

Law of Georgia

On Insurance

Chapter I. General Provisions

Article 1. Relations Regulated by This Law

1. This law regulates relations between the insurance organizations, legal and natural persons in the sphere of insurance, as well as defines general principles of insurance activity regulation by the state.
- 1¹. This law does not cover principles defined under law of Georgia “On Deposit Insurance System”.
2. Relation in insurance sphere are regulated by the Constitution of Georgia, Civil Code of Georgia, this law, other laws of Georgia and legislative acts.
3. If international agreement or treaty, to which Georgia is a party, defines procedures different from the procedures described under this law, then procedures established by international agreement or treaty shall be applied.
4. Deleted.

Law of Georgia №1679, September 24, 2009- LGH I, №29, 12.10.2009, Article 162

Law of Georgia №855, May 17, 2017- website, 02.06.0217.

Article 2. Basic Concepts Used in this Law

Concepts used in this law shall have **the** following meaning:

- a) Insurance- a relationship established for the protection of private and property interests of natural and legal persons through monetary funds created by the insurance payments (insurance premium) and other sources permitted by the legislation upon occurrence of certain circumstances (insured events);
- b) Insurance activity- activity of an insurer, which is related to entering into and fulfilment of insurance and reinsurance agreement;
- c) Insurer-
 - c.a) legal entity in organizational-legal form of joint stock company, which is established to carry out insurance activities and which has obtained relevant type of insurance activity license in accordance with rules defined under this law;
 - c.b) a branch (representative office) registered in member states of the Organization for Economic Co-operation and Development (OECD) and licensed by relevant agencies, which is founded in Georgia and is established in accordance with rules defined under Georgian legislation.
- d) Policyholder- a natural or legal entity, that has concluded an insurance agreement with an insurer;
- e) Insured- a natural or legal entity insured. A policyholder may also be the insured, unless otherwise defined under insurance agreement;
- f) Beneficiary- a natural or legal entity, that receives insurance in accordance with insurance agreement or receives insurance reimbursement legislation on compulsory insurance;
- g) Insurance agent- a natural or legal entity, that acts based on the task of and on behalf of the insurer within the scope of authority granted by the insurer;
- h) Insurance broker- individual entrepreneur or legal entity established under Georgian legislation, which is register by a legal entity of public law- the Insurance State Supervision Service of Georgia

(hereinafter referred to as Service), and independently carries out brokerage activity in the field of insurance as a type of its entrepreneurial activity;

h¹) Mediation activity in insurance sphere - mediation paid activity carried out by an entity for insurance agreement/reinsurance agreement conclusion purposes. This includes one of following activities:

h¹.a) for insurance agreement/reinsurance agreement conclusion purposes;

h¹.b) implementation of preparatory works for insurance agreement/reinsurance agreement conclusion purposes;

h¹.c) Conclusion of insurance agreement on behalf of insurer and/or conclusion of reinsurance agreement on behalf of reinsuring company;

h¹.d) Evaluation of damage based on insurance agreement/reinsurance agreement and administration of insurance payment process;

h¹.e) Within scope predefined by the insurer/insured, support fulfilment of insurance agreement, including insurance premium collection and payment of insurance reimbursement;

i) Insurance risk- an event containing signs of the possibility and fortuitousness of its occurrence, and which is the reason for insurance;

j) Insurance event- an event upon occurrence of which payment of insurance policy is provided in accordance with insurance agreement;

k) Insurance policy- signed document issued by the insurer- certificate of insurance agreement;

l) Reinsurance- a transaction during which an insurer fully or partially transfers the insured risk and the associated loss to a reinsurance company on the going of reinsurance agreement and in accordance with peculiarities of such agreement;

m) Non-state pension scheme founder- legal entity defined under the law of Georgia "On Non-State Pension Provision and Insurance";

n) (deleted);

o) (deleted);

p) **Significant** share- 10% or more of stated or paid in capital of the insurer/insurance broker or more than 10% of share, which is owned by an entity in direct or indirect participation;

q) Administrator- in case of the insurer- member of supervisory body, director of the insurer; in case of insurance broker- director of insurance broker, member of supervisory (if such exists) body, individual entrepreneur; individual entrepreneur in person;

r) Indirect participation- possessing a share in authorized capital through a third person;

s) Beneficial owner- individual as defined under Georgian legislation;

t) Affiliate enterprise (subordinary organization)- legal entity 50 percent or more than 50 percent share of which is owner by the insurer (share with voting right); in case of organization without legal state-controls it;

u) Branch- structural unit of the insurer, which based on the decision of governing body of the insurer carries out insurer activity related to conclusion and performance of insurance and reinsurance agreements.

v) Supervision fee- gross-premium paid by the insurer and/or in types of insurable and returnable life insurance provided by the insurer pursuant to article 19¹ of this law.

w) **Consumer:**

w.a) Natural person or at the moment of insurance agreement conclusion- legal entity having intent to obtain insurance services;

w.b) Based on the insurance agreement at all stages of fulfilment of obligations- insurer, insured, beneficiary and/or third party (based on civil liability insurance individual to whom the damage was caused).

Law of Georgia № 961 of 20 June 2001 - LGH I, № 20, 03.07.2001, Article 69

Law of Georgia № 940 of 29 December 2004 - LGH I, № 6, 19.01.2005, Article 49

Law of Georgia № 5914 of 14 March 2008 - LGH I, №7, 26.03.2008, Article 34
Law of Georgia № 1679 of 24 September 2009 - LGH I, №29, 12.10.2009, Article 162
Law of Georgia № 2832 of 23 March 2010 - LGH I, №19, 13.04.2010, Article 106
Law of Georgia № 354 of 20 March 2013 - website, 04.04.2013
Law of Georgia № 354- website, 04.04.2013
Law of Georgia №4002 of 10 July 2015- website 20.07.2015
Law of Georgia №5384, website 17.06.2016
Law of Georgia №1821 of 22 December 2017- website 28.12.2017
Law of Georgia № 4939 of 3 September 2019- website 09.09.2019

Article 3. Concept of Insurance

1. Insurance is a relationship where personal and property interests of natural and legal persons are protected upon the occurrence of a certain circumstance (an insured event) at the expense of the monetary funds created by insurance payments (insurance premiums) paid by those persons and at the expense of other sources permitted by legislation.
2. Insurance activity is an activity of an insurer and is related to conclusion and performance of the insurance and reinsurance agreement.

Article 4. Object of Insurance

1. The object of insurance may be any property or personal non-property interest not contradicting with Georgian legislation. This also includes:
 - a) insurance related to the life, health, ability of work, pension provision and other personal interests of the insured (personal insurance);
 - b) insurance related to owning, administering and using property (property insurance);
 - c) insurance related to an injury, that the insured causes to the third party (natural or legal entity) or to their property (liability insurance).

Article 5. Forms of Insurance

1. Insurance may be voluntary or compulsory.
2. Voluntary insurance is based on the agreement concluded between an insurer and a policyholder. The types, conditions and procedures for voluntary insurance shall be defined by an agreement concluded between an insurer and a policyholder.
3. Voluntary insurance is carried out by any licensed insurance organization of Georgia.
4. Compulsory insurance is the form of insurance, when insurance object, type and implementation rules are defined under law on compulsory insurance.
5. In case of compulsory insurance, an insurer shall be obliged to conclude an agreement with policyholder in accordance with requirements set under this law. An insurer may offer a policyholder conditions, which are more favorable than the conditions defined under this law.
6. Compulsory insurance is carried out by any licensed insurance organization of Georgia.

Article 6. Consequences of Violation of Compulsory Insurance Rules

1. If a person is subject to compulsory and statutory insurance and is not insured, then he/she is entitled to request the insurer to ensure his/her insurance via court.

2. If the insurer does not conclude insurance agreement or concluded such agreement on the conditions, which puts the policyholder in worse conditions than defined under the law, then in case of insurance event the insurer is obliged to reimburse the policyholder in the amount, that the policyholder would have received if he/she was insured.
3. A policyholder is entitled to demand through the court, that the insurer performs insurance in accordance with Section 5 of article 5 of this law.

Article 7. Activity of Foreign Natural and Legal Entities in the Sphere of Insurance on the Territory of Georgia

1. A citizen of foreign state, stateless person, a legal entity established based on foreign capital on the territory of Georgia, also a branch and a representative office of a foreign legal entity, which performs activities on the territory of Georgia shall carry out insurance activities in insurance organizations of Georgia in accordance with rules set under Georgian legislation.
2. Entities defined under section 1 of this article shall have all rights and obligations as citizens and legal entities of Georgia operating in the sphere of insurance on the territory of Georgia.
3. A citizen of foreign state, stateless person, a foreign legal entity (including foreign insurance and reinsurance organizations) are entitled to be the founder of Georgian insurance and reinsurance organizations.
4. Activity of foreign insurance organization as a direct insurer on the territory of Georgia shall be permitted only through a branch defined under Article 2 “c.b” of this law.
- 4¹. Branch indicated in Article 2 “c.b” carries out its activities on the territory of Georgia in accordance with rules defined under Georgian legislation and it has a right to appear in court as application and respondent.
5. Insurance organization of Georgia is entitled to independently conclude insurance agreement with one or several reinsurance organizations in foreign country.
6. In Georgia foreign legal entity carries out insurance broker activities by branch registered in accordance with relevant rules based on agreement concluded with legal entities of Georgia.
7. Georgian insurance organization is entitled to use foreign broker organizations in order to insure its risks.

Law of Georgia № 1672 of 30 October 1998 - LGH I, №4, 20.11.1998, Article 37

Law of Georgia № 940 of 29 December 2004 - LGH I, №6, 19.01.2005, Article 49

Law of Georgia № 1679 of 24 September 2009 - LGH I, №29, 12.10.2009, Article 162

Chapter II. Participants of Insurance Relationship

Article 8. A Policyholder

1. A policyholder is person, which has entered into an insurance agreement with the insurer.
2. A policyholder may be a natural or legal entity.
3. A legal entity registered in Georgia may enter into insurance agreement, except for reinsurance agreement, related to activities carried out on the territory of Georgia and to property located on the territory of Georgia only with insurance organization licensed by the Service. A citizen of Georgia may enter into an insurance agreement on the territory of Georgia only with the insurance organization licensed by the service.

