

# **Law of the Republic of Azerbaijan On Compulsory Insurance**

The present Law shall set out general principles of implementation of types of compulsory insurance in the Republic of Azerbaijan, as well as procedures and terms and conditions of their fulfillment in order to regulate legal and economic relations between insurers, policyholders, 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 real property and compulsory personal accident insurance of passengers in the Republic of Azerbaijan.

## **I. General Section**

### **CHAPTER 1**

#### **Introductory provisions**

##### **Article 1. General provisions**

- 1.1. Except for cases, which stipulate different provisions in other laws regarded to separate types of compulsory insurance, General Section 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 Section of this Law shall only apply to such type of compulsory insurance as is defined by the relevant chapters of that section.
- 1.3. Unless otherwise provided in the present Law, explanation of used concepts shall be determined by the Civil Code of the Republic of Azerbaijan and the Law of the Republic of Azerbaijan "On Insurance Activity".
- 1.4. Relations arising from implementation of types of compulsory insurance provided for in the present Law, shall be regulated by the Civil Code of the Republic of Azerbaijan and the Law of the Republic of Azerbaijan "On Insurance Activity", except as otherwise provided for in this Law.

## **Article 2. Legislation on compulsory insurance**

- 2.1. Legislation of the Republic of Azerbaijan on compulsory insurance shall be composed of the Constitution of the Republic of Azerbaijan, the Civil Code of the Republic of Azerbaijan, the Law of the Republic of Azerbaijan “On Insurance Activity”, *the Law of the Republic of Azerbaijan “On the Central Bank of the Republic of Azerbaijan”*, the present Law, international agreements to which the Republic of Azerbaijan is a party, and other normative legal acts.
- 2.2. *Relations in the field of compulsory insurance in the Alat Free Economic Zone shall be regulated in accordance with the requirements of the Law of the Republic of Azerbaijan “On the Alat Free Economic Zone”.*

## **Article 3. Principles of compulsory insurance**

- 3.1. Main principles of compulsory insurance provided for in the present Law shall be as follows:
  - 3.1.1. application and obligatoriness of compulsory insurance in respect of any person having an insurable interest in the relevant type of insurance;
  - 3.1.2. ensuring the protection of persons whose health and (or) property have been damaged as a result of insured events to the extent and manner provided for in this Law;
  - 3.1.3. stimulation of prevention of cases entailing insured events;
  - 3.1.4. elimination of results of insured events, as well as ensuring the use of insurance payments solely for such purposes;
  - 3.1.5. ensuring financial stability in insurance activities through the mechanism of multiple financial coverage;
  - 3.1.6. ensuring a unified methodological approach to the conduct of operations on the types of compulsory insurance provided for in the present Law.

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

- 4.1. Types of compulsory insurance provided for in the present Law shall apply in order to ensure a reimbursement of damages caused to individuals and legal entities with regard to their property interests.

- 4.2. Loss of profits of persons occurred as a result of insured events shall not be included into compulsory insurance coverage.
- 4.3. Insurance of property interests associated with any property (building, erection, motor vehicle, device, installation, equipment etc.) in emergency or useless state for the purposes of this Law shall be prohibited.
- 4.4. Implementation of any type of compulsory insurance provided for in the present Law shall be carried out based on relevant permission issued by the *Central Bank of the Republic of Azerbaijan (hereinafter referred to as the "Central Bank")* to the insurer.
- 4.5. Additional requirements for granting of permission for implementation of types of compulsory insurance shall be determined by the *Central Bank*.
- 4.6. Unless otherwise stipulated by the Special Section of this Law, insurance coverage under contracts of compulsory insurance shall be valid on the territory of the Republic of Azerbaijan.

#### **Article 4-1. Settlements**

*Payments for settlements established by this Law shall be carried out only in a cashless form.*

#### **Article 5. Insurer and policyholder**

- 5.1. An insurer shall be a legal entity licensed to carry out insurance activity in the Republic of Azerbaijan and authorized to carry out a certain type of compulsory insurance provided for in the Special Section of the present Law.
- 5.2. In accordance with the relevant chapter of the Special Section of the present Law, a policyholder shall be an individual or legal entity who is obliged to obligatorily insure the relevant property interests and who is a party to a compulsory insurance contract concluded with the insurer.
- 5.3. Policyholders are free to choose any insurer licensed to perform a type of compulsory insurance to enter into an insurance contract.

## **Article 6. Insured person, beneficiary and sufferer**

- 6.1. Insured person shall be a person, whose property interests are insured under compulsory insurance contract, a person in whose favor the compulsory insurance contract is concluded (included in the category of insured persons) under the compulsory personal accident insurance, a person having property in his/her ownership or actual possession under property insurance, and a person defined on the grounds provided for in Article 6.2 of the present Law for civil liability insurance.
- 6.2. Any person legally exploiting a property indicated in the compulsory civil liability insurance contract, as well as the policyholder at the time of exploitation of that property shall be recognized as the insured person.
- 6.3. The relevant provisions of the Special Section of the present Law shall provide for a certain category of insurers and insured persons for each type of compulsory insurance.
- 6.4. Beneficiary shall be a person who shall be provided with insurance compensation in accordance with the Civil Code of the Republic of Azerbaijan, this Law and (or) terms and conditions of the insurance contract. Beneficiary under personal accident insurance shall be an insured person, in case of his/her death - his/her family members, *in case of absence of these persons, the other legal successors stipulated in Article 1159 of the Civil Code of the Republic of Azerbaijan*; beneficiary under civil liability insurance shall be the third person, in case of his/her death - his/her family members (legal successor if the third person is a legal entity).
- 6.5. Family members of the insured person or third person acting in the capacity of beneficiary, as provided in Article 6.4 of the present Law, shall be entitled to equal portions in receipt of insurance compensation.
- 6.6. Sufferer under personal accident insurance shall be an insured person, whose health is damaged and a third party, whose property and (or) health is damaged, in case of civil liability insurance.
- 6.7. Any person who has an insurable interest in connection with property that suffered damage as a result of an insurance event for property insurance is recognized as a sufferer, regardless of whether he/she is the owner of the property or not.

- 6.8. As a result of the insurance event under personal insurance, the sufferer is the person whose health has been harmed, and in case of his death - members of his/her family.
- 6.9. *For the purposes of this Law "family members" shall mean children of the person (adopted children), children born after the death of person, deceased person's wife (husband), parents (adoptive parents).*

## **Article 7. Third persons**

With the exception of the policyholder and (or) family members of the insured, third parties in accordance with this Law are individuals or members of their families or legal entities or their legal successors in the event of death of an individual who are not parties to compulsory civil liability insurance agreement and suffered as a result of the action or inaction of the insured and thus entitled to receive an insurance compensation.

## **Article 8. Compulsory insurance contract**

8.1. *Compulsory insurance contract is the contract concluded between the insurer and policyholder on the provision of compulsory insurance, taking into account the requirements of Articles 8.1-1 and 8.1-2 of this Law, through issuance of corresponding compulsory insurance certificate drawn in the form of an electronic document and certified by means of enhanced electronic signature to policyholder (to insured persons, as appropriate).*

8.1-1. The compulsory insurance contract shall be effective only in case of its conclusion through the information system referred to in the present Law and its existence in the information resource of that system.

8.1-2. *The insurance contract stipulated by Article 50-1.0.3 of this Law shall be concluded by the insurer by issuing to the policyholder or the insured a relevant insurance certificate.*

8.2. Unless otherwise provided in the Special Section of this Law, the compulsory insurance contract shall be concluded for the period of 1 year.

8.3. If compulsory insurance contract on obtaining compulsory insurance coverage in respect of the relevant property provided for in the present Law has been concluded, and unless otherwise provided in the Special Section of this Law, in case of a change of the property owner during the term of the contract, including legal transfer of the property to another person or for other purposes, the conclusion of a new contract of compulsory insurance before the expiration of the term of the

contract, shall not be required. In this case, all rights and obligations attributed to the policyholder by this Law shall apply to the new owner or user of the property.

- 8.4. The policyholder shall not be exempted from the obligation to conclude a corresponding compulsory insurance contract, if the insurance coverage for any type of compulsory insurance referred to in the Special Section of the present Law is fully or partially provided for in voluntary insurance contract.
- 8.5. Unless otherwise provided in the Special Section of this Law, the contract of compulsory insurance shall be terminated in the cases and in the manner stipulated by Articles 919-921 of the Civil Code of the Republic of Azerbaijan. In case of pre-term termination of the compulsory insurance contract, the policyholder shall be obliged to conclude a new contract of compulsory insurance for the relevant type of insurance.
- 8.6. Unless otherwise provided in the present Law, deductible shall not be provided for in compulsory insurance contract.

#### **Article 9. Compulsory insurance certificate**

- 9.1. Compulsory insurance certificate shall be a document certifying the fact of conclusion of compulsory insurance contract. *With the exception of Article 50-1.0.3 of this Law, the insurance certificate for the types of compulsory insurance stipulated by this Law shall be executed as an electronic document in accordance with the Law of the Republic of Azerbaijan "On Electronic Signature and Electronic Document".*
- ~~9.2. Compulsory insurance contract shall be concluded through the handing of relevant certificate by the insurer to the policyholder or insured person.~~
- 9.3. *The content and form of the compulsory insurance certificate shall be defined by the Central Bank of the Republic of Azerbaijan for each type of compulsory insurance separately, taking into account provisions of the Civil Code of the Republic of Azerbaijan.*
- 9.4. The insurance certificate shall be issued on the day of payment of the insurance premium, and in case of group insurance - within 3 working days from the date of payment of the insurance premium.
- ~~9.5. In case of granting of insurance compensation under insured accident in accordance with insurance contract, unless otherwise provided in the Special~~

~~chapter of the present Law, insurer shall withdraw relevant compulsory insurance certificate and, provided that it should deposit insurance fee commensurate to the amount required for recovery of insurance amount in the sum provided for in the legislation, the policyholder shall be provided with annex to effective certificate for the period until expiry of the last validity period of insurance certificate.~~

- 9.6. In the event of early termination of the compulsory insurance contract *stipulated by Article 50-1.0.3. of this Law*, the corresponding compulsory insurance certificate shall be returned to the insurer.
- 9.7. *The insurer and the Compulsory Insurance Bureau shall ensure that the policyholder or the insured have access to the compulsory insurance certificate in the form of an electronic document for at least 5 years, as well as the possibility of translating it to a hard copy and sending it to an e-mail address.*
- 9.8. *The information specified in the compulsory insurance certificate can be submitted (obtained) via the Electronic Government Information System. Submission of the information specified in this certificate via the Electronic Government Information System is considered equivalent to submission of that certificate.*

## **Article 10. Compulsory sum insured**

- 10.1. The sum insured shall be the insurer's maximum liability, as defined by the amount specified in this Law for the insured object.
- 10.2. The total sum of insurance compensation granted by the insurer for one insured event during the period of validity of the compulsory insurance contract may not exceed the compulsory sum insured.
- 10.3. The sum insured for each type of compulsory insurance shall be determined by the chapters of the Special Section of this Law.
- 10.4. Unless other provided in the Special Section of the present Law, the sum insured under compulsory insurance contract shall be deemed to be reduced at the rate of relevant insurance compensations and shall be subject to recovery from the date of issuance of compensation in accordance with Article 11.2 of the present Law.

