“Approved”
Central Bank of the
Republic of Azerbaijan
Resolution No. 25/1
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Regulation
on calculation of insurance premium amounts on vehicle owners’ civil liability compulsory insurance

1. General provisions

1.1. This Regulation has been developed according to Article 57.1 of the Law of the Republic of Azerbaijan “On Compulsory Insurance” and regulates issues related to calculation of insurance premium amounts on compulsory insurance of vehicle owners’ civil liability.

1.2. Main definitions used for purposes of this Regulation bear the following meanings:

1.2.1. Insurance history – a record containing information about insurance contracts concluded by the policyholder and insurance incidents occurred due to the fault of the vehicle driver.

1.2.2. Subjects of assessment - individuals to whom discounts or supplements are applied based on their insurance history in the motor vehicle assessment group.

1.2.3. Insurance history coefficient – a coefficient determined based on the insurance history of the subject of assessment and applied in calculating the insurance premium.

1.2.4. Assessment groups are the following:

1.2.4.1. passenger cars and other vehicles manufactured on their basis.

1.2.4.2. trucks and other vehicles manufactured on their basis.

1.2.4.3. buses, minibuses, and other vehicles manufactured on their basis.

1.2.4.4. motorcycles, tricycles, and quadricycles.

1.2.4.5. tractors, vehicles used in forestry and agriculture.

1.2.4.6. trolleybuses and trams.

1.2.4.7. trailers and semi-trailers.

1.2.4.8. technological vehicles and other mechanical motor vehicles of this category.

1.3. Other terms used in this Regulation have the meanings defined in the Law of the Republic of Azerbaijan “On Motor Transport”, the insurance legislation of the Republic of Azerbaijan, and other regulatory legal acts of the Republic of Azerbaijan.

2. The procedure for calculating the insurance premium amount

2.1. *Taking into account paragraph 2.4 of this Regulation,* one-year insurance premium to be paid at the time of concluding the contract on motor vehicle owners’ compulsory civil liability insurance is calculated as follows by applying the coefficients determined by this Regulation to the base insurance premium amount:

2.1.1. if the vehicle owner is an individual:

IP = BIP x CVT x CVIU x EAC x AC x CVL x CVD x IHC

where,

IP – one-year insurance premium amount

BIP – base insurance premium amount

CVT – coefficient for the type of vehicle

CVIU - coefficient for the vehicle's intended use

EAC – coefficient for the policyholder's driving experience and age

AC – coefficient for the area where the vehicle is mostly used

CVL – coefficient for the vehicle life

CVD – coefficient for the number of vehicle owners

IHC – insurance history coefficient

2.1.2. if the vehicle owner is a legal entity:

IP = BIP x CTV x RC x LVC x LEC x BMC

where,

IP – one-year insurance premium amount

BIP – base insurance premium amount

CVT – coefficient for the type of vehicle

CVIU - coefficient for the vehicle's intended use

AC – coefficient for the area where the vehicle is mostly used

CVL – coefficient for the vehicle life

CVD – coefficient for the number of vehicle owners

IHC – insurance history coefficient

2.2. The base insurance premium is set AZN50,0.

2.3. *Except as provided for in item 2.3-1 of this Regulation*, the insurance premium calculated by applying the relevant coefficients in accordance with item 2.1 of this Regulation may not exceed three times the product of the base insurance premium and the coefficient determined for the type of motor vehicle specified in part 3 of this Regulation.

2.3–1. When a vehicle is used for passenger transportation by taxi cars, the insurance premium calculated by applying the relevant coefficients in accordance with item 2.1 of this Regulation cannot exceed five times the product of the base insurance premium and the coefficient determined for the type of vehicle specified in part 3 of this Regulation.

2.3–2. In the event of the circumstances outlined in part 3-2 of this Regulation, the amount of the insurance premium adjustment for the relevant vehicle under the previous insurance contract shall be added to the annual insurance premium calculated and payable in accordance with item 2.1 of this Regulation, taking into account the requirements of item 2.3-1 of this Regulation.