Law of Georgia № 1672 of 30 October 1998 - LGH I, №4, 20.11.1998, Article 37

Law of Georgia № 5271 of 11 July 2007 - LGH I, №30, 30.07.2007, Article 342

Law of Georgia № 5914 of 14 March 2008 - LGH I, №7, 26.03.2008, Article 34

Law of Georgia № 1679 of 24 September 2009 - LGH I, №29, 12.10.2009, Article 162

Law of Georgia № 354 of 20 March 2013 - website, 04.04.2013

Article 9. Insurer

1. insurer is a legal entity, which is established for performance of insurance activities and which has obtained license in relevant field of insurance in accordance with rules defined under this law. Insurer shall be registered as an organization in accordance with rules established for registration of legal entities in Georgia.
2. The only organizational and legal form of an insurance shall be joint stock company. An organization financed from the state budget may not found or be a founder of an insurance organization.
3. Company name for a licensed insurance organizations shall include the word “Insurance” or any other phrase containing this word. No one shall have the right to use the word “Insurance” or any other phrase containing this word without an insurance license issued by the Service (except when such use is established or recognized by the law of Georgia or by international agreement, or when it is evident from the context, that includes the word “insurance” or any other phrase containing that word, that entity concerned does not carry out insurance activities defined under this law).
4. Liquidation of insurance organization shall be carried out in accordance with this law, other laws and in accordance with rules established by the Service.
5. Insurance organizations are using equal rights in performance of their activities.
6. Abuse of dominant position or any other activity intended to significantly restrict competition on the insurance market or give advantage to or gain an advantage by the insurer with the respect to other insurers shall be prohibited.
- 6¹. Insurer is obliged to use fair, sympathy and precaution principles and carry out its activities based on such principles.
- 6². Insurer is obliged to protect **consumers** rights by internal policy and protection of **consumer** rights procedures and ensure, that such rights are protected on all stages. Insurer **consumers’** rights protection is carried out by internal policy, which is approved by supervisory body of the insurer. While consumer’s rights protection procedures are approved by the director of the insurer, who is equipped with full managerial and representative authorities.
7. Insurer’s management and performance of activities is carried out in accordance with normative acts, methodological documents, rules and instructions established by the Service. If there is no insurance field specific regulation, then insurer is authorized to apply international insurance norms and practices.
8. In order to fulfill obligations under “Foreign Account Tax Compliance Act (FATCA)” concluded between the United States government and government of Georgia, the insurer is obliged to define insured/policyholders/beneficiary’s tax residence and obtain information of status of relevant individual.
9. The insurer is authorized to refuse on provision of insurance services or terminate such relationships, if the insured/policyholders/beneficiary refuses to provide the insurer with information required under “Foreign Account Tax Compliance Act (FATCA)” concluded between the United States government and government of Georgia.

Law of Georgia № 1679 of 24 September 2009 - LGH I, №29, 12.10.2009, Article 162

Law of Georgia № 6149 of 8 May 2012 - website, 25.05.2012

Law of Georgia № 354 of 20 March 2013 - website, 04.04.2013

Law of Georgia № 4002 of 10 July 2015- website, 20.07.2015

Law of Georgia № 4002 of 28 October 2015- website, 11.11.2015

Law of Georgia № 4939 of 3 September- website, 09.09.2019

Article 9¹. Insurer's Managing Bodies

1. Formation and functioning of insurer's governing bodies shall be carried out in accordance with the law of Georgia "On Entrepreneurs" and in accordance with requirements set under this law.
2. Insurer's managing body is shareholder's board. Such board acts in accordance with Georgian legislation and internal regulations. Board of shareholders is obliged to elect supervisory board. Supervisory board ensures insurer's activity control. It is composed of not less than 3 and not more than 21 members.
3. Shareholders board elects supervisory board for not more than 4 years term. Also, election of the same member is not limited.
4. Insurer's supervisory board meetings shall occur no less than on quarterly basis. Insurer is obliged to submit a letter on organization of the meeting no later than 7 business days after such meeting occurs. Letter shall indicate the date of the meeting, meeting agenda and supervisory board members attending the meeting. The Service is authorized to request additional information of the topic discussed during the meeting.
5. Insurer's leadership and representation is the duty of directors. The insurer shall have not less than 3 directors. Directors are assigned to the position for 4 years term and dismissed by insurer's supervisory body. Also, repeated assignment of directors is unlimited.
6. Insurer's statute shall define and distinguish duties of directors. At least one director shall be equipped with full managerial and representation authority

Law of Georgia N5384 of 8 June 2016- website, 17.06.2016

Article 9². Internal Audit

1. Insurer's activities are subject to internal auditory examination in accordance with rules and based on conditions defined under this article.
2. Main objective of internal auditory examination is ensuring compliance of insurer's activities with existing Georgian legislation and correctness of such activities. Also, examination of adequacy and effectiveness of the insurer, as well as inspection of compliance with internal procedures/rules, internal control and management systems.
3. Function of internal audit is carried out by internal audit or designated structural unit- office of internal audit.
4. Assignment and dismissal of head/employee/internal audit employee is carried out by significant vote of supervisory body.
5. Head/employee/internal auditor can not be a person who:
 - a) was convicted in crime or sever offence and/or in illicit income legalization;
 - b) was convicted in economic crime;
 - c) who is the holder of significant share/ close relative of the director of the insurer is recognized as the first or the second rank heir according to the Civil Code of Georgia, or is a person having business interests related to the director of the insurer;
 - d) the person does not hold academic degree issued by the higher education institution- document certifying qualification (diploma) and completion of relevant level of higher education;
 - e) the person who is the member of governing body of the organization/administrator or other employee of the organization.

6. In evidence of circumstances stipulated in section 5 of this article insurer is obliged to submit to the Service conformation information/documentation on assignment of head/employee/internal auditor of the internal audit service. Such information/documentation is submitted for assessment of compliance with requirements set under the same section and article of this law.
7. Insurer is obliged to immediately inform the Service is the head/employee/internal auditor is dismissed or leaves such position. Insurer shall indicate relevant reasons for leaving or dismissing.
8. Internal audit/internal auditor is independent in its activities and is accountable to supervisory body of the insurer. Issues related to the scope of activity of the internal auditor shall not be disclosed or reviewed by other structural unit and the third parties.
9. In order to fulfill internal audit functions, the supervisory body is obliged to elaborate necessary internal documentation on internal auditor policy, rules and procedures for conduction internal audit.
10. Insurer's supervisory body is obliged to approve annual internal audit program/quarterly program. Such documents shall include as follows:
 - a) list of the activities which are subject to auditor examination;
 - b) description of auditor inspection for the spheres subject to auditor inspection.
11. Head of internal audit service/internal auditor submits following reports to the supervisory body:
 - a) report on performance of internal audit defined under annual program/quarterly program;
 - b) unplanned report based on justified reasons, if substantial gaps have been identified in the process of examination. Also, unplanned report shall be submitted to the supervisory board no later than within 5 business days after identification of such gaps. Insurer's supervisory body is obliged to review unplanned report within the shortest terms after submission.
12. Internal auditor examination report shall include following information:
 - a) date of internal audit performance;
 - b) gaps and deficiencies identified in the process of internal audit and measures/recommendations for elimination of such deficiencies;
 - c) sphere of activity/leading position of the sphere and action plan, where internal audit has defined deficiencies and gaps;
13. Internal audit/internal auditor issues a conclusion and provides suggestions unplanned matters raised by the insurer's supervisory body on the performance of the internal audit functions, as well as other subjects selected by its own initiative.
14. Service is authorized to at any time request and the insurer is obliged to provide the service with internal audit examination report (reports).
15. Head/employee/internal auditor shall carry out his/her duties objectively and impartially.
16. In the process of fulfilment of his/her duties the head/employee/internal auditor is authorized to request and obtain any information, require explanation from insurer's employees and administrators and shall have full access to computer files (with right to make changes to such files). Also, he/she is obliged to protect confidentiality of the information, which was provided for auditor examination purposes, except for the cases defined under Georgian legislation.
17. Insurer is obliged to ensure uninterrupted functioning of the internal audit and for this purpose provide all required conditions for internal audit service/internal auditor.
18. Governing bodies of the insurer are obliged to define measures for elimination of the gaps identified in the process of auditor examination and ensure implementation of such measures.