## **Article 11. Compulsory insurance premium**

- 11.1. ~~Unless otherwise provided in the Special Section of the present Law, the premium for compulsory insurance shall be paid to the insurer as a lump sum *only* in cashless form.~~
- 11.2. With the exception of the case stipulated by Article 56.2 of this Law, if the policyholder does not intend to terminate the insurance contract prematurely, the additional insurance premium payable for restoration of the insurance amount shall be deducted from the amount of the insurance payment.
- ~~11.3. *Insurance intermediaries shall transfer insurance premiums received in cash from policyholders according to the types of compulsory insurance provided for in the Special Section of this Law to the account of the relevant insurer through a payment system integrated into the information system provided for in Article 34-1 of this Law. This payment system shall allow the Compulsory Insurance Bureau to receive electronic reports on all payments in the form established by the financial markets supervisory authority, and to the relevant insurer – reports on payments made on its account.*~~
- 11.4. *It is forbidden to apply any surcharges or discounts (privileges) to the compulsory insurance premium established by law or other normative legal act that follows from the law, as well as give to policyholders gifts instead of concluding an insurance contract or to offer such contracts.*

## **Article 12. Distribution of insurance premiums**

- 12.1. In accordance with Article 81.8 of the Law of the Republic of Azerbaijan "On Insurance Activity," insurance reserves shall be formed from accrued insurance premiums on compulsory types of insurance, taking into account the mandatory deductions referred to in Article 12.2 of this Law.
- 12.2. ~~In addition to what is stipulated by Article 96 of the Law of the Republic of Azerbaijan "On Insurance Activity",~~ a contribution in the amount of 1 percent of insurance premiums received under compulsory insurance contracts shall be paid to the fund of preventive measures of the insurer provided for in Article 26 of the present Law, as well as other mandatory contributions in the cases provided for in Articles 28.3, 30.1, 30.3 and 31.1 of this Law.
- 12.3. Unless otherwise stipulated by law, compulsory contributions provided for in Article 12.2 of the present Law shall be transferred to the relevant accounts for each

quarter of the fiscal year within the period of 20 days upon completion of that quarter.

- 12.4. The insurer may spend up to 20 percent of the insurance premiums received on operation expenses, including up to 15 percent on commissions paid for the insurance mediation service.

### **Article 13. Insured event**

- 13.1. Insured events under the types of compulsory insurance shall be recognized to be the events and circumstances provided for by the Special Section of this Law, which occur during the period of validity of the insurance contract and constitute grounds for compensation of damage caused to the insured or a third party as a result of the use of property or the exercise of activities specified in the relevant contract of compulsory insurance.
- 13.2. For the purposes of this Law, under compulsory insurance of civil liability, the occurrence of civil liability of the policyholder or the insured to compensate damage caused to the health and (or) property of third parties as a result of the use of the insured property (building, structure, vehicle, device, installation, equipment, etc.) specified in the relevant insurance certificate, shall be considered an insurance event.
- 13.3. For the purposes of this Law, an insurance event is an injury to the health of the insured person as a result of personal accident that occurs in the cases stipulated by the corresponding insurance contract for compulsory accident insurance.
- 13.4. Regardless of in whose name an insurance certificate is issued, insurance coverage under personal accident or civil liability insurance shall also apply the relevant events and circumstances resulting from the act or omission of any person lawfully operating the property specified in the relevant *compulsory insurance certificate* in accordance with its intended use.
- 13.5. If the insurer is informed verbally about the occurrence of circumstance, which may be recognized as an insurance event, the insurer shall be obliged to submit the form of written insurance claim to insured person and (or) beneficiary within the period of 3 working days from the moment of submission of verbal information.

## **Article 14. Damage caused to the health**

14.1. For the purposes of this Law, damage caused to the health of the insured person under personal accident insurance or third person under civil liability insurance shall be the following cases:

- 14.1.1. light, less serious or serious injury of person;
- 14.1.2. full or partial disability of person (disability);
- 14.1.3. death of person.

14.2. Reimbursement for damage to the health of the insured person or a third person resulting from an insured event shall be made in proportion to the sum insured:

- 14.2.1. death of sufferer, including his/her death within the period of 3 years from the moment of occurrence of insurance event as a result of infliction of injury, disease, poisoning or contusion - 100 percent;
- 14.2.2. declaring of sufferer as dead in accordance with court decision entered into legal force - 100 percent;
- 14.2.3. determination of disability, ~~including limitation of health capacity~~ of the sufferer within the period of 3 years from the moment of occurrence of insured accident as a result of infliction of bodily injury or contusion:
  - 14.2.3.1. *80 percent for 81-100 percent of health capacity impairment;*
  - 14.2.3.2. *60 percent for 61-80 percent of health capacity impairment;*
  - 14.2.3.3. *40 percent for 31-60 percent of health capacity impairment;*
- 14.2.4. 30 percent for infliction of less serious or serious injury without assignment of disability ~~or restriction of health capacity~~;
- 14.2.5. infliction of 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 determined by the relevant executive body.

## **Article 15. Damage caused to the property**

15.1. Damage to the property under types of compulsory insurance shall be damage caused to the property interests related to damage, destruction or loss of this property in another form.

- 15.2. When 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 destroyed.
- 15.3. Amount of damage caused to the property shall be composed of the following:
- 15.3.1. expenses incurred directly for the repair or restoration of the damaged property or if that property is considered to be destroyed, its cost immediately prior to occurrence of insurance event;
  - 15.3.2. expenses related to dismantling or relocation of buildings, facilities, installations, equipment with a view of reduction of damage;
  - 15.3.3. expenses related to transportation of damaged property, as well as to collection and transportation of its remains;
  - 15.3.4. other expenses incurred as a result of measures taken in order to reduce a damage in the course of insurance event.

#### **Article 16. Determination of damage**

- 16.1. Mandatory assessment of damage to state and municipal property as a result of an insured event shall be provided by the insurer, *taking into account the requirements of the Law of the Republic of Azerbaijan "On Valuation Activities"*
- 16.2. The insurer determines the amount of damage caused as a result of an insured event directly or through a relevant person performing auxiliary activities in the field of insurance appointed by him taking into account the requirements of Article 10.10 of the Law of the Republic of Azerbaijan "On Insurance Activity". If the parties do not reach an agreement on the amount of damage determined by the insurer, *the assessment of the amount of damage is carried out by an independent expert appointed through the information system provided for in Article 34-1 of this Law in accordance with Article 925-1 of the Civil Code of the Republic of Azerbaijan.*
- 16.3. When the policyholder or the insured does not keep the damaged property in the condition immediately after the insured event, except for the cases provided for in Article 925.5 of the Civil Code of the Republic of Azerbaijan, until the date when the assessment of the amount of the insured damage by the insurer or with its consent begins in the period provided for in Article 16.4 of this Law or if it does not create conditions for assessing the damage, it shall accept the results of the appropriate assessment of the damage by the insurer.
- 16.4. If the insurer fails to arrange an assessment of the damage to the property within 7 days of being notified of the insured event, ~~as required by law~~, the policyholder, the insured, and any aggrieved third parties may initiate an assessment and

elimination of the property damage through an appointed *independent expert or appraiser*. In such a case, if the insurer cannot prove that it was unable to arrange an assessment of the damage in time due to the death or illness of the property owner, or due to the policyholder's, insured person's, or aggrieved third person's failure to create conditions for the assessment of the property, the insurer shall accept the results of the assessment carried out by the aggrieved third person, as provided in this Article. *The costs incurred in assessing the damage specified in this article shall be borne by the insurer.*

## **Article 17. Documents required for issuance of insurance compensation**

17.1. Payment of compulsory insurance compensation 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 certificate;
  - 17.1.1.2. type of compulsory insurance;
  - 17.1.1.3. name of policyholder;
  - 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 event;
  - 17.1.1.6. details and reason of circumstance, which may be deemed to be an insurance event;
  - 17.1.1.7. description of damage caused as a result of occurrence of circumstance, which may be deemed to be an insurance event and assumed amount of damage, if possible.
- 17.1.2. ~~copy of insurance certificate;~~
- 17.1.3. ~~notarized copy of document certifying ownership right in respect of property indicated in the insurance certificate or right of use or disposal;~~
- 17.1.4. unless otherwise provided in the Special Section of the present Law, a reference (*including electronic references*) from the competent authority on details (time, place of occurrence of event, person(s) guilty in occurrence of the event and/or suffered as a result of it as well as features of damaged property, damage) about the circumstance, which may be deemed to be an insured event;
- 17.1.5. in relevant cases - document certifying the amount of damage in connection with destruction or loss of property in any other way as a result of occurrence of circumstance, which may be deemed to be an insurance event;

- 17.1.6. in relevant cases - medical reference about a degree of injury for the damage caused to the health of third person or insured person as a result of occurrence of circumstance, which may be deemed to be an insurance event, in case of disability, *a copy of the decision made in accordance with Article 3.1 of the Law of the Republic of Azerbaijan "On Rights of Persons with Disabilities"*;
  - 17.1.7. in appropriate cases, in the event of the death of a third party or the insured person as a result of an event that may be considered an insured event, ~~notarized~~ copies of the medical examination report on the cause of death, the death certificate, as well as relevant documents confirming the kinship relationship of the deceased's family members with him (birth certificate or identity card, marriage certificate in the case of a husband (wife))
  - 17.1.8. in appropriate cases, if a third party or the insured dies within 3 years due to damage to his/her health as a result of an event that can be considered an insured event, ~~notarized~~ copies of the medical examination report confirming the causal relationship of his/her death with the event, the death certificate, as well as relevant documents confirming the kinship relationship of the deceased's family members with him/her (birth certificate or identity card, marriage certificate in the case of a husband (wife));
  - 17.1.9. when the policyholder or insured person under compulsory civil liability insurance has reimbursed a damage caused to the property or has made any payment in connection with the harm inflicted to health - duly authenticated copy of document certifying such payment;
  - 17.1.10. when beneficiary is a natural person - copy of his/her identity card; when beneficiary is a legal person - relevant power attorney issued to its authorized representative and ~~notarized~~ copy of identity card of that authorized representative;
  - 17.1.11. other documents provided for in the Special Section of the present Law.
- 17.2. The insurer notified about occurrence of circumstance, which may be deemed to be an insurance event, 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. The insurer shall register an application on insurance claim.