2.4. The insurance premiums for border insurance contracts (hereinafter referred to as "border insurance contracts") concluded for motor vehicles registered in another country whose drivers do not present a Green Card upon entering the territory of the Republic of Azerbaijan, as *provided for in Article 63-1.2 of the Law of the Republic of Azerbaijan on Compulsory Insurance, shall be calculated in accordance with Part 10 of this Regulation.*

3. Coefficients applied for the type of vehicle

To calculate one-year insurance premium amount to be paid when concluding a contract on vehicle owner's compulsory civil liability insurance, the coefficients specified in Table 1 are applied in accordance with the type of the vehicle:

Table 1.

No.	***Type of vehicles***	***Coefficients***
1.	*Passenger cars and other vehicles manufactured on their basis:*	
1.1.	*in terms of the volume of their engines:*	
	50 sm^3 – 1500 sm^3	*1*
	1501 sm^3 – 2000 sm^3	*1.5*
	2 001 sm^3 – 2500 sm^3	*2*
	2501 sm^3 – 3000 sm^3	*2.5*
	3001 sm^3 – 3500 sm^3	*3*
	3501 sm^3 – 4000 sm^3	*3.5*
	4001 sm^3 – 4500 sm^3	*4*
	4501 sm^3 – 5000 sm^3	*4.5*
	over 5000 sm^3	*5*
1.2.	*Passenger cars powered by an electric motor*	*1.5*
2.	*Buses, minibuses, and other vehicles manufactured on their basis – in terms of the number of passenger seats:*	
	9 – 16	*3*
	over 16	*4*
3.	*Trucks and other vehicles manufactured on their basis – in terms of their maximum permissible mass:*	
	below 3500 kg	*3*
	3501 kg – 7 500 kg	*4*
	over 7500 kg	*5*
4.	*Motorcycles, tricycles, and quadricycles*	*1*
5.	*Trailers and semi-trailers*	*2*
6.	*Tractors, mechanical vehicles used in forestry and agriculture*	*1*
7.	*Technological vehicles and other mechanical motor vehicles of this category*	*1*
8.	*Trailers and semi-trailers*	*0.5*

3–1. Coefficient applied for the intended use of the vehicle

3–1.1. When a vehicle is used for passenger transportation by taxi cars, a coefficient of 1.5 is applied to calculate the annual insurance premium that must be paid when concluding a compulsory motor vehicle liability insurance contract for vehicle owners.

3–1.2. Using a vehicle for passenger transportation by taxi cars means transporting passengers by carriers on an irregular route based on an order from a person with a permit certificate and permit card for the vehicle issued by an authorized state body in accordance with the Republic of Azerbaijan's laws "On Motor Vehicle Transport" and "On Licenses and Permits."

3–1.3. In accordance with item 3-1.4 of this Regulation, the coefficient specified in item 3-1.1 shall be applied when an insurance contract is concluded, provided that the permit certificate and permit card information of the motor vehicle used for passenger transportation by taxi cars is available.

3–1.4. If it is impossible to determine information about the vehicle's permit certificate and permit card for passenger transportation by taxi cars, the application of the coefficient provided for in item 3-1.1 of this Regulation is carried out on the basis of a voluntary declaration by the policyholder when concluding an insurance contract.

3–1.5. If it is impossible to determine information about the vehicle's permit certificate and permit card for passenger transportation by taxi cars or if, in the case provided for in item 3-1.4 of this Regulation, this information is not declared to the insurer by the policyholder, a coefficient of 1 is applied to calculate the amount of the insurance premium.

3–2. Insurance premium adjustment amount

3–2.1. In the case provided for in item 3-1.4 of this Regulation, if each of the following conditions exists, the adjustment amount for the insurance premium shall be applied in the next insurance contract to be concluded with the policyholder who provided incorrect information about the intended use of the vehicle:

3–2.1.1. Except for the case provided for in item 3-2.2 of this Regulation, if incorrect information was provided under the last insurance contract concluded in relation to the vehicle.