Law of Georgia N1821 of 22 December 2017-website, 28.12.2017

Article 10. Insured

1. An insured shall be a person covered by insurance. A policyholder may also be an insured, unless otherwise defined in the insurance contract.
2. The legislation on compulsory insurance may obligate a policyholder to insure a third person. In the case of voluntary insurance, a policyholder may specify a third person as an insured in the insurance contract; in this case, the object of insurance shall be the insured person and the personal interests related to him/her (personal insurance), or property of the insured person and interests related to it (property insurance).
3. When insuring property, an insured who is not a policyholder, must have an interest in maintaining that property.
4. In the case of compulsory insurance, obtaining the consent of a third person for entering into a contract, in which he/she it will be specified as the insured, shall not be necessary. In the case of voluntary insurance, refusal of a third person to have such a contract entered into shall make entering into it impossible or, if such a contract has already been entered into, shall cause its modification or termination.
5. When insuring property, a policyholder shall be obligated to notify a third person about his/her/its intention to insure the third person's property or related interests, accurately defining the object of insurance.
6. If a policyholder is obligated to insure a third person, the third person may request that the policyholder report on the performance of his/her/its obligations, and in the cases defined in the legislation - a document evidencing insurance. If a policyholder has not performed or improperly performed his/her/its obligation concerning the insurance of a third person, the third person shall be entitled to exercise the rights defined in Sections 1 and 2 of Article 6 of this Law.
7. The rights of insured minor citizens shall be realized according to procedures established by legislation.
8. Entering into a contract in favor of the insured shall not release the policyholder from fulfilling the obligations defined in the contract.
9. A third person shall be insured at the expense of the policyholder. The obligations of an insured who is not a policyholder, as well as obligations of a policyholder, arising upon occurrence of the insured event, shall be determined by an insurance contract. The policyholder shall be obligated to notify the insured about the obligations defined in the insurance contract.
10. If an insured refuses to receive the insurance policy proceeds to which he/she/it is entitled as per the insurance contract, the right to receive the proceeds shall be transferred to the policyholder.
11. In the case of the death of an insured, if he/she was not the policyholder, the insurance contract shall be terminated, unless the legislation or the contract provides for the replacement of the insured.
12. If the death of the insured is the insured event considered in the insurance contract, the contract shall be terminated after its performance.
13. In the case of the death of an insured, if he/she was not the policyholder, and the contract of property insurance has been concluded in favor of him/her, the rights and obligations of the insured for the property that is an object of insurance, shall, with the consent of the policyholder, be transferred to the heir of the deceased insured, unless otherwise defined in the legislation or in the contract.
14. If a policyholder does not agree to have the insured replaced, or if heirs do not give their consent to undertake the rights and obligations of the deceased insured, the contract shall be terminated.

Article 11. Beneficiary

1. 1. A beneficiary shall be a natural or legal person that receives insurance policy proceeds according to an insurance contract or the legislation on insurance.
2. A beneficiary may be designated in the case of both personal and property insurance.
3. When administering compulsory insurance, the beneficiary shall be designated according to the legislation regulating the given type of insurance. When administering voluntary insurance, the beneficiary shall be designated by the policyholder.
4. The insured shall be the beneficiary, unless otherwise defined in the legislation on compulsory insurance or the insurance contract.
5. The beneficiary shall be the insured, unless the beneficiary has been designated by the contract.
6. A contract of property insurance may be entered into in favor of the beneficiary without indicating the name or title of the beneficiary. When entering into such a contract, a policyholder shall be given an insurance certificate (a policy, certificate, etc.); in this case, the beneficiary shall be the person who presents the aforementioned document to the insurer.
7. When a policyholder is not the insured, in the case of death of the latter or his/her waiver of his/her rights, his/her rights shall be transferred to the policyholder. This shall entail the results defined in Section 11 of Article 10 of this Law.
8. Entering into a contract in favor of the beneficiary shall not release the policyholder from fulfilling the obligations defined in the contract.

Article 12. Insurance Agent and Insurance Broker

1. Mediation activities in insurance sphere is carried out by insurance agent and insurance broker.
2. Insurer is entitled to carry out insurance activities personally, as well as by insurance agent and insurance broker. The insurer is obliged to carry out insurance activities only with registered insurance broker.
3. Activities stipulated under article 2 “h¹” of this law shall not be deemed as **mediation** activity in insurance sphere if such activities are carried out by the insurer or its employee, also provision of the consumer with additional information within the sphere of professional activity, which does not aim at conclusion/performance of the agreement, or in the scope of other professional activity regulation of insurance damage/claim management or expert evaluation.
4. Title of the company performing insurance broker activities shall include the word “insurance broker” or combination of words by application of the word “insurance broker”. No one has a right to use the word “insurance” broker without having registration in accordance with rules defined by the service or recognized by the law or international agreement to which Georgia is a party, or when it is evident from the context, that includes the word “insurance broker” entity concerned does not carry out insurance activities defined under this law.
5. Registration of the insurance broker is carried out and insurance broker registration is canceled by the Service. Service manages insurance broker registry (including electronic registry), which shall be updated upon relevant amendments. In case of changes in insurance broker registration, changes in registration data or in case of termination of the registration within 2 business days upon decision Service makes relevant changes in the registry and within 10 business days decision is published in “Legislative Herald of Georgia”.
6. Insurance broker is obliged to apply at the Service prior to commencement of insurance broker activities and submit relevant documentation/information, which proves compliance with rules defined by the Service. This includes compliance with founder and administrator criteria.
7. Insurance broker is granted with right to commence insurance broker activities after completion of registration process.

8. Insurance agent and insurance broker relation with insurer/policyholder/insured is defined by agreement concluded between the parties.
9. Insurance contributions paid by an insurer to an insurance agent and insurance broker in accordance with insurance agreement shall be deemed to be paid to the insurer regardless the fact of transfer to the insurer.
10. Insurance compensation issued by the **mediation** is deemed paid to insurer/policyholder/beneficiary upon actual receipt of such compensation.
11. Insurer, insurance agent insurance broker is prohibited from conclusion of the agreement on behalf of insurance organization, except for agreements related to driver's civil liability insurance, which is used outside Georgia.
12. Insurance agent and insurance broker is obliged to inform the policyholder on all important matters of the agreement, which they are aware of.
13. In performance **of mediation** activity, conclusion of insurance agreement and amendment of such agreement, insurance broker is obliged to provide consumer with following information:
 - a) its contact information;
 - b) information on insurance broker registration and scope of authority;
 - c) information of holding significant share of the insurer or holding **significant share** of the insurance broker and number of such shares (if such exists);
 - d) insurance conditions offered by the insurer to the insured;
 - e) insurance agreement, which is elaborated in the manner, that fully complies with insurance risks provided by the consumer in its application;
 - f) information on insurance agreement conditions, in particular insurance payments, amount of insurance reimbursement, damage regulation, rules and conditions for receiving insurance reimbursement, applied limitations and other important conditions of the agreement; this information shall be provided to the consumer upon conclusion of the insurance agreement;
 - g) information regarding the right of the consumer to require and obtain information on payment obtained by the insurance broker for performance of mediation duties;
 - h) information on the content of the insurance policy and insurance agreement;
 - i) information on rules for submission of claims by the consumers;
 - j) information on whether insurance broker cooperates with more than one insurer. In case of cooperation with more than one insurer the consumer has a right to require and obtain information on insurer's company name;
 - k) other information related to insurance agreement.
14. Information stipulated in section 13 of this article shall be provided to the consumer in understandable format and language, in written or by electronic means of storage, which in turn ensures, that the consumer will have access to such information without damage to the unity of the information. This shall not apply to insurance agreement relationship related information. If required or upon the request of the consumer this information will be provided to the consumer orally, after conclusion of insurance agreement and in compliance with obligations defined under this section by the insurance broker.

Law of Georgia N1679 of 24 September 2009- LGH I, N29, 12.10.2009, Article 162

Law of Georgia N354 of 20 March 2013- website, 04.04.2013

Law of Georgia N4939 of 3 September 2019- website, 09.09.2019

Chapter III. Ensuring Financial Stability of the Insurer and Insurance Broker

Article 13. Conditions for Ensuring Financial Stability of the Insurer

1. The basis for ensuring the financial stability of an insurer shall be the insurer's capital, insurance reserves and reinsurance system.
- 1¹. At all stages of insurance activity minimum capital of the insurer is defined by the Service based on the type and form of insurance, in accordance with rules set by the Service to refill these funds. Also, at all stages of insurance activity, insurer's minimum capital shall not be less than 1/3 of solvency margin.
- 1². Funds corresponding to the minimum amount of the insurer's capital shall be constantly place on the separate account(s) available at the institution licensed in Georgia. Additionally, aforementioned funds shall be deposited in a licensed banking institution(s) of Georgia for at least 1-year term.
- 1³. Insurer's capital related agreement/transaction is subject to prior written consent of the Service. Also, such agreement/transaction shall occur in the form of no-cash transaction.
- 1⁴. Funds stipulated in Section 1² of this article can be used only based on prior written consent of the Service.
- 1⁵. Insurer's capital defined by the Service at all stages of operations shall not be less than the limit defined by the Service and less than solvency margin.
2. The insurer, regardless concluded insurance agreement is responsible for fulfilment of obligations defined under the insurance agreement.
3. Upon Service request insurer is obliged to provide the Service with information on foreign insurance agencies with which the insurer has concluded agreement. Such information shall include data on reinsurance company's financial condition.
4. Insurer shall not:
 - a) issue a loan to purchase shares;
 - b) issue loan to insurer's significant shareholder or administrator to purchase shares;
 - c) issue loan to purchase shares of affiliate company.

Law of Georgia N1679-LGH I of 24 September 2009, N29, 12.10.2009, Article 162

Law of Georgia N5003 of 1 July 2011-website, 15.07.2011

Law of Georgia N354 of 20 March 2013- website, 04.04.2013

Law of Georgia N5384 of 8 June 2016-website, 17.06.2016

Article 14. Economic Limits and Guidelines

1. An insurer shall be obliged to observe the economic limits defined by the Service provided below:
 - a) minimum capital requirements at all stages of insurance activity;
 - b) amount of insurance reserves by types;
 - c) a marginal ratio of assets permitted for paying up insurance reserves to insurance reserves;
 - d) a marginal ratio of capital to liabilities;
 - e) a marginal ratio of assets to liabilities;
 - f) (deleted- 98.06.2016, N5384);
 - g) ratio of insurance capital and solvency margin.
2. Conditions stipulated in section1 of this article do not apply to branches (representations) defined under Article 2 "c.b" of this law.
3. The insurer is obliged to provide the Service with auditory examination report of the past year April 15. Such report shall be elaborated in accordance with rules defined under "International Financial Reporting System" (IFRS) approved by International Accounting Standards Board and auditory examination shall be carried out in accordance with "International Standards of Audit" (ISA)approved

by International Accounting Standards board. Also, in case of submission of consolidated auditory conclusion, the insurer is also obliged to provide annual auditory examination report for its own and separate entrepreneurial entity and such reports shall be elaborated in accordance with rules defined under “International Financial Reporting System” (IFRS) approved by International Accounting Standards Board and auditory examination shall be carried out in accordance with “International Standards of Audit” (ISA) approved by International Accounting Standards board.