- 17.4. The insurer shall immediately make a request to the competent authority for acquisition of reference provided for in Article 17.1.4 of the present Law. The authorized body shall provide any information not prohibited by the Law of the Republic of Azerbaijan "On Receiving Information" and requested in connection with the insurance event in accordance with a written request, within 10 days of the receipt of the request.
- 17.5. For the purpose of issuance of insurance compensation, the insurer shall not be entitled to require documents from the policyholder, insured person and/or beneficiary other than those provided for in the present Law.

#### **Article 18. Granting of insurance compensation or term of rejection of its payment**

- 18.1. Insurer shall be obliged to grant insurance compensation 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 grant substantiated notification about rejection of granting of insurance compensation to the policyholder, insured person or beneficiary.
- 18.2. If the insurer does not pay the insurance compensation within the period established by Article 18.1 of this Law, it shall pay a penalty at the rate of 0.1 percent of the amount of the insurance compensation for each overdue day.

#### **Article 19. Procedure for providing insurance compensation for damage to the health**

- 19.1. Insurer shall pay compensation for damage caused to the health of insured person or third person, as provided in the present Law, without taking into account insurance compensations granted under types of insurance regarded to another personal insurance and/or social insurance as well as any means paid by tortfeasor under personal accident insurance.
- 19.2. Except for cases provided for in Article 21 of the present Law, the insurer, in any case, as provided in the legislation, shall pay compensation for damage caused to the health of third person regardless of the insurer's or policyholder's degree of fault in occurrence of insurance event under compulsory civil liability insurance.
- 19.3. A third party under civil liability insurance shall have the right to claim compensation for damage caused to his/her health from the policyholder, the

insured person or to claim compensation for damage within the insurance amount provided for in this Law from the insurer.

- 19.4. If the policyholder or the insured makes any payment in favor of the injured party in connection with damage caused to the health of a third person under civil liability insurance, the insurer shall pay the insurance compensation calculated in accordance with this Law to the policyholder or the insured person within the insurance amount, taking into account the requirement of Article 19.5 of this Law.
- 19.5. If the amount paid by the policyholder or insured person in connection with damage caused to the health of third person under civil liability insurance is less than the amount of insurance compensation calculated in accordance with the present Law, a part of the insurance compensation equal to the corresponding difference shall be granted to the sufferer.
- 19.6. If the insured person or third person has not received, inter vivos, the insurance compensation provided for in the present Law for damage caused to the health, the amount of insurance compensation, 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. If the insured person or third person dies from harm caused to his/her health as a result of insurance event within the period of 3 years from the moment of occurrence of that event, the difference between the amount of relevant insurance compensation, which he/she received and insurance amount shall be paid to his/her family members.
- 19.8. If the total volume of insurance amount calculated separately for the damage caused to two or more insured persons or third persons as a result of single insurance event exceeds the relevant insurance amount, insurance compensation shall be granted to third persons in the amount of proportion of insurance amount to damage caused to each third person.
- 19.9. Expenses for burial incurred by the policyholder or insured person ~~in accordance with the legislation~~ in case of death of third person shall not be included into the amount of insurance compensation.

## **Article 20. Procedure for providing insurance compensation for damage to the property**

- 20.1. Total amount of insurance compensations for damage caused to the property granted under all types of voluntary and compulsory insurance may not exceed the amount of actual damage.
- 20.2. Except for cases provided for in Article 21 of the present Law, the insurer, in any case, shall be obliged to pay, as provided in the present Law, compensation for damage caused to the property of third person regardless of the insurer's or policyholder's degree of fault in occurrence of insurance event under compulsory civil liability insurance.
- 20.3. Insurance compensation for damage caused to property shall be made at the 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. If, under civil liability insurance, the amount of liability for damage caused by the insured person to the property of two or more third persons as a result of single insurance event exceeds the corresponding insurance amount, the insurance compensation shall be provided to third persons in the amount of proportion of this insurance amount to damage caused to each third person.
- 20.5. The third person shall be entitled to require reimbursement of damage caused to his/her property from the policyholder, insured person or insurer within insurance amount provided for in the present Law. If one of them fully reimburses the damage, third person's claim shall be deemed to be met.
- 20.6. When the damage caused to the property of the third person as a result of insurance event is fully reimbursed by the policyholder or insured person, as well as by the insurer, which is a party of another relevant insurance contract concluded by the third person, the insurer shall pay insurance compensation in the amount of insurance amount to the policyholder or insured person or other insurer, which submitted a claim by way of subrogation. In such case, amount of insurance compensation may not exceed an amount paid to the beneficiary by the policyholder or insured person or other insurer.
- 20.7. When an amount paid to the sufferer in connection with the damage caused to the property of the third person as a result of insurance event by the policyholder or insured person, as well as by the insurer, which is a party to another insurance

contract concluded by the third person, is less than an amount of damage, the insurer shall carry out insurance compensation through the payment to sufferer of difference between paid amount and damage amount and amount of compensation paid to the policyholder or insured person or other insurer, which submitted a claim by way of subrogation.

## **Article 21. Grounds for rejection of payment of insurance compensation**

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

- 21.1.1. when accident or circumstance relates to military operations, terrorism, mass riots, nuclear explosion, radioactive pollution;
- 21.1.2. when insurance claim relates to damage caused to money, securities, precious metals and precious stones, works of art, including artworks, engravings, sculptures belonging to third persons as well as to property in the form of models, plans and outlines, patents for invention, documents, books and records;
- 21.1.3. when insurance claim relates to moral damage and deprivation of income;
- 21.1.4. when insurance claim relates to policyholder's or insured person's property interests for payment of fine, forfeit and penalty fee;
- 21.1.5. in cases provided for in Article 36.3 of the present Law.

21.2. ~~Special Section of the present Law may provide for other grounds for rejection of payment of insurance compensation under types of compulsory insurance.~~

## **Article 22. Rights and obligations of the policyholder**

22.1. The policyholder shall be entitled to:

- 22.1.1. obtain from the insurer regulations and terms and conditions of insurance, as well as information about rights and obligations of the insurer;
- 22.1.2. *acquire counterpart of insurance certificate under the insurance contract specified in Article 50-1.0.3 of this Law free of charge in case of its loss;*
- 22.1.3. *taking into account the requirements of Article 925-1 of the Civil Code of the Republic of Azerbaijan, use the services of any independent expert included in the register provided for in Article 95.3 of the Law*

- of the Republic of Azerbaijan “On Insurance Activity” for the purpose of determining the amount of damage caused to property or health;
- 22.1.4. get acquainted with the results of determination of amount of caused damage and insurance compensation by the insurer or independent experts;
  - 22.1.5. receive insurance compensation in cases and according to procedures as well as in volume and within periods provided for in the present Law;
  - 22.1.6. enjoy advantages in connection with insurance compensation in cases referred as provided in accordance with Article 57.1 of the present Law;
  - 22.1.7. lodge complaint to the *Central Bank* and court, in case of rejection of insurer to pay insurance compensation or disagreement with the amount of insurance compensation;
  - 22.1.8. other rights provided for in present Law and Civil Code of the Republic of Azerbaijan.

22.2. The policyholder shall be obliged to:

- 22.2.1. conclude compulsory insurance contract with independently selected insurer having a permission to carry out relevant type of compulsory insurance and pay insurance premiums as provided for in this Law and insurance contract;
- 22.2.2. notify, upon conclusion of the insurance contract, the insurer about all circumstances, which should be included into the contract, as well as all known circumstances, which may affect the insurer’s decision about rejection of contract or its conclusion with altered contents, as well as all circumstances associated with the change of insurance risk upon conclusion of contract, including information about all previous insurance contracts for relevant types of compulsory insurance, insurance events occurred under those contracts and paid insurance compensations and submit respective documents;
- 22.2.3. inform the insurer about other insurance contracts, which are in force in respect of subject of insurance or which were concluded subsequently;
- 22.2.4. inform, as provided in the present Law, relevant state authorities as well as the insurer about occurrence of circumstance, which may be deemed to be an insurance event and about existence of sufferer, if other persons who are entrusted with the obligation to inform, have not submitted relevant information;

- 22.2.5. inform sufferer(s) about existence of relevant compulsory insurance contract in case of occurrence of circumstance, which may be deemed to be an insurance event;
- 22.2.6. take all reasonable and possible measures to prevent and (or) reduce the damage, as well as to preserve the property, including saving the life and health of the victim or persons who may suffer in the event of occurrence of a circumstance that may be recognized as an insurance event and immediately after its occurrence;
- 22.2.7. not to change a place of occurrence of circumstance, which may be deemed to be an insurance event or damaged property until examination to be carried out by the insurer or its representative and (or) other competent persons, except for cases provided for in Article 925.5 of the Civil Code of the Republic of Azerbaijan;
- 22.2.8. create, as far as possible, conditions for the 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 compensation or for enforcement of right of subrogation in relevant cases;
- 22.2.9. inform the insurer about all claims and demands lodged against it in connection with occurred circumstance, which may be deemed to be an insurance event;
- 22.2.10. inform the 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 compensation in connection with requirements of the Special Section of the present Law;
- 22.2.12. carry out other obligations provided for in the present Law and Civil Code of the Republic of Azerbaijan.

22.3. If the policyholder and the insured person are not the same person, the policyholder's rights other than those provided for in Article 22.1.1 of this Law and the policyholder's obligations other than those provided for in Articles 22.2.1, 22.2.2, 22.2.3, 22.2.11 of the present Law shall also be regarded to the insured person's rights and obligations.

