Bureau carries out the following functions in connection with the participation in the Green Card System and its membership with the Council of Bureaux:

63-3.0.1. to ensure mutual activities of the participants in connection with the participation in the Green Card System;

63-3.0.2. to draft and adopt professional rules and instructions obligatory for the Bureau itself and its participants arising out of the participation in the Green Card

System, in case of non-observance of these rules and instructions apply petition to insurance supervision authority in accordance with Article 102 of the Law of the Azerbaijan Republic “On insurance activity”;

63-3.0.3. in compliance with the requirements stipulated in Recommendation No 5 to approve the form of Azerbaijani Green Card and to print it in a centralized manner;

63-3.0.4. handling and settlement of claims for loss or injury caused by the use of motor vehicles registered in the territory of the Azerbaijan Republic and insured against civil liability, on behalf and at the expense of participants of the Bureau to guarantee to green card bureaux of foreign countries;

63-3.0.5. to guarantee the handling and settlement of claims for loss or injury caused in the territory of the Azerbaijan Republic by motor vehicles covered by valid Green Cards and registered in foreign countries;

63-3.0.6. to represent the Bureau’s participants in the relations with the Council of Bureaux within the Green Card System;

63-3.0.7. to conclude bilaterally agreements on with Green Card bureau of foreign countries with respect to recognition of documents;

63-3.0.8. to ensure implementation of insurance payments for the losses caused in the territory of the Azerbaijan Republic by holders of motor vehicles registered abroad holding valid Green Card in the manner as stipulated in the Internal Regulation of the Council of Bureaux as well to carry out any other actions and functions in connection with such claims or rights as provided by the Internal Regulations or any other rules and instructions of the Council of Bureaux;

63-3.0.9. to arrange the handling of or to directly reimburse for the losses caused in the territory of foreign countries implementing Green Card System by holders of motor vehicles registered in the Azerbaijan Republic holding valid Green Card in the manner as stipulated in the Internal Regulation of the Council of Bureaux as well to carry out any other actions and functions in connection with such claims or rights as provided by the Internal Regulations or any other rules and instructions of the Council of Bureaux;

63-3.0.10. to guarantee to Green Card Bureaux of foreign countries with respect to the liabilities related to the Green Card System of the participants who are in default, whose green card has been forged, whose license to transact MTPL was withdrawn, whose supervision with the insurance supervisory body, to provide the financial guarantee (bank guarantee and reinsurance program on the liabilities of the Bureau in connection with the participation in the Green Card System) to the Council of Bureaux as required by the respective rules and regulations of the Council of Bureaux in connection with the Bureau’s participation in the Green Card System;

63-3.0.12. in order to cover the financial liabilities in connection with the participants’ operating within the Green Card System, to establish the fund of current liabilities as stipulated in this Law;

63-3.0.13. to have information system for the purposes of ensuring information exchange and control over the activities within Green Card System, as well undertaking measures to implement the informational and technical-organizational support;

63-3.0.14. to carry out measures with regard to losses' assessment within the Green Card System;

63-3.0.15. determining the unified reinsurance program to allocate insurance risks undertaken by the insurers within the Green Card system and acting as the single representative of the insurers in the reinsurance agreements for the purposes of reinsuring such risks;

63-3.0.16. to carry out any other functions in connection with the Bureau's participation in the Green Card System arising out of this Law , Internal Regulations or any other rules or instructions adopted by the Council of Bureaux.

Article 63-4. Register of the insurers authorized to operate within the Green Card System

63-4.1. Only the participants of the Bureau shall be allowed to operate within the Green Card System. The Bureau shall maintain register of its insurers authorized to operate within the Green Card System.

63-4.2. The participant of the Bureau shall be allowed to operate within the Green Card System starting from the date of its record in the register of the insurers authorized to operate within the Green Card System.

63-4.3. In order to be recorded in the register of insurers authorized to operate within the Green Card System, an insurer shall pay the lump sum fee joint capital of which meets requirements of Article 79.4 and 79.5 of the Law of the Azerbaijan Republic "On insurance activity" in the amount as determined by the insurance supervisory authority to the fund of current liabilities as formed by the Bureau.

63-4.4. The Bureau shall provide the insurance supervisory authority the information on the insurer recorded in the register of insurers authorized to operate within Green Card System within 5 working days after such recording.

63-4.5. The Bureau shall place and regularly update the register of insurers authorized to operate within Green Card System on its official website and on a quarterly basis publish it in the official press.