4. Branches branch (representative office) defined in Article 2 “c.b” of this Law shall be obliged to submit annual audited financial reports of a founder insurance organization and/or a reinsurance company and/or a founder holding company, upon their publication in their respective country of origin.
5. An insurer and a branch (representation) defined under Article 2 “c.b” of this law are obliged to publish the report and external audit conclusion in the form and in accordance with procedures defined by the Service.
6. The insurer is obliged to publish information on the owner and beneficial owner of 10 percent or more than 10 percent of shares in the form and in accordance with rules defined by the Service.

Law of Georgia № 1672 of 30 October 1998 - LGH I, №4, 20.11.1998, Article 37

Law of Georgia № 940 of 29 December 2004 - LGH I, №6, 19.01.2005, Article 49

Law of Georgia № 5271 of 11 July 2007 - LGH I, №30, 30.07.2007, Article 342

Law of Georgia № 5914 of 14 March 2008 - LGH I, №7, 26.03.2008, Article 34

Law of Georgia № 1679 of 24 September 2009 - LGH I, №29, 12.10.2009, Article 162

Law of Georgia № 354 of 20 March 2013 - website, 04.04.2013

Law of Georgia № 4002 of 10 July 2015 - website, 20.07.2015

Law of Georgia № 5384 of 8 June 2016- website, 17.06.2016

Law of Georgia № 4969 of 3 September 2019 - website, 09.09.2019

Article 15. Insurance Reserves of the Insurer

1. An insurer shall create reserves to fulfil the undertaken insurance obligations. The types of insurance reserves and the procedures for their creation shall be defined by the Service.
2. The assets permitted to cover insurance reserves shall be determined by the Service.
3. During the whole period of its activity, a branch (office) referred to in Article 2(c.b) of this Law shall have national or foreign currency and/or debt securities placed in commercial bank of Georgia, the amount of which shall be determined according to the minimum capital required by the legislation of Georgia for insurance organizations registered in Georgia.

Law of Georgia №940 of 29 December 2004 - LGH I, №6, 19.01.2005, Article 49

Law of Georgia № 5271 of 11 July 2007 - LGH I, № 30, 30.07.2007, Article 342

Law of Georgia № 5914 of 14 March 2008 - LGH I, № 7, 26.03.2008, Article 34

Law of Georgia № 1679 of 24 September 2009 - LGH I, № 29, 12.10.2009, Article 162

Law of Georgia № 354 of 20 March 2013 - website, 04.04.2013

Article 16. Insurer’s Solvency Guarantees

1. In order to ensure its solvency, an insurer shall be obligated to comply with economic norms and limits set out in this Law; the method for calculating the ratio and normative volume of these norms and limits shall be defined by the Service.
2. An insurer shall choose assets permitted for covering insurance reserves according to the conditions of diversification, recoverability, profitability and liquidity.

Law of Georgia № 5271 of 11 July 2007 - LGH I, № 30, 30.07.2007, Article 342

Law of Georgia № 5914 of 14 March 2008 - LGH I, № 7, 26.03.2008, Article 34

Law of Georgia № 1679 of 24 September 2009 - LGH I, № 29, 12.10.2009, Article 162

Law of Georgia № 354 of 20 March 2013 - website, 04.04.2013

Article 16¹. Conditions for Ensuring Financial Stability of the Insurance Broker

1. Basis for ensuring the financial stability of an insurance broker shall be the insurer's capital/guarantee fund and professional liability insurance.
2. Insurance broker is obliged to possess the minimum amount of capital/guarantee funds defined by the Service at all stages of mediation activity. Such funds shall be deposited on a separate account(s) opened for this specific purpose at all stages of the mediation activity in insurance business for at least 1-year period.
3. Insurance broker is obliged to possess professional liability insurance defined by the Service at all stages of mediation activity. **(enters into force from 1 January 2020).**
4. Insurance broker is obliged to possess separate bank account for mediation activities in insurance sphere and **consumer** account in commercial bank licensed in Georgia. It is prohibited to use the funds allocated on consumer bank account, except for the cases when insurance premium is issued, and insurance payment is made. Amount accumulated on such account does not count as capital assts and cannot be used for satisfaction of other creditors. Also, security means and measures defined by Georgian legislation cannot be applied to such funds.
5. Insurance broker is obliged to provide the Service with previous year auditory inspection reports in accordance with rules defined under Georgian legislation. Such reports shall be submitted to the Service before April 15 of each calendar year.

Law of Georgia N4939 of 3 September 2019- website, 09.09.2019

Article 17. (Deleted)

Law of Georgia № 5271 of 11 July 2007 - LGH I, № 30, 30.07.2007, Article 342

Law of Georgia № 5914 of 14 March 2008 - LGH I, № 7, 26.03.2008, Article 34

Law of Georgia № 1679 of 24 September 2009 - LGH I, № 29, 12.10.2009, Article 162

Article 18. (Deleted)

Law of Georgia № 1672 of 30 October 1998 - LGH I, № 4, 20.11.1998, Article 37

Law of Georgia № 5271 of 11 July 2007 - LGH I, № 30, 30.07.2007, Article 342

Law of Georgia № 5914 of 14 March 2008 - LGH I, № 7, 26.03.2008, Article 34

Law of Georgia № 1679 of 24 September 2009 - LGH I, № 29, 12.10.2009, Article 162

Chapter IV- Conducting the State Supervision on Insurance Activity

Article 19. Body Ensuring State Supervision Over Insurance Activities

1. State supervision of insurance activity shall be exercised by the Service. The authority of the Service shall be determined by this Law, and other issues related to its activity shall be regulated by the Statute of the Service, which shall be approved by the Government of Georgia.
2. The Service is independent in its activity and is accountable to the Government of Georgia. The Government of Georgia may suspend or revoke any unlawful decision of the Service.
3. A Supervisory Board **of advisory power** is established at the Service. The composition of the Supervisory Board shall be determined by the relevant ordinance of the Government of Georgia. The Supervisory Board consists of 7 members. The Board consists of the chairman of the Budget and Finance Committee of the Parliament of Georgia, the Minister of Finance of Georgia, the Minister of Economy and Sustainable Development of Georgia, **The Minister of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs of Georgia**, the Minister of **Environment Protection and Agriculture of Georgia** and of 2 experts from the non-governmental sector nominated by the Prime Minister of Georgia.
- 3¹. The powers and the rules of operation of the Supervisory Board of the Service shall be determined by its Statute, approved by the Supervisory Board.
4. The Service is run by the head of the Service, who shall be appointed for 5- years on the recommendation of the Supervisory Board of the Service and shall be dismissed from office by the Government of Georgia.
5. (deleted- 26.12.2014, N2993).

Law of Georgia №961 of 20 June 2001 - LGH I, №20, 03.07.2001, Article 69

Law of Georgia № 5271 of 11 July 2007 - LGH I, № 30, 30.07.2007, Article 342

Law of Georgia № 5914 of 14 March 2008 - LGH I, № 7, 26.03.2008, Article 34

Law of Georgia № 1679 of 24 September 2009 - LGH I, № 29, 12.10.2009, Article 162

Law of Georgia № 354 of 20 March 2013 - website, 04.04.2013

Law of Georgia № 2993 of 26 December 2014 - website, 30.12.2014

Article 19¹. The Supervisory fee

Supervision fee is defined based on gross premium accumulated by the insurer during the calendar year and/or insurer's own profit generated from collectable and payable life insurance types. Supervision fee is as follows:

- a) 1 percent of gross premium accumulated by the insurer annually;
- b) 1 percent of insurer's own profit generated from collectable and payable life insurance types.

Law of Georgia № 1821 of 22 December 2016 - website, 28.12.2017

Article 19². Payment Rules of the Supervision Fee

1. Insurer is obliged to pay supervision fee within the terms provided below in accordance with payment made during previous supervision year. Supervision fee shall be as follows:
 - a) no later than January 10- 25 percent;
 - b) no later than April 10- 25 percent;
 - c) no later than July 10- 25 percent;
 - d) no later than October 10- 25 percent.
2. The amount credited to pay the current supervisory fee will be included in the supervisory fee payable by the insurer according to the calendar year.

Article 19³. Service Financing Sources and Budget

1. Service financing sources are as follows:
 - a) supervision fee;
 - b) grants and/or contributions;
 - c) other income permitted by Georgian legislation.
2. Main goal of payment of supervision fee by the insurer is to ensure, that Service effectively develops insurance sphere, protects insurers, interests of insured and consumers, also in order to cover Service costs.
3. Supervision fee is credited on separate account to be used by the Service and the Service has full authority to use amount allocated on such account.
4. Funds which were not used by the Service during the current year are transferred to the following year and included in budget and/or in accordance with Georgian legislation based on government's decision is transferred to state budget of Georgia.
5. In accordance with rules set under Georgian legislation Service elaborates following year budget, which reflects all costs of the Service include sources of financing.

Law of Georgia № 1821 of 22 December 2016 - website, 28.12.2017

Article 20. Service Functions

1. For the purposes of this Law, the Service shall: implement state policy in the area of insurance, promote financial stability of the insurance market, protect rights of customers within the scope of its authority, ensure efficiency and solvency of insurance organizations and create a competitive environment. In order to meet these goals, it shall generalize insurance activity, create normative and methodological base and ensure its **implementation control**, develop new draft laws and other projects, as well as prepare draft amendments to the existing laws.
2. State, municipal and sectoral insurance programmes initiated by state or local self-government bodies shall be agreed with the Service and shall be carried out only with its consent.