### **Article 23. Rights and obligations of the insurer**

23.1. The insurer shall be entitled to:

- 23.1.1. require relevant information and documents from the policyholder or insured person in case of conclusion of the insurance contract and assessment of the insurance risk, as well as carry out examination of the property, which is the subject of the compulsory insurance contract;
- 23.1.2. receive insurance premiums under compulsory insurance;~~—as provided in the insurance legislation;~~
- 23.1.3. have access to the premises (buildings, erections etc.), which are the subject of the insurance contract, investigate the causes of occurrence of a circumstance, which may be recognized as an insurance event, and carry out examination of the property that led to the occurrence of the circumstance or to obtain explanations from a person or invite experts for this purpose;
- 23.1.4. determine the amount of damage caused as a result of insurance event personally or through the relevant person ~~appointed in accordance with the requirements of the insurance legislation and~~ carrying out auxiliary activity in the field of insurance, invite experts to this effect, obtain required information from the policyholder and/or the insured;
- ~~23.1.5. require, in relevant cases, the insurance certificate from the policyholder or insured person in case of granting of insurance compensation with a view of withdrawal of that certificate;~~
- 23.1.6. make use of right of subrogation against relevant persons, as provided in the Article 936 of the Civil Code of the Republic of Azerbaijan and Article 25 of the present Law, upon granting of insurance compensation;
- 23.1.7. represent the policyholder or insured person in court in cases arisen from interests in connection with payment of the insurance compensation;
- 23.1.8. other rights provided for in the present Law, Civil Code of the Republic of Azerbaijan and Law of the Republic of Azerbaijan “On Insurance Activity”.

23.2. The insurer shall be obliged to:

- 23.2.1. acquaint the policyholder and the insured with terms and conditions of relevant compulsory insurance, its rights and obligations arising from compulsory insurance contract and at the same time issue to the policyholder a memo, compiled in an easily understood form and reflecting actions in the event of circumstances that may be

recognized as an insurance event, legal grounds for refusal of the insurer from payment of insurance compensation;

- 23.2.2. assess insurance risk personally or through its representative, including legal persons or independent experts carrying out auxiliary activity in the field of insurance with due regard to requirements of Article 10.10 of the Law of the Republic of Azerbaijan “On Insurance Activity”;
- 23.2.3. issue insurance certificate to the policyholder after receipt of insurance premium within terms provided for in the present Law;
- 23.2.4. make amendments to insurance contract in cases provided for in the present Law;
- 23.2.5. immediately register information about occurrence of circumstance, which may be deemed to be an insurance event 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 insured accident, for acquisition of documents certifying the fact of occurrence of such circumstance not later than 3 working days;
- 23.2.7. address 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 provided for in the present Law, Civil Code of the Republic of Azerbaijan and Law of the Republic of Azerbaijan “On Insurance Activity”.

23.3. The insurer shall not have the right to refuse to conclude a compulsory insurance contract with a person who has an insurable interest and applied for insuring the relevant risks.

#### **Article 24. Rights of sufferer**

24.1. The sufferer shall be entitled to:

- 24.1.1. notify the insurer about occurrence of a circumstance, which may be deemed to be an insurance event, as result of which he/she suffered damage;
- 24.1.2. collect, instead of the policyholder or insured person, the documents required for the provision of insurance compensation and submit them to the insurer who has concluded a compulsory insurance contract with the policyholder;

- 24.1.3. get acquainted with the progress and results of the investigation of the circumstance, which may be deemed to be an insurance event carried out by the insurer and determination of the amount of insurance compensation;
  - 24.1.4. *in accordance with Article 925-1 of the Civil Code of the Republic of Azerbaijan*, require an appointment of an independent expert in relevant cases, including the case of disagreement with the volume of damage caused to health and/or property and determined by the insurer;
  - 24.1.5. acquire insurance compensation in cases and under procedures provided for in the present Law;
  - 24.1.6. appeal against the insurer's decision to refuse to pay insurance compensation *to the Central Bank* and court, on the failure of the insurer to comply with the claim to appoint an independent expert to determine the amount of damage or in case of disagreement with the amount of insurance compensation;
- 24.2. The rights of the sufferer provided for in the present Article shall be transferred to other beneficiaries in cases specified in this Law.

## **Article 25. Grounds for emergence of right of subrogation under compulsory insurance**

- 25.1. The insurer's right of subrogation in the amount of insurance compensation granted under compulsory civil liability insurance against the policyholder and (or) against the insured person, in relevant cases, shall emerge in the following cases:
- 25.1.1. When the insurance event occurs as a result of intentional, illegal actions of the policyholder or insured person aimed at occurrence of that event, except for actions excluding administrative liability or removing criminal component of action;
  - 25.1.2. unless otherwise stipulated by the Special Section of the present Law under any type of insurance, where the policyholder or the insured or their representative, authorized person deviates from examination conducted by a competent authority in connection with detection of exploitation of property (building, erection, motor vehicle, device, facility, equipment etc.) in a state of alcoholic intoxication as a result of consumption of alcohol, narcotic drugs, psychotropic and other drastic substances on the moment of occurrence of insurance event, as well as the fact of use of aforesaid substances;
  - 25.1.3. when the property indicated in the compulsory insurance certificate is exploited by the person who is not entitled to use, operate, apply

and exploit it in other form; in this case if the relevant property has been exploited by an unauthorized person without the policyholder's or insured person's knowledge (except for cases where they are obliged to know), right of subrogation shall arise against that person.

- 25.1.4. if an insurance event occurs when the property specified in the compulsory insurance certificate is used for purposes not corresponding to its technical assignment;
  - 25.1.5. in case of intentional failure of the policyholder (insured) or its representative to take possible measures to prevent more damage and (or) to reduce it, as well as to save the life of the victim or persons who may presumably suffer damage in an insurance event; in this case the right of subrogation arises to the extent to which the amount of damage could have been reduced if the above measures had been taken;
  - 25.1.6. when an insurance event is accompanied by an action intentionally committed by the policyholder or insured person, who is not recognized as an injured party, in the course of carrying out a particular type of activity in violation of the requirements of the legislation regulating such type of activity;
  - 25.1.7. when the policyholder or the insured, when concluding the insurance contract, intentionally failed to inform the insurer or provided false information about all the circumstances to be included in the contract, as well as those that were known to them and were also requested in writing by the insurer and which may affect the decision to refuse the contract or conclude it with a modified content, as well as all circumstances related to the change in the insurance risk when concluding the contract;
  - 25.1.8. in case provided for in Article 63.1 of the present Law.
- 25.2. In the cases stipulated by Article 25.1 of this Law, the right of subrogation shall arise against the person guilty of occurrence of the insurance event. When the person guilty of the insurance event has been acting or should have been acting under supervision of the policyholder (the insured) who has provided him/her with the relevant property for the use, management or exploitation in other form for the performance of certain instruction under an employment agreement, civil law agreement or agreement on recruitment for safe conduct of works, the right of subrogation may be also applied to that policyholder (the insured).

- 25.3. ~~Special Section of this Law may also provide for other grounds of the insurer's right of subrogation for separate types of compulsory insurance and other amounts not exceeding an amount of relevant insurance compensation.~~
- 25.4. Upon payment of compensation in the case provided for in Article 32.1.1 of the present Law, the beneficiary's right to claim under the relevant compulsory insurance contract before the insurer and the liquidation commission in relevant cases, shall be transferred to the *Compulsory Insurance Bureau, which is provided in Article 27 of the present Law*, in the amount of the provided compensation.

#### **Article 26. Insurer's preventive measures fund**

- 26.1. The insurer shall form a fund of preventive measures at the expense of the corresponding mandatory deductions stipulated by Article 12.2 of this Law to cover necessary expenses aimed at taking measures to prevent circumstances that may be recognized as an insurance event, as well as to finance awareness-raising activities in this regard and to prevent and reduce damage in the event of the occurrence of such circumstances.
- 26.2. Assets accumulated in the preventive measures fund shall be calculated separately for each type of compulsory insurance and be used for purposes set out by the *Central Bank*.

#### **Article 27. Compulsory Insurance Bureau**

- 27.1. The Compulsory Insurance Bureau (hereinafter referred to as "the Bureau") is a *noncommercial organization, established and operating* as a union of legal entities in accordance with the Civil Code of the Republic of Azerbaijan, taking into account the requirements of this Law to protect the interests of affected insured and third persons, ensure the stability and development of compulsory insurance system, as well as for the purpose of implementation of the following functions:
- 27.1.1. provision of interaction among participants in the course of enforcement of types of compulsory insurance provided for in this Law, the Law of the Republic of Azerbaijan "On compulsory insurance against loss of occupational capacity as a result of labor accidents and occupational diseases", *as well as, within international compulsory insurance systems*;
  - 27.1.2. representation and protection of interests of participants in government authorities and local self-government bodies as well as in other authorities and organizations in connection with enforcement

of types of compulsory insurance provided for in the present Law, the Law of the Republic of Azerbaijan “On compulsory insurance against loss of occupational capacity as a result of labor accidents and occupational diseases”;

- 27.1.3. submission of proposals for improvement of legislation and practical work in connection with types of compulsory insurance provided for in the present Law, the Law of the Republic of Azerbaijan “On compulsory insurance against loss of occupational capacity as a result of labor accidents and occupational diseases”;
- 27.1.4. elaboration and application of methodological instructions for arrangement of expert and technical examinations in connection with exploration of circumstances and damage under types of compulsory insurance provided for in the present Law, the Law of the Republic of Azerbaijan “On compulsory insurance against loss of occupational capacity as a result of labor accidents and occupational diseases”;
- 27.1.5. representation of Bureau members in relations with international organizations operating under types of compulsory insurance provided for in the present Law, the Law of the Republic of Azerbaijan “On compulsory insurance against loss of occupational capacity as a result of labor accidents and occupational diseases”;
- 27.1.6. granting of compensations to third persons whose health has been damaged as a result of circumstances occurred in the territory of the Republic of Azerbaijan and use of all rights and obligations thereof in the course of investigation of insured accidents and issuance of insurance compensation in relevant cases provide for in the present Law;
- 27.1.7. provision of existence of electronic information system, provided for in the present Law, its use and coordination with other electronic information systems;
- 27.1.7-1 *financing of measures, implemented in accordance with the approved plan on awareness of decrease of insurance events and minimization of losses upon these events under compulsory insurance types stipulated in the present Law;*
- 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 occupational capacity as a result of labor accidents and occupational diseases”, free of charge to supply with them insurers and keeping their record.*~~

- 27.1.8. implementation of other functions corresponding to objectives and tasks provided in its charter.
- 27.2. The insurer shall be obliged to be a participant of the Bureau and pay secured deposit in the amount provided under the relevant type of compulsory insurance in order to obtain permission to enforce and operate under any type of compulsory insurance, provided for in the present Law.
- 27.3. Amendments to the Charter of the Bureau shall be submitted for acquisition of state registration of legal persons together with positive opinion of the *Central Bank* about compliance of those amendments with objectives and functions of the Bureau provided for in the present Law.
- 27.4. *The Bureau may 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. The insurer willing to be a participant of the Bureau shall be obliged to submit official address to the Bureau with attachment of document reflecting initial consent of the *Central Bank* in connection with granting of permission for relevant type of compulsory insurance.
- 28.2. Mutual relations between the participating insurer and the Bureau, including the insurer's participation in Bureau's activity, its accountability before it, submission of information and other matters shall be provided for in the Charter of the Bureau.
- 28.3. Participation fee shall be a sum to be paid by the insurer who addressed for participation in the Bureau.
- 28.4. The amount of the participation fee shall be determined by the *Central Bank*.
- 28.5. The insurer shall be included into the register of participating insurers of the Bureau from the moment of arrival to the Bureau of documents certifying the payment of participation fee and payment of secured deposit provided for in the Article 30.1 of the present Law.
- 28.6. *Any insurer having the document reflecting initial consent of financial market supervisory 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 Republic of Azerbaijan "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 complies with the requirements of Articles 28.6 of this Law and obtained the initial consent of the financial market supervisory authority.*

## **Article 29. Termination of participation in the Bureau**

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

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

29.1.2. in case of restriction of activity of the participating insurer for all types of compulsory insurance provided for 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 post this information on its official website and notify that insurer and the *financial market supervisory authority* thereof within the period of 2 working days.

