

Order N11 of the Head of Insurance State Supervision Service of Georgia

2016, 17 February

On approval of the Internal Accounting Requirements for Insurance Organizations

Article 1

Shall be approved:

- a) Rules of internal accounting requirements for insurance organizations (Annex 1);
- b) Information on insurance policies (Annex 2);
- c) Information on insurance loss (Annex 3);
- d) Information on reinsurance operations (Annex 4);
- e) Information on insurance/reinsurance brokers (Annex 5);
- f) Information on insurance agents (Annex 6);
- g) Information on insurer's employees (Annex 7);
- h) Information on insurer's founders (Annex 8).

Article 2

Order N21 of May 15, 2009 of the Head of ISSSG "Rules of accounting of the activity of the insurer" shall be considered annulled.

Article 3

This order shall be enacted upon publication.

Head of ISSSG

Annex 1

Rules of internal accounting requirements for insurance companies

Article 1. General provisions

1. The aim of the rule of activity accounting of the insurer (hereinafter – Rule) is to define and systematize data related to the main activities of the insurer that is subject to accounting.
2. This Rule applies to the insurers acting on the territory of Georgia.
3. The accounting requirements defined in this Rule is mandatory to be fulfilled by the insurer at all stages of their activities.

Article 2. Definitions

Definitions used in the text have the following meaning:

- a) Combined policy – policy consisting of several types of insurance;
- b) Diversified franchise – different types of franchises in the policy;
- c) Grouping according to ‘amount’ – implies both arrangement of sum amounts according to increasing or decreasing trends and their grouping according to ranges: up to 10000 GEL, from 10000 GEL to 50000 GEL, from 50000 GEL to 100000, from 100000 GEL and up;
- d) Cedent – insurer that hands over risk or a part of it insured by him to reinsurer;
- e) Retrocedent – reinsurer, that hands over risk or a part of it received by reinsurance to another reinsurer (retrocessionaire);
- f) Retrocession – agreement whereby the reinsurer (retrocedent) passes on its reinsurance risk or a portion of it to another reinsurer (retrocessionaire).

Article 3. Database and analytical system

- 1. The insurer is obliged to:
 - a) Create a unified database of internal accounting;
 - b) Develop an analytical accounting system.
- 2. The internal accounting database shall unify information from branches and other structural units. The database shall contain complete information (data), according to the requirements specified by Order #3 of the Head of Financial Monitoring Service of Georgia of January 18, 2012 “On Approving the Regulation on Receiving, Systemizing and Processing the Information by Insurance Organizations and Founder of Non-State Pension Scheme and Forwarding to the Financial Monitoring Service of Georgia” and the following annexes (hereinafter – annexes):
 - a) Information on insurance policies (according to Paragraph 1 and Paragraph 3 of Annex 2);
 - b) Information on insurance loss (according to Paragraph 1 of Annex 3);
 - c) Information on reinsurance operations (according to Paragraph 1 of Annex 4);
 - d) Information on insurance/reinsurance brokers (according to Annex 5);
 - e) Information on insurance agents (according to Annex 6);
 - f) Information on insurer’s employees (according to Annex 7);
 - g) Information on insurer’s founders (according to Annex 8).
- 3. The analytical accounting system is developed by the insurer in order to ensure receiving complete information at any time, based on requirements for analysis, control, and detailed financial and statistical reporting. The specified system shall also meet the requirements set out in Paragraphs 2, Annexes 2-4.
- 4. The head of the insurer is responsible for the creation of databases and analytical accounting systems.

Article 4. Storing and updating data in the database

- 1. Updating of Information (data) in the database and revaluation of data recorded in foreign currency shall be done daily using current official exchange rates and shall be stored in such a way that the forms set out in Article 5 can be prepared/submitted for any period (decade, month, quarter, year, etc.) and as of any given date in the shortest time possible.
- 2. The insurer is obliged to fully input and control the information (data) given in the annexes.

Article 5. Preparation/submission of forms

1. It shall be possible to create forms from the database, which shall reflect data required by the LEPL Insurance State Supervision Service of Georgia (hereinafter – the Service).
2. The information contained in the forms shall be grouped (amounts summed up by groups, respectively) following the criteria set out in Paragraphs 2, Annexes 2-4.
3. The financial and statistical reporting data provided by the insurer to the Service must comply with the relevant data set out in the forms under this article.
4. The information recorded in foreign currency is reflected in cumulative forms in Lari at the official exchange rate for the date of preparation of forms.
5. The head of the insurer is responsible for the accuracy and reliability of the prepared forms.