Law of Georgia № 2007 of 28 May 1999 - LGH I, № 20(27), 09.06.1999, Article 84

Law of Georgia № 5271 of 11 July 2007 - LGH I, № 30, 30.7.2007, Article 342

Law of Georgia № 5914 of 14 March 2008 - LGH I, № 7, 26.03.2008, Article 34

Law of Georgia № 1679 of 24 September 2009 - LGH I, № 29, 12.10.2009, Article 162

Law of Georgia № 354 of 20 March 2013 - website, 04.04.2013

Article 20¹. Protection of Consumer Rights

1. Insurer and insurer's mediators are obliged to ensure protection of consumer's rights during pre-agreement relations, during validity of relevant agreement and at all stages of fulfillment of obligations defined under such agreement. Also, insurer is obliged to protect customer's rights in accordance with rules defined by the service and by means of internal policy and consumer rights protection procedures.
2. Service is authorized to supervise fulfillment of obligations defined under section 1 of this article in order to ensure consumer rights protection by the insurer and insurer's mediator.
3. In order to protect consumer's rights, the Service is entitled to request and process applicant's and/or other consumer's information in accordance with Georgian legislation and statutory normative acts.

Information requested may include personal data. Insurer and the insurer's mediator are obliged to provide the Service with such information.

4. Consumer has a right to address relevant structural unit of the insurer, court and/or other relevant state authority or private organization if insurer or insurance agent improperly fulfil their obligations. In case of violation of consumer rights by the insurer or insurance agent, the consumer is entitled to address the Service.
5. Consumer is entitled to address court and/or other relevant state authority or private organization if insurance broker improperly fulfils its obligations. In case of violation of consumer rights by the insurance broker, the consumer is entitled to address the Service.

Law of Georgia №4939 of 3 September 2019- website 09.09.2019

Article 21. Powers of the Service

The Service is authorized to:

- a) issue and cancel insurance licenses; register and deregister insurance brokers;
- b) monitor **the compliance requirements**, contained in normative and methodological documents **of the insurer and insurance brokers** and check those documents, also check accounting documents, components of financial reports and other materials, and for that purpose, request and receive any information from an insurer and **insurance broker** within the scope of its authority;
- c) apply sanctions determined in this Law against an insurer and/or an administrator;
- d) keep a register of insurers and insurance brokers;
- e) determine the types of capital of an insurer, the minimum amounts of capital at each stage of insurance activity and the procedures for its calculation;
- f) establish procedures for determining and creating types of insurance reserves, as well as procedures for determining assets permitted for covering insurance reserves and for determining their structure;
- g) define internal accounting requirements for insurance organizations and brokers;
- h) (deleted- 08.06.2016, N5384);
- i) determine marginal ratio of an insurer's assets to its undertaken liabilities;
- j) determine marginal ratio of an insurer's capital to its liabilities;
- k) determine procedure for calculating a solvency margin of an insurer;
- l) prepare methodological and advisory documents on issues of insurance;
- m) develop and adopt instructions and normative acts on insurance activity and regulation of mediation activity;
- n) request and obtain information in order to fulfil obligations defined under Article 20¹ of this law;
- o) request and receive information on both direct and beneficial owners of an insurer;
- p) request and receive information on the origin of an insurer's capital;
- q) define report forms of and filing procedures (financial, statistic and etc.);
- r) cooperate with foreign supervisory bodies within the scope of its authority; the cooperation may include exchange of information and conclusion of memorandums of mutual understanding;
- s) publish statistical information on the insurance market;
- t) establish procedures for insurance broker registration, deregistration of insurance brokers, as well as reporting rules for mediation, carrying out independent insurance activities in the sphere, also compliance criteria for insurance broker founder and administrator;
- u) establish procedures for liquidation and bankruptcy proceedings of an insurer;
- v) define general data and form of business plan elaborated after 3 years of insurance activities;

- w) define minimum amount of capital/grant funds and relevant requirements for the insurance broker activity;
- x) define rules for insurance broker's professional liability insurance;
- y) discuss consumers' claims on violation of consumer rights defined under normative and methodologic documents by the insurer and insurer's broker;
- z) within the scope of competence supervise insurer's compliance with the principles of good faith, due diligence and providence.

Law of Georgia № 2007 of 28 May 1999 - LGH I, № 20(27), 09.06.1999, Article 84

Law of Georgia № 5271 of 11 July 2007 - LGH I, № 30, 30.7.2007, Article 342

Law of Georgia № 5914 of 14 March 2008 - LGH I, № 7, 26.03.2008, Article 34

Law of Georgia № 1679 of 24 September 2009 - LGH I, № 29, 12.10.2009, Article 162

Law of Georgia № 354 of 20 March 2013 - website, 04.04.2013

Law of Georgia № 1469 of 4 October 2013 - website, 16.10.2013

Law of Georgia №4002 of 10 July 2015- website 20.07.2015

Law of Georgia №5384, website 17.06.2016

Law of Georgia № 4939 of 3 September 2019- website 09.09.2019

Article 21¹. Violations and Sanctions

1. The Service may apply sanctions stipulated under section 2 of this article against an insurer and/or an administrator, if the insurer or the administrator:
 - a) violated one of the provisions of this Law or any norm, instruction, procedure, requirement, or written instruction of the Service;
 - b) violated time limits for submitting reports or submitted an incorrect report and any other inaccurate information;
 - c) violated requirements of the Law of Georgia "On Facilitating the Prevention of Money Laundering".
2. If violations referred to in section one of this article are identified, the Service may apply the following sanctions in the given order, or apply them out of order due to the seriousness of the potential risk:
 - a) send a written warning;
 - b) introduce special measures or issue instructions (directives) requiring the insurer to stop and prevent any further violations, and to measures to eliminate the violations in a given period of time;
 - c) impose pecuniary penalties according to the procedures and in the amounts defined by the Service;
 - d) suspend the signing authority of an insurer's administrator, and request the Supervisory Board/General Meeting of the insurer to suspend or remove him/her from office;
 - e) suspend or restrict the distribution of profits, issuance of dividends and material incentives, and assumption of new obligations;
 - f) in exceptional cases, when interests of a policyholder and those of an insured are at risk, suspend their right to carry out specific operations, impose a compulsory administration regime;
 - g) cancel insurance activity license.

2¹. Service is authorized to apply sanctions stipulated in section 2² of this article against insurance broker and/or administrator if the insurance broker or administrator violate the following:

- a) violated one of the provisions of this Law or any norm, instruction, procedure, requirement, or written instruction of the Service;
 - b) violated time limits for submitting reports or submitted an incorrect report and any other inaccurate information;
- 2². If violations referred to in section 2¹ of this article are identified, the Service may apply the following sanctions in the given order, or apply them out of order due to the seriousness of the potential risk:
- a) send written notification to the insurance broker or administration;
 - b) introduce special measures or issue instructions (directives) requiring the insurer to stop and prevent any further violations, and to measures to eliminate the violations in a given period of time;
 - c) impose pecuniary penalties to the insurance broker and/or administrator according to the procedures and in the amounts defined by the Service;
 - d) cancel insurance broker's registration.
3. The sanctions defined under this article shall correspond to the seriousness of the violation and potential threats.
4. The amount of the pecuniary penalty imposed under this article shall be paid to the state budget of Georgia.
5. The sanction imposed on an insurer and/or an administrator by an administrative legal act shall be referred for enforcement on the basis of execution order issued in accordance with administrative-legal act entered into force according to the procedure defined under law of Georgia "On Enforcement Proceedings".

Law of Georgia №1679, September 24, 2009- LGH I, №29, 12.10.2009, Article 162

Law of Georgia № 354 of 20 March 2013 - website, 04.04.2013

Law of Georgia № 1469 of 4 October 2013 - website, 16.10.2013

Law of Georgia № 4939 of 3 September 2019- website 09.09.2019

Article 22. Licensing the Insurance Activity

- 1. License on insurance activities is issued in accordance with law of Georgia "On Licenses and Permits".
- 2. License on insurance activities can be issued only for legal entities with organizational-legal form of a joint stock companies.
- 3. Insurance license may be issued only for following activities:
 - a) Life insurance;
 - b) Insurance (non-life);
 - c) Insurance.
- 4. If the insurer intends to carry out activities indicated in section 3 "C" and already holds other type of insurance license, then insurer is authorized to carry out type of activities specified under section 3 "C" realization of which are permitted under already obtained license. In such case, the insurer is not required to obtain additional license. The insurer shall inform the service regarding the above-mentioned in writing within 10 business days after commencement of such activities.
- 5. License seeker is obliged to comply with licensing conditions stipulated under law of Georgia "On License and Permit", as well as meet additional licensing conditions and provide the service with the following:
 - a) Written application on insurance activity request;
 - b) Establishment documents (including statute);
 - c) Document certifying state registration;

- d) Extract from securities registry issued by the independent registrar of securities on distribution shareholders' shares;
- e) Relevant document(s) from bank institution(s) authorized in Georgia certifying full cash payment of minimum capital defined by the service;
- f) Relevant document(s) from bank institution(s) authorized in Georgia certifying, that minimum funds required by the service have been credited on bank account;
- g) Identification documents of direct and beneficiary owners of **significant share**. In case of absence of significant share beneficiary owner, the license seeker shall provide written certificate on this fact;
- h) Identification documentation of all administrators;
- i) Duly certified documents and/or information (including autobiography) on compliance of significant shareholders and all administrators with eligibility criteria identified under article 22¹ of this law;
- j) Information on origin of the capital;
- k) 3-year business plan after commencement of business activities (including reinsurance program) in accordance with basic data and form of the business plan approved by the service;
- l) Information on location of insurer's head office and branch/branches if such exist;
- m) Document certifying ownership or other type of lawful ownership (use) of the real estate, where insurer's head office/branch will be located;
- n) Information on organizational structure, including functions of relevant structural units;
- o) Document certifying payment of license fee.