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

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 manager or liquidation commission of that insurer.

## **Article 30. Secured deposit and calendar fees of participating insurers**

30.1. Secured deposit, as one of the sources of reserves of compensation payments, shall be a lump sum paid to the Bureau by the insurer willing to be its participant.

30.2. The amount of secured deposit shall be determined by the *financial market supervisory authority*.

- 30.3. Calendar fees, as one of the sources of reserves of compensation payments, shall be a regular fees paid to the Bureau by participating insurers, as provided in the present Law.
- 30.4. The 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 taking into account the requirement of Article 29.3 of the this Law.
- 30.5. Period starting from the first day of quarter in which the insurer has been included into the register of participating insurers of the Bureau and ending with the first day of subsequent quarter shall be deemed to be the first reporting period.
- 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 from insurance fees received under compulsory insurance agreements.
- 30.7. Calendar fees shall be transferred to the relevant account of the Bureau for each month within the period of 15 calendar days from the last date of that month.

### **Article 31. Additional fees of participating insurers**

- 31.1. When the Bureau's compensation reserve is not sufficient for granting of compensations, the Bureau's own assets used by it for fulfillment of obligations under such payments shall be reimbursed at the expense of additional fees paid by participating insurers.
- 31.2. When the Bureau so requires, the insurer shall form conditional obligation reserve, as provided by the *financial market supervisory authority*, in order to ensure payment of additional fees.
- 31.3. The amount of additional fees to be paid by the participant shall be determined in proportion to correlation of insurance fees arrived within the last year under its insurance agreements regarded to respective type of compulsory insurance provided for in the present Law to insurance fees arrived within that period under insurance agreements of all participating insurers regarded to that type.
- 31.4. In case of necessity to pay additional fees, the *financial market supervisory authority* shall determine method and terms of payment of those fees under each single accident.

## **Article 32. Assignment of compensations**

- 32.1. The Bureau shall grant compensations when the payment of insurance compensations provided for in this Law, Law of the Republic of Azerbaijan “On compulsory insurance against loss of occupational capacity as a result of labor accidents and occupational diseases” for damage caused to property and health is impossible in the following cases:
- 32.1.1. When the insurer, due to insolvency, fails to comply with obligation under relevant compulsory insurance in connection with damage caused to health and (or) property;
  - 32.1.2. When damage to the health of third person is caused by unknown *or stolen* motor vehicle;
  - 32.1.3. When damage to the health of third person is caused as a result of use of motor vehicle by person not having compulsory civil liability insurance contract required under Chapter 4 of the Special Section of this Law, ~~provided that despite submission by sufferer to tortfeasor of claim on reimbursement of damage, such claim has not been satisfied.~~
- 32.2. The insured persons shall have the right to claim compensation under Chapter 2 of the Special Section of this Law, insured person or suffered third person shall have such right under Chapters 3 and 4 of this Law, and the policyholder or insured person shall have such right under Chapter 5 of the Special Section of this Law.
- 32.3. The insured person shall have the right to claim compensation under *Chapter 2* of the Special Section of the present Law, suffered third person and in case of reimbursement of the caused damage, the insured person shall have such right under *Chapters 3 and 4*, and the insured person, in case of reimbursement of caused damage, the policyholder shall have such right under Chapter 5 of the Special Section of this Law.
- 32.4. The Bureau shall enjoy all rights regarded to insurers in connection with realization of the right of subrogation provided for in Articles 25.4 and 63.3.

## **Article 33. Payment of compensations**

- 33.1. Compensation shall be paid on the basis of a written request *submitted by the Bureau after the legally binding final decision of the court on the case that became the basis for the payment*, by the person entitled to claim such compensation.

- 33.2. Requirements set out in *the present Law, Civil Code of the Republic of Azerbaijan and Law of the Republic of Azerbaijan “On compulsory insurance against loss of occupational capacity as a result of labor accidents and occupational diseases”* for relations between beneficiary and insurer in connection with relevant compulsory insurance shall apply to relations between person entitled to receive compensations and the Bureau.
- 33.3. In the cases provided for in Articles 31.2.1 and 32.1.3 of the present Law, compensation shall be granted, if a circumstance, entailing damage to third person may be considered as insurance event with conditional recognition of existence of contract on compulsory insurance of civil liability of motor vehicle owners.
- 33.4. Compensations shall be granted in the amount and under the procedure provided for in the Law of the Republic of Azerbaijan “On compulsory insurance against loss of occupational capacity as a result of labor accidents and occupational diseases” for granting of insurance compensations under relevant type of compulsory insurance.
- 33.5. When calculating compensations, the amount paid to the sufferer for the reimbursement of the relevant damage by any person responsible for such damage *and (or) the insurer who has insured his/her liability*, shall be deducted.

#### **Article 34. Mutual relations between the Bureau and *financial market supervisory authority***

- 34.1. *Financial market supervisory authority* shall adopt relevant legal acts of normative nature for regulation of the Bureau’s activity, including payment of compensations.
- 34.2. The Bureau shall notify *financial market supervisory authority* about all known facts of non-observance by participating insurers of requirements set out in the present Law, including regulations and instructions of *financial market supervisory authority*, as well as failure to comply with their own obligations in accordance with the present Law and the Bureau’s Charter.
- 34.3. *The financial market supervisory authority* shall, within the period of 1 working day, inform the Bureau of detection in participating insurer of circumstances which may serve as grounds for granting of compensation as well as adoption of the following decisions about:
- 34.3.1. issuance of 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 for in the present Law;
  - 34.3.4. suspension or restoration of validity of license of participating insurer;
  - 34.3.5. appointment of temporary manager for participating insurer;
  - 34.3.6. abrogation of license issued for insurance activity of participating insurer.
- 34.4. When, in the course of enforcement of supervisory functions, the *financial market supervisory authority* detects facts of failure of participating insurers to comply with obligations before the Bureau in accordance with the present Law, including incomplete or incorrect payment of amounts to be paid to the Bureau, it shall communicate to that participating insurer a mandatory instruction about removal of such circumstances and inform the Bureau thereof.

#### **Article 34-1. Information system for compulsory insurance**

- 34-1.1. Integrated electronic information system (hereinafter referred to as the information system), which covers information required for conclusion of compulsory insurance contracts reflected in insurance certificates, as well as information on insurers, policyholders, subject of insurance, insurance events, *electronic protocol drawn by the traffic accident participants (if made in electronic form)*, sufferers and/or damaged property and its owners shall be established and its operation shall be ensured for the purpose of efficient organization of exchange of information under types of compulsory insurance provided for in the present Law and supervision over exercise of types of compulsory insurance.
- 34-1.2. Information system shall allow to enter or accept respective information to its information resource through the Internet, store it in clear, readable form and provide its processing.
- 34-1.3. Formation of program and technical complex in connection with establishment and use of information system and its technical maintenance shall be carried out by the Bureau under the supervision of *the financial market supervisory authority*.

#### **Article 34-2. Provision of information system with information**

- 34-2.0. For automatic acceptance of the following information placed in its electronic information resource, the relevant body of executive power shall be obliged to provide compliance of that resource with the information system:
- 34-2.0.1. information reflected in the identity card of a citizen of the Republic of Azerbaijan;

- 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 Republic of Azerbaijan;
- 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, *as well as information about the number of passenger seats in the vehicle;*
- 34-2.0.5. *information on the existence of an employment contract with any person, the full name of the other party under this agreement, the date of conclusion and the period of validity;*
- 34-2.0.6. *information required to calculate the amount of the average monthly salary;*
- 34-2.0.7. *taking into account Article 34-2.0.4 of this Law, information reflected in the registration certificate of vehicles registered in foreign countries entering the territory of the Republic of Azerbaijan and in the document confirming the identity of the owners of those vehicles;*
- 34-2.0.8. *information reflected in the content of the extract about the state registration of rights from the state register of immovable property;*
- 34-2.0.9. *information contained in the agreement on the lease or other property rights of the real estate and the vehicle, or in the power of attorney regarding the rights to use or dispose of the vehicle;*
- 34-2.0.10. *information contained in the driver's license.*

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

- 34-3.1. *The financial market supervisory authority, relevant body of executive power, the Bureau, insurers who are members of the Bureau, as well as the policyholders shall be deemed to be users of the information system.*
- 34-3.2. Conclusion of the compulsory insurance contract through the entry of the relevant information into the information system and storage of all information reflected in the contract 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 event from the information system, the insurer and the Bureau shall be obliged to enter information on insurance event, which the electronic system will require in electronic form and to ensure its storage in it.
- 34-3.4. The information system shall provide the possibility to obtain data on existence of compulsory insurance contract concluded by the insurer through the mobile communication and Internet and acquisition of information reflected in that contract. In the course of conclusion of compulsory insurance contract, the

insurer shall be obliged to clearly inform the policyholder in writing of legal and technical features of that possibility.

- 34-3.5. User entering the information in the information system shall be obliged to submit that information to the person who it regards at his/her first 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. Policyholders - insurance contracts concluded by them, *an electronic protocol made according to Article 58.2-1 of this Law* and information on insurance compensations issued under such contracts;

34-4-0.2. Insurers who are participants of the Bureau - insurance contracts concluded by them, *an electronic protocol made according to Article 58.2-1 of this Law*, as well as separate and summarized information in respect of insurance compensations issued by them;

34-4-0.3. *financial market supervisory authority* and the Bureau - any information available in the information resource of the information system;

34-4-0.4. relevant body of executive power - confirmation of existence of compulsory insurance contracts 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 the insurer who is a party to insurance contract, number and period of validity of insurance certificate.