Article 63-5. Calendar fees of the insurers authorized to operate within the Green Card System

63-5.1. In addition to the lump sum fee as stipulated in Article 63-4.3 of this Law, the insurer authorized to operate within Green Card System shall pay the Bureau monthly calendar fees in the amount of 5 percent of the total insurance premiums received by the same insurer during each particular calendar month for the issued green cards not later than 15th of the next calendar month.

63-5.2. Calendar fees shall be directed to financing the Bureau's expenses relating to the Green Card System such as printing green card forms, advertisement and other similar expenses as well shall be allocated to the fund of current liabilities.

63-5.3. The rules for payment of calendar fees shall be determined by the Bureau by agreeing with the insurance supervisory authority.

Article 63-6. The Bureau's fund of current liabilities

63-6.1. The fund of current liabilities is formed by the Bureau with the purpose of ensuring the liabilities of the Bureau in connection with the activities of the participants in the Green Card System at the account of the funds as provided in Article 63-4.3 of this Law and calendar fees as stipulated in Article 63-5 of this Law.

63-6.2. The Bureau shall maintain separate accounting for the movement of cash means through the fund of current liabilities.

63-6.3. The rules for forming of the fund of current liabilities shall be adopted by the Bureau by agreeing with the insurance supervisory authority.

63-6.4. The fund of current liabilities shall be used to fulfil by the Bureau the commitment for a participating insurers as provided in Article 63-3.0.10.

Article 63-7. The Bureau's subrogation right in the Green Card System

The Bureau shall have subrogation right against its participant in the amount paid with regard to the same participant liability in connection with the Green Card.

Article 63-8. Prohibition to act on behalf of the Green Card bureau of a foreign country

Insurers are forbidden to offer Green Card on behalf of Green Card bureaux of foreign countries implementing Green Card System.

Article 63-9. Insurance tariffs under Green Card System

Green Card System related insurance tariffs to be applied by the insurers authorized to operate within the Green Card System shall be determined by the insurance supervisory authority.

Article 63-10. Exemptions from currency regulation restrictions

No restriction shall be applied to the export of required currency from Azerbaijan Republic by the Bureau and its participants to fulfil their international liabilities within the Green Card System.

Part 5. COMPULSORY PERSONAL ACCIDENT INSURANCE OF PASSENGERS

Article 64. Purpose and assignment of compulsory personal accident insurance of passengers

64.1. Compulsory personal accident insurance of passengers shall be applied to ensure insurance coverage for personal injuries of passengers caused in the result of insurance accident who are carried in air, water, railway and motor vehicles which render passenger carriage services.

64.2. Personal accident insurance of passengers shall be compulsory, as provided in the present Part.

Article 65. Vehicle owners obliged to carry out compulsory personal accident insurance of passengers

65.1. For the purposes of the present Part, vehicle owners shall be natural and legal persons, who /which own motor vehicle or carry out actual ownership of this motor vehicle, including rents or operation under other legal grounds for rendering of passenger carriage services in the territory of the Azerbaijan Republic as well as to and from foreign countries, as provided in the legislature.

65.2. Owners of motor vehicles in accordance with Article 64.1 of the present Law shall carry out compulsory personal accident insurance of passengers carried by means of relevant motor vehicle.

65.3. Requirements of the present Part shall not apply to motor vehicle owners carrying out intercity or domestic carriage of passengers.

Article 66. Insurance accident under compulsory personal accident insurance of passengers

The fact of causing of light, less serious or serious injury to insured person in the result of damage of body parts, tissues, full or partial loss of his/her working capacity or death in connection with use of motor vehicle within the period of sitting of insured passenger in the vehicle during traffic or in parking (at airports, seaports, railway or bus stations, platforms or port terminals) in connection with rendering of passenger carriage services shall be deemed as an insurance accident.

Article 67. Policy holder and insured person under compulsory personal accident insurance of passengers

67.1. Policy holder shall be an owner of any vehicle provided in Article 64.1 of the present Law, who has concluded an agreement on compulsory personal accident insurance of passengers carried by means of relevant motor vehicle and to the name of whom compulsory insurance policy has been issued.

67.2. Insured persons shall be passengers who are carried in any motor vehicle provided in the present Part and in respect of whom compulsory personal accident insurance has been carried out.