- 5¹. In the process of carrying out insurance activities, the insurer is obliged to use insurance activity license at least once in 6 months.
- 6. The license seeker, who intends to carry out non-state pension insurance and assurance is obliged to additionally provide and register non-state pension scheme rules in accordance with law of Georgia "On Non-State Pension Insurance and Assurance".
- 7. The license seeker is obliged to provide originals or duly certified copies of the documents defined under Section 5 of this article.
- 8. The branch (representation) referred to in Article 2 "C.B" of this law shall carry out licensed activities indicated in section 3 of this article on the basis of the license (state regulation) of its founding insurance organization in a manner, which does not oblige it to obtain relevant license. The license held by founding insurance organization has same legal status as the license granted under Georgian legislation and no one has the right to require the branch (representation) to obtain relevant license.
- 9. 10 business days prior to commencement of activities specified in section 3 of this article, the branch (representation) referred to in Article 2 "C.B" of this law shall provide the service with documents from relevant supervisory body certifying, that in the country of registration the founding organization is authorized to carry out relevant insurance activities and establish branch (representation) in Georgia.
- 10. Insurance activity license is issued for unspecified period of time.
- 11. Insurance activity license is issued for specific insurer and it is prohibited to transfer such insurance to other legal entity.
- 12. Licensing is not required for insurance agents and insurance brokers, also activities related to evaluation of insurance risks, damage reimbursement and certainty of events, research and consultation services of insurance sphere.
- 13. Only licensed legal entities and branch (representation) referred to in Article 2 "C.B" of this law are permitted to carry out insurance activities on the territory of Georgia.
- 14. Insurer (license seeker) is responsible for accuracy of documentation provided for licensing purposes.

15. The insurer shall notify the service in writing on any amendments made to the documents submitted in order to obtain insurance license within 7 business days after respective changes have been made. In amendments made to the documents are submitted to the service before the decision on issuing the license is made, then the license seeker shall also be required to provide the service with documents on relevant changes in the process on application revision.

16. Form of insurance activity license is defined by the service.

Law of Georgia № 1672 of 30 October 1998 - LGH I, №4, 20.11.1998, Article 37

Law of Georgia № 2007 of 28 May 1999 - LGH I, № 20(27), 09.06.1999, Article 84

Law of Georgia № 3062 of 26 August 2003 - LGH I, № 29, 18.09.2003, Article 220

Law of Georgia № 940 of 29 December 2004 - LGH I, №6, 19.01.2005, Article 49

Law of Georgia № 5271 of 11 July 2007 - LGH I, № 30, 30.07.2007, Article 342

Law of Georgia № 1679 of 24 September 2009 - LGH I, №29, 12.10.2009, Article 162

Law of Georgia № 2832 of 23 March 2010 - LGH I, № 19, 13.4.2010, Article 106

Law of Georgia № 5003 of 1 July 2011 - website, 15.07.2011

Law of Georgia № 5528 of 20 December 2011 - website, 28.12.2011

Law of Georgia № 354 of 20 March 2013 - website, 04.04.2013

Law of Georgia № 1469 of 4 October 2013 - website, 16.10.2013

Law of Georgia № 3389 of 20 March 2015 - website, 31.03.2015

Article 22¹. Eligibility Criteria for Significant Shareholders, Supervisory Board members, Directors

1. Significant shareholders, supervisory board members and directors shall comply with criteria, which are set under this article.
2. A person shall be prohibited from being a significant shareholder of the insurer if:
 - a) He/she is a natural person and:
 - a.a) the court has recognized him/her as allowance beneficiary and the court's decision does not specify otherwise;
 - a.b) if he/she was convicted for serious or grave crime and/or illicit income legalization;
 - a.c) if he/she was convicted in economic crime;
 - a.d) if there is court decision prohibiting him/her to participate in insurance activities;
 - a.e) if he/she was significant shareholder or administrator of the insurer and during his/her activities company was announce bankrupt;
 - b) He/she is a legal person and:
 - b.a) if he/she was convicted for serious or grave crime and/or illicit income legalization;
 - b.b) if he/she was convicted in economic crime;
 - b.c) if there is court decision prohibiting him/her to participate in insurance activities;
 - b.d) if he/she was **significant** shareholder or administrator of the insurer and during his/her activities company was announce bankrupt;
3. The individual is prohibited to become the member of insurer's supervisory board and shall be excluded from membership based on the decision made by shareholder's board, if:
 - a) the court has recognized him/her as allowance beneficiary and the court's decision does not specify otherwise;
 - b) if he/she was convicted for serious or grave crime and/or illicit income legalization;
 - c) if he/she was convicted in economic crime;
 - d) if he/she was **significant** shareholder or administrator of the insurer and during his/her activities company was announce bankrupt;
 - e) there is court decision prohibiting individual from participating in insurance activities;

- f) if the person being close relative of the director of the insurer is recognized as the first or the second rank heir according to the Civil Code of Georgia, or is a person having business interests related to the director of the insurer;
 - g) if the person is the member of supervisory board or director of more than five enterprises registered in Georgia;
 - h) is the director of the same insurer;
 - i) is the member of managing body of other insurer, except for the cases, when he/she holds this position at the insurer/reinsurer company under the control of that insurer/reinsurer and/or insurer in the reinsurer company under the control of the insurer/reinsurer company;
 - j) if he/she does not hold academic degree from the higher education institution- document certifying (diploma) completion of relevant stage of higher education stage;
 - k) if he/she does not have minimum five-year experience in working on different managerial positions (at least on the position of chief of structural unit).
4. Individual shall be prohibited to become the director of the insurer, if:
- a) the court has recognized him/her as allowance beneficiary and the court's decision does not specify otherwise;
 - b) he/she was convicted for serious or grave crime and/or illicit income legalization;
 - c) he/she was convicted in economic crime;
 - d) is the member of managing body of other insurer, except for the cases, when he/she holds this position at the insurer/reinsurer company under the control of that insurer/reinsurer and/or insurer in the reinsurer company under the control of the insurer/reinsurer company;
 - e) he/she does not hold academic degree from the higher education institution- document certifying (diploma) completion of relevant stage of higher education stage;
 - f) he/she does not have minimum five-year experience in working on different managerial positions (at least on the position of chief of structural unit) in finance or insurance sphere;
 - g) he/she was **significant** shareholder or administrator of the insurer and during his/her activities company was announce bankrupt;
 - h) there is court decision prohibiting him/her to participate in insurance activities;
 - i) the person being close relative of the director of the insurer is recognized as the first or the second rank heir according to the Civil Code of Georgia, or is a person having business interests related to the director of the insurer.

Law of Georgia №5384, website 17.06.2016

Article 23. (Deleted)

Law of Georgia № 3062 of 26 August 2003 - LGH I, № 29, 18.09.2003, Article 220

Law of Georgia № 5271 of 11 July 2007 - LGH I, №30, 30.07.2007, Article 342

Article 24. The License Fee

Rules of licensing fee payment and amount to be paid is defined under Georgian legislation.

Article 25. Refusal to Issue the License

1. A license shall not be issued if:
 - a) documents submitted to obtain a license do not meet the requirements of Article 22 of this Law and is not corrected by the license seeker in timely manner;

- b) inaccurate/incomplete documents are provided, or information reflect in documents is inaccurate/incomplete and was not corrected within the time limit defined by the Service;
 - c) Administrators and **significant** shareholders do not comply with requirements set under article 22¹ of this law;
 - d) license seeker has canceled license previously obtained in same sphere and the issue of license cancelation is not eliminated;
 - e) a license seeker is a legal person against whose **significant** shareholder liquidation or insolvency/bankruptcy procedures are carried out.
2. In the case of refusal to issue a license, the applicant shall be given a substantiated written response setting out the reasons for refusal.
 3. If the request for a license is denied, the applicant may appeal the decision.

Law of Georgia № 3062 of 26 August 2003 - LGH I, № 29, 18.09.2003, Article 220

Law of Georgia № 1679 of 24 September 2009 - LGH I, № 29, 12.10.2009, Article 162

Law of Georgia №5384, website 17.06.2016

Article 26. (Deleted)

Law of Georgia № 1672 of 30 October 1998 - LGH I, №4, 20.11.1998, Article 37

Law of Georgia № 2007 of 28 May 1999 - LGH I, № 20(27), 09.06.1999, Article 84

Law of Georgia № 3062 of 26 August 2003 - LGH I, № 29, 18.09.2003, Article 220

Law of Georgia № 940 of 29 December 2004 - LGH I, №6, 19.01.2005, Article 49

Law of Georgia № 5271 of 11 July 2007 - LGH I, № 30, 30.07.2007, Article 342

Article 27. (Deleted)

Law of Georgia № 1672 of 30 October 1998 - LGH I, №4, 20.11.1998, Article 37

Law of Georgia № 2007 of 28 May 1999 - LGH I, № 20(27), 09.06.1999, Article 84

Law of Georgia № 3062 of 26 August 2003 - LGH I, № 29, 18.09.2003, Article 220

Law of Georgia № 940 of 29 December 2004 - LGH I, №6, 19.01.2005, Article 49

Law of Georgia № 5271 of 11 July 2007 - LGH I, № 30, 30.07.2007, Article 342

Article 27¹. Repeal of Insurance Activity License

1. An insurance license may be **repealed** only by decision of the Service:
 - a) at the request of an insurance organization, in cases where a license holder applies to the Service in writing for cancellation of the license;
 - b) if economic limits and norms defined by the Service are repeatedly violated;
 - c) if insurer has violated requirements set under Section 5¹, Article 22 of this law;
 - d) if an insurer carried or carries out such insurance activities that are hazardous or harmful to its financial situation, and that may cause significant damage to the policyholders/insureds;
 - e) if an insurer is insolvent.
2. A branch (representative office) referred to in Article 2 “c.b” of this Law, shall terminate its activity, if:
 - a) the legislation of Georgia on insurance is grossly and repeatedly violated;
 - b) its founder insurance organization made such decision; the Service shall be notified of the decision in the shortest time after the decision is made;

- c) its founder insurance organization or reinsurance company is deprived of the right to carry out insurance activity in the country of registration; the branch (representative office) shall be obligated to notify the Service about this fact;
 - d) insolvency (bankruptcy) proceedings are initiated against its founder insurance organization or reinsurance company, or there is another reason for the commencement of its liquidation; the branch (representative office) shall be obligated to immediately notify the Service about it;
3. Once the Service makes a decision on cancellation of an insurance license or on termination of the activity of the branch (representative office) referred to in Article 2 “c.b” of this Law, the insurer may no longer carry out the insurance activity permitted by the relevant license, except for the obligations it had undertaken earlier under insurance contracts, until such contracts expire.
 4. The insurer shall return the insurance license to the Service within 3 days after decision on the cancellation of the license enters into force.
 5. From the moment of cancellation of an insurance license, the process of liquidation of the insurer shall begin according to this law, other laws and the procedures established by the Service.