## **Special Section II**

### **CHAPTER 2**

#### **Compulsory insurance of immovable property**

##### **Article 35. Purpose and assignment of compulsory insurance of immovable property**

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

- 35.2. For the purposes of this Chapter, insurance of erections, residential and nonresidential premises, residential houses and buildings, apartments, as well as state property owned by individuals and legal entities, ~~list of which is set out by the relevant body of executive power~~, shall be compulsory.
- 35.3. Following shall not be subject to compulsory insurance:
- 35.3.1. immovable property, in respect of which there is a decision about its demolition in accordance with the Civil Code of the Republic of Azerbaijan and Urban Planning and Construction Code of the Republic of Azerbaijan;
  - 35.3.2. unfinished immovable property;
  - 35.3.3. immovable property, which is in emergency state;
  - 35.3.4. immovable property, which is recognized as unauthorized construction in accordance with Article 180 of the Civil Code of the Republic of Azerbaijan.
- 35.4. Compulsory insurance of residential buildings, residential houses and apartments shall grant guarantee for damage caused to their structural elements, premises, including door and window structures, including 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. When performing compulsory insurance of a residential building in accordance with the requirements of this Chapter, performing compulsory insurance of non-residential premises located in that building shall not be required for the purposes of this Part.

### **Article 36. Insurance event under compulsory insurance of immovable property**

- 36.1. Insurance event shall be damage, destruction or other loss of immovable 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 instruments;
  - 36.1.5. crash of water, heating, sewerage pipes and firefighting systems as well as flowage as a result of leakage of water from neighboring erections, residential and non-residential premises, residential houses and buildings, apartments, rooms;

- 36.1.6. fall, 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 persons.
- 36.2. In addition to those provided for 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 event:
- 36.3.1. intentional actions of the policyholder, beneficiary or their executive officials aimed at occurrence of insurance event;
  - 36.3.2. damage to insured property as a result of exposure to industrial flame or heat used for repair, processing or for other industrial purposes, if there is no fire;
  - 36.3.3. theft of any part of property in the course of 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 their immovable property**

Persons having immovable property in their ownership provided for in Article 35.2 of the present Law or who actually possess it, shall be obliged to carry out compulsory insurance of that property taking into account Article 8.3 of the present Law.

### **Article 38. Policyholder under compulsory insurance of immovable property**

The policyholder shall be a person who has concluded a contract of compulsory insurance of immovable property owned by him/her and in whose name a corresponding compulsory insurance certificate has been issued.

## **Article 39. Insurance amounts and deductibles under compulsory insurance of immovable property**

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

39.1.1. for erections and buildings - in the amount of cost of construction/restoration of similar erection and building in the place of location of property, which is an object of insurance. In the course of 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 average cost 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. Deductible under compulsory insurance of immovable property, except for residential houses and apartments, shall be agreed in the relevant compulsory insurance contract.

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

39.3.1. insurance amount for immovable property located in Baku city - 25.000 manats, deductible - 250 manats;

39.3.2. insurance amount for immovable property located in Ganja city, Sumgayit city and Nakhchivan city -20.000 manats, deductible - 200 manats;

39.3.3. insurance amount for immovable property located in other settlements - 15.000 manats, deductible - 150 manats.

39.4. Damage caused as a result of insurance event shall be reimbursed 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. Insurance premiums under compulsory insurance of immovable property**

40.1. Amount of insurance premium under compulsory insurance of immovable property shall be 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 immovable property shall be set out by the *financial markets supervision authority*, however, not more than 0,2 percent of insurance amount in respect of residential houses and apartments.
- 40.3. Insurance premiums under compulsory insurance of residential houses and apartments owned by needy families entitled to receive addressed 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 compensation under compulsory insurance of immovable property**

- 41.1. Granting of insurance compensation for damage caused to the property insured under compulsory insurance of immovable property shall be carried out on general grounds set out in the General Section of the present Law, within relevant insurance amounts provided for in Article 39 of the present Law.
- 41.2. When a person fails to comply with his/her obligation to carry out insurance of any property in his/her ownership and (or) possession provided for in Article 35.2 of the present Law and competent authorities adopt relevant decision about granting of compensation for damage caused to that property at the expense of state assets, amount of such compensation to be paid may not exceed 20% of damage amount.

## **CHAPTER 3.**

### **Compulsory civil liability insurance in connection with exploitation of immovable property**

#### **Article 42. Purpose and assignment of compulsory civil liability insurance in connection with exploitation of immovable property**

- 42.1. Compulsory civil liability insurance in connection with exploitation of immovable property shall be applied with a view of reimbursement of damage caused to the health and property of third persons in the course of exploitation of relevant property, including enforcement of construction, repair, reconstruction or other works in the territory of that property.
- 42.2. Civil liability insurance before third persons in connection with exploitation of any property, assignment of which is set out in Article 42.3 of the present Law, shall be compulsory.
- 42.3. For the purposes of this Chapter, property, in respect of which civil liability insurance is compulsory, shall mean buildings, erections, installations, sites which are exploited by legal persons for their own activity as well as by natural persons dealing with entrepreneurial activity without establishment of legal person for their own entrepreneurial activity.

#### **Article 43. Persons obliged to carry out civil liability insurance in connection with the exploitation of immovable property**

- 43.1. For the purposes of the present Chapter, relevant persons who own property provided for 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. The following persons, taking into account Article 8.3 of the present Law, shall be obliged to insure their civil liability without fail in connection with damage which may be caused to third persons as a result of exploitation of any property in their possession provided for in Article 42.3 of the present Law, including as a result of construction, repair, reconstruction or other works on the relevant site:
  - 43.2.1. legal persons;
  - 43.2.2. individuals dealing with entrepreneurial activity without establishment of a legal entity.

#### **Article 44. Insurance event under compulsory civil liability insurance in connection with the exploitation of immovable property**

44.1. The fact of occurrence of civil liability for reimbursement of damage caused to the health and/or third persons suffered as a result of exploitation of immovable property, including implementation of construction, repair, reconstruction or other works, shall be deemed to be an insured 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. flowage as a result of crash of water, heating, sewerage pipes;

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

#### **Article 45. Policyholder and insured person under compulsory civil liability insurance in connection with the exploitation of immovable property**

45.1. The policyholder shall be a person who has concluded a contract with the insurer on compulsory civil liability insurance under insurance of property interests for damage caused to third persons in connection with exploitation of immovable property, which is in his/her possession, including enforcement of construction, repair, reconstruction and other works on the relevant site and in whose name the corresponding insurance certificate has been issued.

45.2. Regardless of the person for whom the relevant compulsory insurance certificate has been issued, in accordance with this Chapter, any person legally using a property, civil liability of owner of which is insured in connection with exploitation of immovable property, including implementation of construction, repair, reconstruction and other works on the relevant site or any person operating on those grounds in the territory of such immovable property, shall be recognized as insured person whose property interests under civil liability before third persons are insured.

#### **Article 46. Third persons under compulsory civil liability insurance in connection with the exploitation of immovable property**

Taking into account exception set out in Article 7 of the present Law, for the purposes of this Chapter, persons who are not parties to relevant compulsory insurance contract and who suffered as a result of action or omission of the policy holder or insured person, as well as persons who entered the place of location of any property provided for 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 persons.

**Article 47. Insurance amounts under compulsory civil liability insurance in connection with the exploitation of immovable property**

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

47.1. total insurance amount for damage caused to health of individuals - 5.000 manats for damage to the health of single individual, not more than 50.000 manats;

47.2. for damage caused to property - 50.000 manats.

**Article 48. Insurance premiums under compulsory civil liability insurance in connection with the exploitation of immovable property**

Amounts of insurance premiums under compulsory civil liability insurance in connection with the exploitation of immovable property shall be determined by *financial market supervisory authority* depending on assignment of relevant property.

**Article 49. Insurance compensation and right of subrogation under compulsory civil liability insurance in connection with the exploitation of immovable property**

49.1. Granting of insurance compensation for damage caused to health and (or) property of third persons under compulsory civil liability insurance in connection with the exploitation of immovable property shall be carried out on general grounds set out in the Special Section of the present Law, within insurance amounts provided for in Article 47 of the present Law.

49.2. The ground of occurrence of the insurer's right of subrogation against the policyholder or the insured person, provided for in Article 25.1.2 of this Law, shall be applied if it is proved that conditions of the relevant event have been created as a result of exploitation of property (building, erection, motor vehicle, device, installation, equipment etc.), including performance of construction, repair, reconstruction and other works by the policyholder or the insured person or their representative in the state of alcoholic, narcotic or toxicological intoxication.

## CHAPTER 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 with a view of reimbursement of damage caused to health of individuals, as well as to property of individuals and legal entities as a result of use of mechanical motor vehicles in the territory of the Republic of Azerbaijan.
- 50.2. Civil liability insurance before third persons in connection with use of the following motor vehicles shall be compulsory:
- 50.2.1. The following motor vehicles with a cylinder capacity, which exceeds 50 cubical centimeters:
    - 50.2.1.1. passenger vehicles and other motor vehicles produced on their basis;
    - 50.2.1.2. trucks 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 contract of motor vehicle owners**

- 50-1.0. *There are the following types of insurance contract on compulsory civil liability insurance of motor vehicle owners:*
- 50-1.0.1. *compulsory insurance contract of the motor vehicles registered in the Republic of Azerbaijan (hereinafter - "standard insurance contract");*
  - 50-1.0.2. *compulsory insurance contract of the motor vehicles registered in other country, the driver of which cannot provide Green Card (provisions on the application of the "Green Card" system come into force on January 1, 2016), as stipulated in Article 63-1.2 of this Law upon entering the territory of the Republic of Azerbaijan (hereinafter - "frontier insurance contract");*

50-1.0.3. *the international insurance contract issued in accordance with Chapter 4-1 of this Law (hereinafter - "Azerbaijani Green Card") (provisions on the application of the "Green Card" system come into force on January 1, 2016).*

**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 50-3. Additional requirement for concluding standard and frontier insurance contracts**

~~*The compulsory insurance contracts provided for in Articles 50-1.0.1 and 50-1.0.2 of this Law shall be concluded in the form of an electronic document in accordance with the Law of the Republic of Azerbaijan "On Electronic Signatures and Electronic Documents".*~~

**Article 51. Additional requirement ground for the termination of the contract on compulsory civil liability insurance of motor vehicle owners and additional ground for its termination**

- ~~51.1. The contract on compulsory civil liability insurance of motor vehicle owners shall be valid only in case of its conclusion through information system provided for in the present Chapter and existence of that system in information resource.~~
- 51.2. The provisions provided for in the Special Section in connection with termination of compulsory insurance contract shall apply to the contract on compulsory civil liability insurance of motor vehicle owners, taking into account Article 51.3 of the present Law.
- 51.3. In case of alienation of the property regarded to contract on compulsory civil liability insurance of motor vehicle owners concluded in accordance with the present Law, the policyholder shall be entitled to terminate that contract.