3–2.1.2. If the fact of providing incorrect information by the insurer is established after the insured event occurs.

3–2.2. If the insured event was registered after the insurance contract ended (expired or was terminated), in which incorrect information was provided about the intended use of the vehicle, the adjustment amount for the insurance premium will be applied to the next insurance contract after the event is registered.

3–2.3. The amount of the insurance premium adjustment is equal to the difference between the amount of the insurance premium that should have been calculated by correctly reflecting the intended use of the vehicle in the last concluded insurance contract in relation to the relevant vehicle and the amount of the insurance premium actually paid.

3–2.4. The fact of providing incorrect information about the intended use of a motor vehicle is determined based on documents related to the relevant permit, information obtained, or the results of a request sent to the authorized state body that issued the relevant permit.

3–2.5. If it is determined that the policyholder has provided incorrect information about the intended use of the vehicle under two or more insurance contracts before the conclusion of the next insurance contract, the adjustment amount for the insurance premium calculated in accordance with item 3-2.3 of this Regulation for each contract shall be applied to the next insurance contract to be concluded with the policyholder.

4. Coefficients applied in terms of policyholder's driving experience and age

4.1. To calculate the one-year insurance premium amount to be paid when concluding the contract on vehicle owners' compulsory civil liability insurance, the coefficients provided in Table 2 are applied according to the policyholder's driving experience and age:

Table 2

No	Age/Experience	0 year	1 year	2 years	3-4 years	5-6 years	7-10 years	over 10 years
1.	16-25	1.35	1.35	1.35	1.30	1.25	1.20	-
2.	26-29	1.35	1.35	1.30	1.25	1.20	1.10	1.00
3.	30-39	1.35	1.30	1.25	1.20	1.10	1.00	1.00
4.	40-49	1.35	1.30	1.25	1.15	1.10	1.00	1.00
5.	50-65	1.35	1.30	1.25	1.15	1.05	1.00	1.00
6.	over 65	1.35	1.35	1.35	1.30	1.25	1.20	1.10

4.2. Driving experience of persons who do not have a driver's license issued by an authorized body of the Republic of Azerbaijan is equal to 0.

5. Coefficients according to the area where the vehicle is mostly used

5.1. To calculate the one-year insurance premium amount to be paid when concluding the contract on vehicle owners' compulsory civil liability insurance the area where the vehicle is mostly used is taken into account.

5.2. The most frequently used area of the vehicle is determined by the place of registration of the vehicle.

5.3. In relation to diplomatic missions and consulates of foreign countries operating in the Republic of Azerbaijan, international organizations with the status (immunity) of diplomatic missions, as well as vehicles belonging to their diplomatic personnel and their family members, the area where the vehicle is used more often is determined by location of the relevant diplomatic mission and (or) consulate.

5.4. To calculate the one-year insurance premium amount to be paid when concluding the contract on vehicle owners' compulsory civil liability insurance the coefficients provided in Table 3 are applied according to the area where the vehicle is used more often:

Table 3

No	The area where the vehicle is mostly used	Coefficients
1.	Baku city	1.1
2.	Sumgait city, Absheron district	1.05
3.	Nakhchivan Autonomous Republic, Ganja city	1.0
4.	Other towns and districts	0.95

5.5. Border insurance contracts concluded in relation to vehicles that are centrally registered in the Republic of Azerbaijan, ~~as well as registered in another country and for which the driver does not present a Green Card provided for in Article 63-1.2 of the Law of the Republic of Azerbaijan 'on Compulsory Insurances' when entering the territory of the Republic of Azerbaijan (hereinafter - the border insurance contract),~~ the coefficient is equal to 1.1 according to the area where the motor vehicle is used more often.