Law of Georgia №1679, September 24, 2009- LGH I, №29, 12.10.2009, Article 162

Law of Georgia № 354 of 20 March 2013 - website, 04.04.2013

Law of Georgia №5384 of 8 June 2016- website, 17.06.2016

Article 28. Consequences of Insurance Organization Reorganization and Amendment of Regulation

1. If a legal person holding an insurance license undergoes a merger, takeover or separation, its right to the license shall be transferred to its legal successor. If required, the legal successor shall be granted a new license, instead of the old one.
2. An application for a replacement license shall be accompanied by:
 - a) a decision on reorganization of the legal person;
 - b) a copy of the state registration document of the insurer- legal successor.
3. If the articles of association of a legal person are modified in such a way that re-registration of the legal person is not required, the copies of those documents shall be sent to the Service.
4. If an insurer changes its company name, location or articles of association, its shall be obligated to submit a written notification and appropriate documents to the Service within 7 business days after the change is made.
5. the insurer is obliged to:
 - a) inform the Service in written regarding alienation of **significant share** and shall submit documentation/information in accordance with Article 22, Section 5 “g” and “l”, also date/information on financial conditions of the person, who has purchased the **significant share** and information on origin of funds;
 - b) in case of reorganization and/or branch (representative office) establishment insurer shall inform the Service in written and provide relevant information/documentation (in case of reorganization merger or separation justification and conditions shall be provided).
- 5¹. In case of replacement of administrator, insurer is obliged to provide the service documentation/information in accordance with Article 22, Section 5 “h” and “l”
- 5². Justified refusal to the insurer is provided by the Service within 10 days after receipt of the documents/information indicated in sections 5 and 5¹ of this article. If justified refusal is not received within this term, then license is deemed issued.
6. A transaction on purchasing a significant share shall be void if appropriate information is not submitted to the Service, or if the transaction is executed despite a substantiated refusal received from the Service.

Law of Georgia № 3062 of 26 August 2003 - LGH I, № 29, 18.09.2003, Article 220

Law of Georgia № 5271 of 11 July 2007 - LGH I, №30, 30.07.2007, Article 342

Law of Georgia № 5914 of 14 March 2008 - LGH I, №7, 26.03.2008, Article 34

Law of Georgia № 1679 of 24 September 2009 - LGH I, №29, 12.10.2009, Article 162

Law of Georgia № 2832 of 23 March 2010 - LGH I, №19, 13.04.2010, Article 106

Law of Georgia № 354 of 20 March 2013 - website, 04.04.2013

Article 28¹. Founding a Branch (Representative Office), Establishing or Purchasing an Affiliate Company by the Insurer Outside Georgia

1. In order to carry out the activity determined in the legislation of Georgia for persons conducting monitoring under the Law of Georgia on Facilitating the Prevention of Money laundering, an insurer shall submit to the Service the following documents within 14 days after founding a branch or establishing or purchasing a subsidiary:
 - a) a decision of the governing body of the insurer on founding a branch or establishing or purchasing a subsidiary;
 - b) a statement of the governing body of the insurer stating that for the purpose of fulfilling the recommendations of the Financial Action Task Force on Money Laundering (FATF), the branch or subsidiary concerned developed a programme for combating money laundering and terrorism financing.
2. If the laws and subordinate normative acts of a foreign country where a branch or subsidiary is located do not require the fulfilment of the Financial Action Task Force (FATF) recommendations, or if the country does not combat money laundering and terrorism financing, and the recommendations of the Financial Action Task Force are not followed at all or are followed inadequately:
 - a) the governing body of the insurer shall undertake a written obligation that the branch or subsidiary of the insurer will take measures for combating money laundering and terrorism financing according to the requirements existing in Georgia and the recommendations of Financial Action Task Force;
 - b) the insurer shall notify the Service if its branch or subsidiary cannot carry out measures related to combating money laundering and terrorism financing determined by the legislation of Georgia, because it is prohibited or restricted by the legislation of the foreign country where the branch or subsidiary is located.

Law of Georgia № 2832 of 23 March 2010 - LGH I, № 19, 13.4.2010, Article 106

Law of Georgia № 354 of 20 March 2013 - website, 04.04.2013

Article 29. Discloser of Insurer's Commercial, Confidential and Secret Information by the Service Employee

1. Insurer/policyholder/beneficiary insurance operation and transaction related information (including attempts of transaction) can be provided to insurer/policyholder/beneficiary and their representatives, Service- within the scope of competence, in cases defined under Georgian legislation- Financial Monitoring Service of Georgia, also tax authorities- to fulfill obligations under "Foreign Account Tax Compliance Act (FATCA)" concluded between the United States government and government of Georgia.
- 1¹. Information defined under section one of this article may be transferred to tax authorities in order to fulfill obligations under "Foreign Account Tax Compliance Act (FATCA)" concluded between the United States government and government of Georgia. Tax authority is entitled to provide such information to competent authorities of the United States.

2. Service employee is not entitled to issue data in any form, shall not disclose information related to insurer's commercial secret, also insurer/policyholder/beneficiary related data, which is recognized as insurer's secret if such information became available to the employee in the process of work. Also, it does not matter whether this person is currently assigned to such position or not.
3. For violation of the requirements defined under this article employee shall be liable in accordance with Georgian legislation.
4. Rules for recognition of information confidentiality, its issuance and list of confidential information is approved by the Service.

Law of Georgia № 5271 of 11 July 2007 - LGH I, №30, 30.07.2007, Article 342

Law of Georgia № 5914 of 14 March 2008 - LGH I, №7, 26.03.2008, Article 34

Law of Georgia № 1679 of 24 September 2009 - LGH I, №29, 12.10.2009, Article 162

Law of Georgia № 5528 of 20 December 2011 - website, 28.12.2011

Law of Georgia № 354 of 20 March 2013 - website, 04.04.2013

Law of Georgia №4002 of 10 July 2015- website 20.07.2015

Law of Georgia №4461 of 28 October 2016-website, 11.11.2015

Article 30. (Deleted)

Law of Georgia № 5271 of 11 July 2007 - LGH I, №30, 30.07.2007, Article 342

Law of Georgia № 5914 of 14 March 2008 - LGH I, №7, 26.03.2008, Article 34

Law of Georgia № 1679 of 24 September 2009 - LGH I, №29, 12.10.2009, Article 162

Article 31. (Deleted)

Law of Georgia № 5271 of 11 July 2007 - LGH I, №30, 30.07.2007, Article 342

Chapter V. Liabilities for Violation of Insurance Legislation

Article 32. Liability for Violation of Insurance Legislation

Liability for violation of insurance legislation shall be imposed in accordance with Georgian legislation.

Chapter VI. Transitional Provisions

Article 33. Validity of Articles 32-54

Articles 32-54 of this law shall be declared invalid once new Civil Code of Georgia enters into force.

Chapter VI¹. Compulsory Administration, Liquidation and Bankruptcy Proceedings of Insurer

Law of Georgia № 1679 of 24 September 2009 – LGH I, №29, 12.10.2009, Article 162

Article 33¹. Compulsory Administration of Insurer

1. If there is a risk of violation of the norms defined by the Service, and/or a risk of deterioration of the financial situation and/or a risk of non-fulfilment of insurance obligations, the Service shall be authorized to impose compulsory administration on an insurer; the decision shall be immediately published in the Legislative Herald of Georgia.
2. A decision to impose compulsory administration on an insurer shall include information on the reasons for imposing the compulsory administration, as well as information on the temporary

administrator, the duration of the compulsory administration process and on the possible measures to be taken.

3. If a decision to impose compulsory administration on an insurer is appealed to a court, it shall not cause suspension of the compulsory administration process.
4. A temporary administrator of an insurer shall begin the performance of his/her duties from the date indicated in a decision on the imposition of compulsory administration.
5. From the date of making a decision on the imposition of compulsory administration, it shall be prohibited to carry out any action in the name or at the expense of the insurer without a written consent of the temporary administrator.
6. The full powers of all governing bodies of an insurer shall be transferred to the temporary administrator of the insurer; the administrator shall exercise the powers in agreement with the National Bank (of Georgia), according to the established procedures.
7. The temporary administrator of an insurer shall be obligated to submit a request, in the shortest time possible, for making necessary modifications to the list of the insurer's officials, submitted to the Service.
8. The temporary administrator of an insurer shall be obligated to carry out activities in good faith, in the interests of policyholders/insured persons/beneficiaries and of the insurer.
9. The temporary administrator of an insurer assigned by the Service shall satisfy the eligibility criteria established for the position of an insurer's administrator.
10. A temporary administrator of an insurer shall be obligated to take necessary measures for improving the financial situation of the insurer, including sale of the insurer, payment of funds or suspension of their payment.
11. A temporary administrator of an insurer shall be authorized to: reorganize the insurer that is subjected to compulsory administration, alienate its assets and liabilities (including insurance portfolio) or part of them, to another legal person. A temporary administrator shall be authorized to appoint and dismiss from office the employees of the insurer.