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

- 52.1. The fact of occurrence of civil liability for reimbursement of damage caused to health and (or) third persons suffered as a result of exploitation of motor vehicle in

the territory of the Republic of Azerbaijan shall be deemed to be an insurance event.

- 52.2. Exploitation of motor vehicle shall mean exploitation of motor vehicle related to its movement. Exploitation of equipment installed on motor vehicle, but not directly related to its participation in road traffic shall not be deemed to be an exploitation of motor vehicle.

**Article 52-1. An additional requirement for the regulation of damage caused to a motor vehicle**

*52-1.1. In the presence of any of the following conditions, the sufferer in the road accident shall be liable for damages to the insurer who insured his/her civil liability in compulsory manner in connection with the vehicle he/she drives:*

*52-1.1.1. damage is caused only to motor vehicles (one or both) that participated in the incident;*

*52-1.1.2. two vehicles are involved in the traffic accident and both have valid compulsory civil liability insurance contracts, as provided for in this Chapter.*

*52-1.2. Submission of a claim to the sufferer in the manner provided for in Article 52-1.1 of this Law does not deprive him of the right to oppose the harm-doer with a claim for covering part of the damage exceeding the insured amount.*

*52-1.3. The rules regarding the regulation of mutual settlement during the coverage of damage caused by a road vehicle incident to a vehicle operated by the sufferer between the insurer who insured mandatory civil liability in connection with this vehicle and the insurer bearing the liability for the civil liability of the harm-doer are established by the financial market supervisory authority.*

**Article 53. Motor vehicle owners obliged to carry out compulsory civil liability insurance, policyholder and insured person**

- 53.1. For the purposes of this Chapter, the owners of motor vehicles are those who own a motor vehicle or who actually own the vehicle, that is, those who manage it *on the basis of a lease agreement or other proprietary rights* or on the basis of a power of attorney or who operate it on other legal grounds.

- 53.2. Where owned motor vehicle is a subject of lease, motor vehicle owner, taking into account Article 8.3 of the present Law, shall be obliged to insure civil liability of that

motor vehicle owner without fail in connection with damage, which may be caused to third persons because of exploitation of motor vehicle.

- 53.3. The policyholder shall be a person who pays insurance premium after enforcement of compulsory civil liability insurance of motor vehicle owners and is a party to the relevant compulsory insurance contract.
- 53.4. Regardless of the person in whose name the relevant compulsory insurance certificate has been issued, in accordance with this Charter, any person lawfully exploiting a motor vehicle whose owner's civil liability is insured in connection with its exploitation shall be recognized as the insured person whose property interests under civil liability before third persons are insured.

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

Taking into account exception set out in Article 7 of the present Law, for the purpose of this Charter, persons, including passengers of motor vehicle who are not parties to relevant compulsory insurance contract and who suffered as a result of action or omission of the policyholder or the insured person shall be deemed to be third persons.

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

- 55.1. *Standard insurance contract is concluded for 12 months.*
- 55.2. *A frontier insurance contract 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 contract becomes effective from the moment of its conclusion.*
- 55.5. *Standard insurance contract becomes effective from the moment of its conclusion unless otherwise stipulated by the contract.*
- 55.6. *Azerbaijani Green Card becomes effective from the moment of its conclusion unless otherwise stipulated.*

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

- 56.1. Insurance amounts *under the standard and the frontier insurance contract* with regard to compulsory civil liability insurance of motor vehicle owners for damage which may be caused to third person shall be determined in the following amounts:
- 56.1.1. insurance amount for damage caused to health of individuals - 5.000 manats for damage caused to health of single individual, not more than 50.000 manats for single accident;
  - 56.1.2. for damage caused to property of third persons - 50.000 manats.
- 56.2. Insurance amounts under compulsory civil liability insurance of motor vehicle owners shall not be amended within the period of validity of that contract, regardless of granting of relevant insurance compensations.

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

- 57.1. Procedure of calculation of amounts of insurance premiums under compulsory civil liability insurance of motor vehicle owners shall be determined by *financial market supervisory authority*.
- 57.2. Insurance premium under compulsory insurance contracts concluded for the period of one month shall be paid in the amount of 20 percent from relevant annual insurance premium.

**Article 58. Insurance compensation 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 compensation under compulsory civil liability insurance of motor vehicle owners along with relevant documents provided for in Article 17.1 of the present Law.
- 58.2. Submission of reference about traffic accident certifying the fact of occurrence of circumstance which may be deemed to be an insured accident to insurer in accordance with Article 17.1.4 of the present Law 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 and civil liability of both owners has been insured, as provided in the present Chapter, on the moment of occurrence of accident;~~
  - 58.2.2. in case of absence of dispute between the parties for detection of person having fault in occurrence of accident;
  - 58.2.3. in case of non-causing of damage as a result of accident;
  - 58.2.4. where accident participants and insurer reasonably assume that volume of damage as a result of accident does not exceed 1.000 manats.
- 58.3. When the total volume of the insurer's liability for damage caused as a result of insurance event to a several third persons calculated separately in respect of each sufferer under procedure provided for in Articles 14.2 and/or 15.3 of the present Law respectively, exceeds insurance amounts set out in Articles 56.1.1 and (or) 56.1.2 of the present Law respectively, insurance compensation shall be granted to each sufferer in proportion to correlation of total insurance amount provided for single insured accident and damage caused to him/her.
- 58.3-1. If, as a result of traffic accident, which may be considered as insurance event, the driver, passenger or pedestrian dies, the insurer who has insured the civil liability of the owner of that motor vehicle shall pay compensation in the amount of 20 percent of the insured sum to family members of died person within the period of 2 working days from the moment of acquisition of reference of the relevant state body 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 event is determined, remaining part of the insurance compensation shall be paid as provided for in the present Law. If the fact of emergence of the civil liability of the owner of motor vehicle in the occurrence of insurance event is not determined, the right to subrogation in the amount of paid compensation against the insurer, which has insured the tortfeasor and his/her civil liability, shall be effective, except for case of automobile-pedestrian accident.*
- 58.3-2. In the case of determination of third parties' guilt along with the insured person, except of personal injuries of an individual, the amount of the insurance payment shall be reduced proportionally to the degree of the guilt of the third person.
- 58.4. The reference form required for the purpose of the present Charter and provided for in Article of the present Law shall be determined by the *financial market supervisory authority*.

58.5. The protocol form provided for in Article 58.2 of the present Law and procedure for its completion shall be determined by the financial market supervisory authority.

**~~Article 59. Information system for compulsory civil liability insurance of motor vehicle owners~~**

59.1. ~~With a purpose of efficient organization of exchange of information for compulsory civil liability insurance of motor vehicle owners and supervision over enforcement of such insurance, an integrated electronic information system (hereinafter referred to as "information system") shall be established and used. The information system shall cover statistical and other data about such compulsory insurance, including compulsory insurance contract and insurance events, insurers, policyholders, insured persons, sufferers and (or\_ damaged property, motor vehicles and their owners, as well as relevant compulsory insurance contracts.~~

59.2. ~~The information system shall allow making amendments to or accepting relevant data to its information resources through the Internet, its storing and processing in a clear and readable form.~~

59.3. ~~The formation and technical maintenance of the equipment and software complex in connection with establishment and use of information system shall be carried out by the Bureau under the supervision of the financial market supervisory authority.~~

**~~Article 60. Provision of information system with data on compulsory civil liability insurance of motor vehicle owners~~**

60.1. ~~In the course of establishment and use of information system, the Bureau shall be entitled to receive information, including data constituting insurance secret from natural and legal persons as well as state authorities for efficient and duly enforcement of functions of that system.~~

60.2. ~~For automatic receipt of the following data contained in electronic information resources of relevant bodies of executive power, they shall be obliged to ensure coordination of those resources with information system:~~

~~60.2.1. data reflected in the identity card of citizen of the Republic of Azerbaijan;~~

~~60.2.2. data reflected in relevant permission certificates providing foreigners and stateless persons with temporary or permanent residence in the territory of the Republic of Azerbaijan;~~

- ~~60.2.3. names, TINs (Taxpayer Identification Numbers) and legal addresses of legal persons (branches and representative offices);~~  
~~60.2.4. data reflected in registration certificate of motor vehicle.~~

**~~Article 61. Main requirements for use of information system for compulsory civil liability insurance of motor vehicle owners~~**

- ~~61.1. Users of the information system shall be the financial market supervisory authority, relevant body of executive power, the Bureau and insurers, which are participants of the Bureau.~~
- ~~61.2. The insurer shall be obliged to ensure conclusion of compulsory insurance contract through entering the relevant data into the information system and storing all data reflected in the contract within such system.~~
- ~~61.3. The insurer and the Bureau, having an opportunity to receive all data required for regulation of occurred insured accident from information system, shall also be obliged to ensure entry and storage of data about insurance event, as required by information system in electronic form.~~
- ~~61.4. The information system should allow to receive supporting data about existence of compulsory insurance contract concluded by the policyholder through mobile communication and the Internet and data reflected in such contract.~~
- ~~61.5. Any data entered into information system may only be amended following the permission of the Bureau and only by the user, which entered such data.~~
- ~~61.6. The user entering data into information system shall be obliged to submit them upon request made by person concerned with such data.~~
- ~~61.7. Users of the information system, as provided in the legislation, shall bear liability for failure to comply with requirements of legislation in connection with the use of personal data received through such system as well as data deemed to be an insurance secret.~~

**~~Article 62. Receipt of data processed by information system for compulsory civil liability insurance of motor vehicle owners~~**

- ~~62.1. Only the following persons shall be entitled to receive the summarized processed data about insurance contracts and insurance events from the information resource of information system:~~
- ~~62.1.1. the insurers who are participants of the Bureau in respect of the insurance contracts they have concluded and insurance compensations they have granted;~~
- ~~62.1.2. the financial market supervisory authority and the Bureau in respect of all data contained in information resource of the information system.~~