Article 68. Insurance amounts under compulsory personal accident insurance of passengers

68.1. Insurance amounts under compulsory personal accident insurance of passengers shall be determined in the following amounts:

68.1.1. insurance amount per each passenger in the vehicle – 5.000 manats;

68.1.2. per each vehicle – an amount received from the amount specified in Article 68.1.1 of the present Law to the quantity of passenger seats in the relevant motor vehicle.

68.2. Insurance amounts under agreement on compulsory personal accident insurance of passengers shall not be amended during the term of validity of such agreement, irrespective of granting of relevant insurance payment.

Article 69. Premiums under compulsory personal accident insurance of passengers

Amount of premiums under compulsory personal accident insurance of passengers shall be calculated as provided by insurance supervision authority.

Article 70. Insurance payment under compulsory personal accident insurance of passengers

Granting of insurance payment for personal injuries of passengers, caused in the result of insurance accident, insured under compulsory personal accident insurance shall be carried out on general grounds stipulated in the Special chapter of the present Law, within limits of relevant insurance amounts provided in Article 68 of the present Law.

III. FINAL CHAPTER

Part 6. TRANSITIONAL PROVISIONS

Article 71. Non-proliferation of the Law to effective compulsory insurance agreements

Compulsory insurance agreements concluded prior to the entry into force of the present Law shall retain their legal force until the expiry of terms specified in those agreements.

Article 72. Commencement of application of granting of compensations

Provisions associated with granting of compensations stipulated in Article 33 of the present Law shall apply 6 months after entry into force of the present Law.

Article 73. Commencement of the Bureau's activity

73.1. Constituent assembly of the Bureau stipulated in Article 27 of the present Law shall be convened by insurance supervision authority within the period of 30 days from the moment of entry into force of the present Law. Insurers meeting the requirements of Article 28 of the present Law shall be invited to constituent assembly of the Bureau.

73.2. Constituent assembly of the Bureau shall be obliged to adopt decisions on the following issues:

73.2.1. establishment of the Bureau;

73.2.2. approval of charter of the Bureau;

73.2.3. implementation of organizational matters for commencement of the Bureau's activity, including election of temporary executor with a view to carry out state registration of the Bureau.

73.3. Constituent assembly of the Bureau may also adopt decisions on other necessary issues in connection with establishment and initial phase of its activity.

Part 7. FINAL PROVISIONS

Article 74. Cancelled;

Article 75. Supervision over provision of compulsory insurance

Supervision over provision of compulsory insurance by persons who are entrusted with the obligation to carry out compulsory insurance under the Special chapter of the present Law shall be enforced not only by insurance supervision authority, but also by relevant bodies of executive power, taking into account specific features of each type of compulsory insurance.

Article 76. Settlement of disputes

Where disputes arising from the present Law may not be resolved through negotiations between the parties, they shall be settled by competent authorities, including court proceedings.

Article 77. Liability

77.1. Legal and natural persons shall bear liability for breach of requirements of the present Law stipulated in the law.

77.2. Where any insurance coverage, specified in the present Law, is fully or partially stipulated in voluntary insurance agreement, this shall not release persons, who are entrusted with an obligation to carry out compulsory insurance in accordance with the Special chapter of the present Law, from the liability for failure to comply with such obligation.

Article 78. Entry of the Law into force

78.1. The present Law shall enter into force 1 month after its publication.

78.1-1. Requirements of Article 8.1-1 of the present Law in respect of parts 2, 3 and 5 of the present Law shall enter into force from 1 July 2013.

78.2. From the date of entry of the present Law into force provide in Article 78.1 of the present Law, Laws of the Azerbaijan Republic «On compulsory civil liability insurance of vehicle owners in the Azerbaijan Republic » dated 31 May 1996 № 113-IQ, «On compulsory environment insurance» dated 12 March 2002 № 2713-IIQ, «On compulsory civil liability insurance of vehicle owners in the Azerbaijan Republic » dated 25 March 2003 № 425-IIQD, «On compulsory insurance of passengers» dated 17 June 2003 № 474-IIQD, «On compulsory fire insurance» dated 6 January 2004 № 573-IIQ, shall be null and void.

From the date of entry into force of the present Law, provision of Article 50-2 added by Article 1.14 of this Law, also shall apply to insurers having permission to operate under the compulsory civil liability insurance of motor vehicle owners.

The provisions in respect of implementation of the Green Card System shall enter into force from 1st January 2016, other provisions shall enter into force from the date of its publication.

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