Law of Georgia № 1679 of 24 September 2009 - LGH I, №29, 12.10.2009, Article 162

Law of Georgia № 354- website, 04.04.2013

Law of Georgia №4002 of 10 July 2015- website 20.07.2015

Article 33². Cancellation of Compulsory Administration

1. A compulsory administration shall be cancelled:
 - a) after its period of validity expires;
 - b) by a well-grounded decision of the Service;
 - c) if an insurer's insurance license is cancelled.
2. A decision to cancel compulsory administration shall be immediately published in the Legislative Herald of Georgia.

Law of Georgia № 1679 of 24 September 2009 - LGH I, №29, 12.10.2009, Article 162

Law of Georgia № 354 of 20 March 2013 - website, 4.4.2013

Article 33³. Liquidation of the insurer

1. The cancellation of an insurance license shall cause the liquidation of the insurer. The functions of a liquidator shall be performed by a person appointed by the Service; the person shall satisfy the eligibility criteria defined for an administrator of an insurer. A person associated with this insurer may not be assigned as a liquidator. A compulsory enforcement shall be suspended as soon as liquidation proceedings commence.

2. Within three months after appointment, the liquidator shall be obligated to draw up a list of assets and liabilities and deliver a copy to the Service for publication. A liquidator shall report to the Service according to the procedures established by the Service.
3. A liquidator may sell assets of an insurer at public auction or in any other convenient way, or transfer insurance policy claims to another insurer, or transfer claims against the insurer's assets to another legal person or organize the transfer of liabilities.
4. From the day of appointment, a liquidator may:
 - a) terminate the employment contracts of the insurer's employees;
 - b) terminate a service contract to which the insurer was a party;
 - c) terminate any obligation of the insurer as lessee of immovable property, if the lessor (who must be given a 60-day notice about the insurer's intention to use the right to cancel the lease agreement) does not have a claim on the rental fee, apart from the amount accrued as of the day of cancelling the agreement, and does not claim damages for the cancellation;
 - d) transfer all or part of the assets and liabilities of the insurer (including its insurance portfolio) to another legal person (including another insurer).
5. A temporary administrator, liquidator and bankruptcy manager of an insurer may file a claim with the court and contest an action or transaction performed by an administrator of an insurer 12 months earlier before the appointment of the temporary administrator, liquidator or bankruptcy manager, and request that the action or transaction be declared void, if as a result of the action or transaction the persons related to the insurer received material benefit at the expense of the insurer or gained some kind of advantage or any other preference or privilege that caused damage to the insurer (its creditors).
6. A liquidator shall publish a decision to liquidate an insurer in the Legislative Herald of Georgia and on the official website of the Service within 15 days after the appointment; the decision shall be republished one month after its first publication.
7. In the case of an insurer's liquidation, claims shall be satisfied on the basis of written applications of creditors, after 20 days from the submission of a list of assets and liabilities to the Service by the liquidator.
8. The unclaimed money and property of an insurer shall be considered as unclaimed assets and shall be transferred into possession of the Service for the purpose of identifying their owners.
9. A liquidator shall be obligated to act in good faith, in the interests of policyholders/insured persons/beneficiaries and other creditors.
10. In the course of liquidation and bankruptcy proceedings the assets permitted for covering reserves may be used only after the liabilities arising out of insurance contracts are paid off.

Law of Georgia № 1679 of 24 September 2009 - LGH I, №29, 12.10.2009, Article 162

Law of Georgia № 354 of 20 March 2013 - website, 04.04.2013

Article 33⁴. Bankruptcy Proceeding of Insurer

1. If during the preparation of a list of assets and liabilities on the basis of Article 333(2) of this Law, it is determined that the insurer is insolvent, the liquidator of the insurer shall be obligated to notify the Service; based on this notice the Service shall make a decision to terminate the liquidation process against the insurer and to initiate bankruptcy proceedings against it.
2. If it is determined that an insurer is insolvent, the Service may initiate bankruptcy proceedings against the insurer, without launching liquidation proceedings. In that case, a bankruptcy manager shall, first of all, exercise the powers and fulfil the obligations determined for a liquidator under Article 33³ of this Law.

3. As soon as bankruptcy proceedings against an insurer are initiated, compulsory enforcement shall be suspended.
4. By decision of the Service a bankruptcy manager shall be appointed, and he/she shall satisfy the eligibility criteria defined for an insurer's administrator.
5. A bankruptcy manager shall be obligated to:
 - a) publish a statement on initiating bankruptcy proceedings against the insurer in the Legislative Herald of Georgia and on the official website of the Service, within 14 days after making the decision; the decision shall be republished one month after its first publication. The same statement shall define the liability of the insurer to the creditors. Within one month from the second publication of the statement the creditors of the insurer shall submit to the bankruptcy manager a substantiated written request indicating the amount and reasons for their claims;
 - b) notify appropriate tax authorities about initiating bankruptcy proceedings against the insurer.
6. A bankruptcy manager may sell assets of the insurer at public auction or in any other convenient way, according to procedures established by the Service, or transfer the claim on insurance policies to another insurer or transfer the claim on the assets of the insurer to another legal person or organize the transfer of liabilities.
7. From the day of appointment, a bankruptcy manager may:
 - a) terminate employment contracts of the insurer's employees;
 - b) terminate a service contract to which the insurer was a party;
 - c) transfer all or part of the assets and liabilities of the insurer (including insurance portfolio) to another legal person;
 - d) satisfy the claims of the insurer's creditors in an established order of priority, by one-off payment or payment in instalments.
8. The remuneration of a bankruptcy manager shall be commensurate with the obligations fulfilled by him/her. The remuneration of a bankruptcy manager shall be determined by the Service. The Service may cover by its own funds all expenses and remunerations related to the appointment of a bankruptcy manager and fulfilment of his/her obligations.
9. During bankruptcy proceedings against an insurer, claims shall be satisfied in the following order of priority:
 - a) first order of priority - all expenses and remunerations related to the appointment of a bankruptcy manager and fulfilment of his/her obligations, as well as obligations that the insurer incurred after the cancellation of the insurance license;
 - b) second order of priority - secured creditors, except for claims secured by tax lien;
 - c) third order of priority - claims of the creditors that are based on life and non-state pension insurance. The amount of life insurance liabilities for cumulative and refundable types of life insurance shall be the amount of the life insurance reserve;
 - d) fourth order of priority - claims of creditors that are based on accident insurance contracts;
 - e) fifth order of priority - claims of all other creditors arising out of all other insurance contracts;
 - f) sixth order of priority - tax arrears, including claims secured by tax lien;
 - g) seventh order of priority - other claims against the insurer and late claims submitted by creditors.
10. If the existing money is not sufficient to fully cover the claims referred to in paragraph 9 of this article, then each matured claim of the respective order of priority shall be satisfied in proportion to the extent of the claim of each creditor falling within the relevant order of priority, except for claims determined in paragraph 9 "a" of this article, which must be paid in full.
11. Claims of each subsequent order of priority shall be satisfied after the claims of previous order of priority are satisfied.

Law of Georgia № 1679 of 24 September 2009 - LGH I, №29, 12.10.2009, Article 162

Law of Georgia № 354 of 20 March 2013 – website, 04.04.2013

Article 33⁵ - Completion of Bankruptcy Proceedings of Insurers

1. The bankruptcy proceedings shall be completed after the assets of the insurer are realized and the money received from realization is distributed by the bankruptcy manager according to the established procedure.
2. A bankruptcy manager shall be obligated to prepare a report on the realization of the insurer's assets and distribution of money received from realization and submit to the Service a final report on the completion of bankruptcy proceedings; , based on this report, the Service shall issue an administrative legal act on the completion of the insurer's bankruptcy proceedings. This decision shall immediately be published in the Legislative Herald of Georgia.
3. Unidentified money and property of an insurer shall be considered as unclaimed assets and shall be transferred to the possession of the Service for the purpose of identifying the owner.
4. Upon completion of bankruptcy proceedings against an insurer, the insurer shall be withdrawn from the relevant registry.

Law of Georgia № 1679 of 24 September 2009 - LGH I, № 29, 12.10.2009, Article 162

Law of Georgia № 354 of 20 March 2013 - website, 4.4.2013

Chapter VII - Final Provisions

Article 34 - A List of Invalid Acts

1. Upon entrance into force of this Law, the following shall be declared invalid:
 - a) Article 193(2), Article 195 (4) and Chapter 32 of the Civil Law Code of Georgia (the Official Gazette of the Supreme Soviet of the Georgian SSR, 1964, № 36, Article 662)
 - b) Ordinance № 747 of 20 October 1993 of the Cabinet of Ministers of the Republic of Georgia on Compulsory State Insurance of Passengers;
 - c) Ordinance № 941 of 27 December 1993 of the Cabinet of Ministers of the Republic of Georgia on Compulsory State Insurance of Workers against Accidents at the Expense of Enterprises and Organizations (except for those financed from the Budget);
 - d) Ordinance № 154 of 16 March 1994 of the Cabinet of Ministers of the Republic of Georgia on Compulsory State Insurance of the Property of State Enterprises, Associations and Organizations;
 - e) Ordinance № 523 of 26 August 1995 of the Cabinet of Ministers of the Republic of Georgia on Establishing Compulsory Insurance on Agricultural Crops;
 - f) Section 17 of Ordinance № 512 of 5 August 1994 of the Cabinet of Ministers of the Republic of Georgia on Launching a Campaign for Registration of Population of Georgia, of Aliens Permanently Residing in Georgia and of Stateless Persons, and for Issuing to them Identity Cards, Residence Cards and Georgian Passports respectively.
2. After this Law enters into force, all legal acts or those parts of legal acts that do not correspond to this Law shall be considered invalid.

Article 35- Law Entry into Force

This law enters into force upon its publication.

President of Georgia Eduard Shevardnadze
Tbilisi,
2 May 1997 №690-IIS