## **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, ~~in addition to Article 25~~, the insurer who has granted insurance compensation shall have the right of subrogation in the amount of granted insurance compensation against a person guilty of occurrence, even when driver leaves the place of occurrence in the course of insurance event occurred under compulsory civil liability insurance of motor vehicle owners.
- 63.2. Grounds of the right of subrogation provided for in Articles 25.1.5, 25.1.6 and 25.1.7 of the present Law shall not apply for the purposes of this Charter.
- 63.3. When the Bureau grants compensation in cases provided for in Articles 32.1.2 and 32.1.3 of the present Law, the right of the sufferer to claim before the person responsible for caused 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.*
- 63.5. *After payment of the insurance compensation, the insurer provided for in Article 521.1 of this Law shall use the right of subrogation against the insurer that insured the civil liability of the harm-doer by compulsory. At the same time, the insurer, that insured the civil liability of the harm-doer by compulsory, bears an obligation to pay the insurance compensation to the insurer that put forward the subrogation right in the order established by this Law.*

### **CHAPTER 4-1**

## **Green Card System**

### **Article 63-1. General provisions concerning the Green Card System**

- 63-1.1. *This Charter 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 Bureau of motor insurers, and the managing organization of the Green Card System - Council of Bureau (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 Bureau 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 Bureau (hereinafter -“Internal Regulation”) and notifications, rules and instructions of the Council of Bureau.*

*63-1.4. The functions of the Green Card Bureau in the Republic of Azerbaijan 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 Bureau;*

*63-1.5. The functions of the Green Card Bureau in the Republic of Azerbaijan 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 Bureau;*

*63-1.6. The Bureau shall in a 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 adopted by the Inland Transport Committee at the 66 session which was held from 17 to 19 of February 2004.*

*63-1.7. The Bureau’s participants may individually or collectively authorize 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 Republic of Azerbaijan 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 Republic of Azerbaijan 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 Republic of Azerbaijan 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 Republic of Azerbaijan 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 Republic of Azerbaijan 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 Bureau:*
  - 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 financial market supervisory authority in accordance with Article 102 of the Law of the Republic of Azerbaijan "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. *to guarantee the green card bureaus of foreign countries on behalf of the participant and at the expense of his funds regarding the adjustment of damages caused by the use of vehicles registered in the Republic of Azerbaijan and the civil liability of the owner is insured abroad;*
- 63-3.0.5. *to guarantee the handling and settlement of claims for loss or injury caused in the territory of the Republic of Azerbaijan 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 Bureau within the Green Card System;*
- 63-3.0.7. *to conclude bilaterally agreements on with Green Card bureaus 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 Republic of Azerbaijan by holders of motor vehicles registered abroad holding valid Green Card in the manner as stipulated in the Internal Regulation of the Council of Bureau 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 Bureau;*
- 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 Republic of Azerbaijan holding valid Green Card in the manner as stipulated in the Internal Regulation of the Council of Bureau 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 Bureau;*
- 63-3.0.10. *to guarantee to Green Card Bureau 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 Bureau as required by the respective rules and regulations of the Council of Bureau in connection with the Bureau's participation in the Green Card System;*

- 63-3.0.11. *in connection with the Bureau's participation in the Green Card System, to submit to the Bureau Council the financial guarantee (bank guarantee and reinsurance program for the Bureau's obligations related to participation in the Green Card System) in accordance with the rules and instructions of the Bureau Council by agreeing with the financial markets control body;*
- 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. *to determine the unified reinsurance program to allocate insurance risks undertaken by the insurers within the Green Card system and act 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 Bureau.*

#### **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 Republic of Azerbaijan "On Insurance Activity" in the amount as determined by the Central Bank to the current liabilities reserve as formed by the Bureau.*

63-4.4. *The Bureau shall provide the Central Bank 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, insurers 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 for issued green cards during each calendar month 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 Central Bank.*

**Article 63-6. The Bureau's current liability reserve**

63.6.1. *The Bureau forms a current liability reserve to ensure its liabilities in connection with participants' activities in the Green Card System at the account of the funds as provided in Article 63-4.3 of this Law, as well as 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 current liability reserve.*

63.6.3. *The rules for the formation of the current liabilities reserve are determined by the Bureau in agreement with the Central Bank.*

63.6.4. *The current liabilities reserve shall be used for the purposes of the Bureau's execution of the obligations of participating insurers as provided for in Article 63-3.0.10 of this Law.*

**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 Bureau of foreign countries implementing Green Card System.*

**Article 63-9. Insurance premiums under Green Card System**

*The Central Bank shall determine the insurance premiums to be applied by insurers authorized to operate within the Green Card System.*

**Article 63-10. Exemptions from currency regulation restrictions**

*The Bureau and its participants shall not be subject to any restrictions on exporting the required currency from the Republic of Azerbaijan in order to fulfill their international obligations within the Green Card System.*

## **CHAPTER 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 with a view to ensure insurance coverage for damage caused as a result of insurance event to life and health of passengers who are carried in air, water, railway and motor vehicles, which provide passenger carriage services.
- 64.2. Personal accident insurance of passengers shall be compulsory, as provided in this Chapter.

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

- 65.1. For the purpose of this Chapter, vehicle owners shall be individuals and legal entities who own vehicles to provide passenger carriage services in the territory of

the Republic of Azerbaijan, as well as to and from foreign countries, as provided in the law, or who carry out actual ownership over such vehicle, including *on the basis of lease agreement or other proprietary rights* or exploitation under other legal grounds.

65.2. Owners of vehicles provide for in Article 64.1 of the present Law shall be obliged to carry out compulsory personal accident insurance of passengers carried by means of relevant vehicle.

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

#### **Article 66. Insured event under compulsory personal accident insurance of passengers**

The fact of causing of light, *less serious* or serious injury to insured person as a result of damage of body regions, tissues, full or partial loss of his/her working capacity or death in connection with exploitation of 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 to be an insured event.

#### **Article 67. Policyholder and insured under compulsory personal accident insurance of passengers**

67.1. The policyholder shall be an owner of any vehicle provided for in Article 64.1 of the present Law, who has concluded a contract on compulsory personal accident insurance of passengers carried by means of relevant transport and in whose name the corresponding compulsory insurance certificate has been issued.

67.2. "Insured persons" shall refer to passengers carried in any vehicle covered by this Chapter, for whom compulsory personal accident insurance has been purchased.

#### **Article 68. Sum insured under compulsory personal accident insurance of passengers**

68.1. The sum insured under the compulsory personal accident insurance for passengers shall be determined as follows:

68.1.1. Sum insured for each passenger in the vehicle – 5,000 manats;

68.1.2. for each vehicle - an amount received from the amount provided for in Article 68.1.1 of the present Law to the quantity of passenger seats in the relevant vehicle.

68.2. The sum insured under contract on compulsory personal accident insurance of passengers shall not be altered within the period of validity of such contract, regardless of payment of relevant insurance compensations.

**Article 69. Insurance premiums under compulsory personal accident insurance of passengers**

Amount of insurance premiums under compulsory personal accident insurance of passengers shall be calculated as provided by *the Central Bank*.

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

Insurance payment shall be granted for damage to the health of passengers insured under compulsory personal accident insurance as a result of an insured accident, on the general grounds provided for in the Special Section of this Law and within the limits of the relevant insurance amounts provided for in Article 68 of this Law.

## **FINAL SECTION III**

### **CHAPTER 6**

#### **Transitional provisions**

**Article 71. Nonproliferation of the Law to compulsory insurance contracts in force**

Any compulsory insurance contracts that were made before this law took effect shall remain legally binding until the terms in those contracts expire.

**Article 72. Commencement of application of granting of compensations**

The provisions associated with the granting of compensation provided for in Article 33 of this Law shall take effect six months after the Law goes into effect.

**Article 73. Commencement of the Bureau's activity**

73.1. The Constituent Assembly of the Bureau, as provided for in Article 27 of this Law, shall be convened by the *Central Bank* within 30 days of this Law's entry into force.

Insurers whose joint capital meets the requirements of Articles 79.4 and 79.5 of the Law of the Republic of Azerbaijan "On Insurance Activity" may be invited to the Constituent Assembly of the Bureau if they pay the participation fee provided for in Article 28.3 of the present Law and ensure the deposit provided for in Article 30.1 of the present Law.

- 73.2. The 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 manager with a view to carry out state registration of the Bureau.
- 73.3. The Constituent Assembly of the Bureau may also adopt decisions on other necessary issues in connection with establishment and initial phase of its activity.

## CHAPTER 7

### Closing provisions

#### **~~Article 74. Limitation period~~**

~~Insurance claim for damage caused to the health and property may be brought within the period of 3 years from the moment when the policyholder, insured person or third person, who has such right to claim, has found or should have found about occurrence of insurance event.~~

#### ***Article 75. Supervision over provision of compulsory insurance***

*The supervision over the provision of compulsory insurance by persons whose duty is to provide compulsory insurance is determined in the Special Section of this Law, taking into account the specific characteristics of each type of compulsory insurance, is carried out by the relevant executive authorities, while the supervision over the provision of compulsory insurance by insurers is carried out by the Central Bank.*

## **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, ~~as provided in the legislation.~~

## **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. When any insurance coverage, provided for 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 Section 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.

78.2. From the date of entry of the present Law into force provide for in Article 78.1 of the present Law, Laws of the Republic of Azerbaijan "On Compulsory Civil Liability Insurance of Vehicle Owners in the Republic of Azerbaijan" dated 31 May 1996 № 113-IQ, "On Compulsory Environment Insurance" dated 12 March 2002 № 2713-IIQ, ~~"On amendments to the law on compulsory civil liability insurance of vehicle owners in the Republic of Azerbaijan" dated 25 March 2003 № 425-IIQD, "On amendments to the Code of Administrative Infringements of the Republic of Azerbaijan in connection with the application of the Law "On compulsory environment insurance" dated 25 March 2003 № 427-IIQD, "On Compulsory Insurance of Passengers" dated 17 June 2003 № 474-IIQD, "On Compulsory Fire Insurance" dated 6 January 2004 № 573-IIQ, "On amendments and modifications to some legislative acts of the Republic of Azerbaijan in connection with the application of the Law of the Republic of Azerbaijan "On compulsory insurance of passengers» dated 20 April 2004 № 638-IIQD, "On amendments and modifications to some legislative acts of the Republic of Azerbaijan in connection with the application of the Law of the Republic of Azerbaijan "On compulsory fire insurance" dated 10 September 2004 № 752-IIQD~~ shall be null and void.

**Ilham ALIYEV**

**President of the Republic of Azerbaijan**

**Baku city, 24 June 2011**

**No. 165-IVQ**