6. Coefficients applied according to life of the vehicle

6.1. To calculate the one-year insurance premium amount to be paid when concluding the contract on vehicle owners' compulsory civil liability insurance the coefficients specified in Table 4 are applied in terms of the life of the vehicle:

Table 4

No	Life of vehicle	Coefficients
1.	0-10 years	1
2.	11-20 years	1.05
3.	over 20 years	1.10

6.2. The life of the vehicle is calculated from the year of release of the vehicle, which is determined in the state registration certificate of the vehicle issued by competent authorities of the Republic of Azerbaijan ~~or foreign countries.~~

7. Coefficients in terms of the number of *vehicle owners*

7.1. The number of *vehicle owners* is taken into account in the calculation of the insurance premium when concluding vehicle owners' compulsory civil liability insurance contract by individuals.

7.2. To calculate the one-year insurance premium amount to be paid when concluding the contract on vehicle owners' compulsory civil liability insurance by individuals, the following coefficients are applied in terms of the number of *vehicle owners:*

7.2.1. *if the number of vehicle owners is four or less - 1.*

7.2.2. *if the number of vehicle owners is five or more - 1.15*

7.3. The number of vehicle owners is determined based on a document confirming the ownership of the vehicle, an agreement on lease of the vehicle or on other property rights, and a power of attorney on the rights to use or dispose of the vehicle.

7.4. ~~1 coefficient is applied to border insurance contracts.~~

8. Insurance history coefficient

8.1. The insurance history coefficient is applied when calculating the annual insurance premium payable when concluding a compulsory motor vehicle third party liability insurance contract.

8.2. The insurance history coefficient determined for the purposes of this Regulation cannot be less than 0.60 and more than 3.

8.3. The insurance history coefficient of a person is formed separately for each assessment group, applying appropriate discounts and supplements based on their insurance history.

8.4. When concluding a contract for compulsory motor vehicle liability insurance by individuals, taking into account item 8.5 of this Regulation, the insurance history coefficient of the person with the highest insurance history coefficient among motor vehicle owners, determined in accordance with item 7.3 of this Regulation, shall be applied.

8.5. Except in the case of alienation of a vehicle, all individuals who owned the relevant vehicle during the month before the insurance contract was concluded, as well as all individuals whose ownership rights were terminated during that period, are considered when applying the insurance history coefficient provided for in item 8.4 of this Regulation.

8.6. If the vehicle's owner is a legal entity, the insurance history coefficient used to calculate the insurance premium is set to 1. No discount or surcharge is applied to this coefficient, except when the vehicle is used for passenger transportation as a taxi.

8.7. Except for the case where the vehicle is used for passenger transportation as a taxi, if the policyholder is a legal entity and an insured event occurs, the supplements applied to the insurance history coefficient shall be applied to the insurance history coefficient of the individual driving the vehicle and causing the insured event.

8.8. When concluding a compulsory motor vehicle liability insurance contract for the first time, as well as if there is no insured event that occurred in the relevant assessment group due to the fault of the individual wishing to conclude the contract and for which an insurance payment was made and registered in the Bureau's information system, the person's insurance history coefficient is set at 1. The first conclusion of a compulsory motor vehicle liability insurance contract means the absence of a compulsory insurance contract concluded by that person in the Bureau's information system for the relevant assessment group.

8.9. Taking into account the requirements stipulated in item 8.6 of this Regulation, a 5% discount is applied to the insurance history coefficient of a person in the relevant assessment group, regardless of the number of compulsory insurance contracts in force, whenever each of the following conditions is met:

8.9.1. If, since the last change to the insurance history coefficient, no insured event has occurred due to the individual's or driver's (in the case of a legal entity using the vehicle as a taxi) fault for which an insurance payment has been made.

8.9.2. if the number of days of insurance coverage since the last change to the insurance history coefficient exceeds 275.

8.10. Except as provided for in item 8.11 of this Regulation, for each insured event that occurred due to the fault of an individual and for which insurance payment(s) was made, a 30% surcharge shall be applied to the insurance history coefficient of that person in the relevant assessment group, regardless of whether he is a policyholder or not, from the date of the last change in the insurance history coefficient. If there is no compulsory insurance contract concluded by the person in the relevant assessment group in the Bureau's information system, the person's insurance history coefficient shall be determined as coefficient 1 and a 30% surcharge shall be applied to that coefficient.

8.11. If the policyholder is a legal entity and the vehicle is used for passenger transportation as a taxi, a 30% surcharge is applied to the legal entity's insurance history coefficient for each insured event for which an insurance payment has been made.

9. Coefficient for the fact that the vehicle owner is a legal entity

When the vehicle owner is a legal entity, the coefficient of 1.40 is applied in the calculation of the one-year insurance premium to be paid when concluding the vehicle owners' compulsory civil liability insurance contract.

10. Insurance premium on the border insurance contract

Insurance premiums for border insurance contracts are determined based on the tariffs provided in Table 8, depending on the type of vehicle and the term of the insurance contract.

Table 8.

Type of vehicle	***Amount of insurance premium for the term of the border insurance contract (in manat)***

	12 months	*6 months*	*3 months*	*1 month*
Passenger cars and other motor vehicles manufactured on their basis	*130*	*91*	*59*	*26*
Trucks and other motor vehicles manufactured on their basis	*485*	*340*	*218*	*97*
Trailers and semi-trailers	*50*	*35*	*23*	*10*
Buses, minibuses and other motor vehicles manufactured on their basis	*370*	*259*	*167*	*74*
Motorcycles and scooters	*95*	*67*	*43*	*19*
Tractors, road construction, forestry and agricultural vehicles	*95*	*67*	*43*	*19*

10–1. Procedure for making mutual payments

10–1.1. In order to carry out mutual settlements on the amount of adjustment to the insurance premium applied in the cases specified in this Regulation, a collective agreement shall be concluded between the insurers and the Compulsory Insurance Bureau no later than 30 (thirty) calendar days from the date of entry into force of part 3-2 of this Regulation.

10–1.2. The collective agreement shall cover at least the following issues:

10–1.2.1. the procedure for joining and withdrawing from a collective agreement.

10–1.2.2. the settlement procedure of the amount of insurance premium adjustment between insurers.

10–1.2.3. deadlines for the implementation of obligations.

10–1.2.4. dispute settlement.

10–1.3. Settlements between insurers are carried out in a cashless manner.

~~11. Final provisions~~

~~11.1. Taking into account Items 11.2 and 11.3 herein, BM subjects are considered in the BM classes for the relevant BM group determined by this Regulation in accordance with the BM coefficient applied to them for the relevant BM group until this Regulation takes effect.~~

~~11.2. Until this Regulation takes effect, the Bonus coefficients of the BM subjects to which the BM coefficient of 0.45, 0.50 and 0.55 applied for the relevant BM group are kept unchanged until the insured event occurs due to their fault. When the insured event occurs due to their fault, the mentioned BM subjects are considered in the 22nd BM class defined by this Regulation, and the corresponding Malus coefficient is applied to them.~~

~~11.3. Until this Regulation takes effect, BM subjects in the Malus class for the relevant BM group are considered in the following BM classes defined by this Regulation:~~

~~11.3.1. BM subjects with 1.25 BM coefficient applied in BM class 13 until this Regulation takes effect.~~

~~11.3.2. BM subjects with 1.60 BM coefficient applied in BM class 12 until this Regulation takes effect.~~

~~11.3.3. BM subjects with 2.00 BM coefficient applied in BM class 11 until this Regulation takes effect.~~

~~11.3.4. BM subjects with 2.45 BM coefficient applied in BM class 9 until this Regulation takes effect.~~

~~11.3.5. BM subjects with 3.00 BM coefficient applied in BM class 7 until this Regulation takes effect.~~