Article 6. Deadline for submission of forms

1. It shall be possible to generate the forms from the database within a reasonable time. When requested by the audit group of the Service, the deadline shall not exceed 3 business days; in cases not related to the on-site audit of the insurer, the deadline shall not exceed 5 business days from the written request of the Service.
2. When there is a reasonable doubt that the risks associated with the insurance activity will increase, the Service has the right to reduce the deadline for the submission of the forms by the insurer, not being less than 2 business days.

Annex 2

Information on insurance policies

1. Regarding insurance policies, the database shall contain information about each insurance agreement/insurance certificate (policy) as follows:
 - a) type of insurance;
 - b) insurance agreement number;
 - c) date of signing the insurance agreement;
 - d) insurance certificate (policy) number;
 - e) date and place of issuance of the insurance certificate (policy);
 - f) the validity period of the agreement and/or policy;
 - g) the subject of insurance;
 - h) detailed information about the specific subject of insurance for each type of insurance;
 - i) policyholder:
 - i.a) in case of a natural person: last name, first name, date of birth, contact details, identification number as per identification card, place of registration;
 - i.b) in case of a legal person: full name, legal form, state equity participation (if any), legal address, location, contact details, place of registration;
 - j) last name, first name and contact details of the policyholder's representative;
 - k) insured:

- k.a) in case of a natural person: last name, first name, date of birth, contact details, identification number as per identification card, place of registration;
 - k.b) in case of a legal person: full name, legal form, state equity participation (if any), legal address, location, contact details, place of registration;
 - l) beneficiary (if any):
 - l.a) in case of a natural person: last name, first name, date of birth, contact details, identification number as per identification card, place of registration;
 - l.b) in case of a legal person: full name, legal form, state equity participation (if any), legal address, location, contact details, place of registration;
 - m) insurance amount/reimbursement limit (in case of combined policies – for each type)
 - n) the amount of insurance franchise (the minimum amount not reimbursed by the insurer), in case of a diversified franchise – its amount is calculated according to each separate risk and/or other parameters.
 - o) Insurance tariff and/or premium (in case of a combined policy, the premium shall be presented separately for each type of insurance);
 - p) The amount of earned premium;
 - q) Discount (if any);
 - r) Payment schedule of premium determined by the policy, or date in case of a one-time payment;
 - s) actual payment date (dates) and the amount of premium;
 - t) existing accounts receivable owed to the insurer based on the insurance agreement;
 - u) the portion of accounts receivable owed to the insurer, referred to in Subparagraph (t) of this Paragraph, that are past due (if any);
 - v) the date of early cancellation of the policy (if any) and the reason for the cancellation;
 - w) detailed information about the broker/agent, according to Annex 5 and Annex 6;
 - x) number, date and validity of contracts with brokers/agents;
 - y) the amount of commission of the broker/agent (including commissions paid and amounts due);
 - z) in case of reinsurance of insurance policy/agreement – complete information on reinsurance, according to Annex 4;
 - aa) in case loss is caused by insurance policy/agreement – complete information on loss, according to Annex 3.
2. Information about insurance policies set out in Paragraph 1 shall be grouped (amounts summed up by groups, respectively), according to the following:
- a) policyholder:
 - a.a) in case of a natural person: last name, first name, date of birth, identification number as per identification card, place of registration (city and/or region);
 - a.b) in case of a legal person: full name, legal form, state equity participation (if any), legal address (city and/or region), location (city and/or region), place of registration (city and/or region);
 - b) insured:

- b.a) in case of a natural person: last name, first name, date of birth, identification number as per identification card, place of registration (city and/or region);
 - b.b) in case of a legal person: full name, legal form, state equity participation (if any), legal address (city and/or region), location (city and/or region), place of registration (city and/or region);
 - c) beneficiary (if any):
 - c.a) in case of a natural person: last name, first name, date of birth, identification number as per identification card, place of registration (city and/or region);
 - c.b) in case of a legal person: full name, legal form, state equity participation (if any), legal address (city and/or region), location (city and/or region), place of registration (city and/or region);
 - d) type of insurance;
 - e) insurance amount;
 - f) the amount of insurance premium;
 - g) the amount of earned premium;
 - h) the amount of current debt;
 - i) the names of brokers/agents and the amount of their commission;
 - j) the amount of debt overdue for more than 3 months from the insurance premium payment schedule.
3. Life and pension insurance shall be additionally accounted for:
- a) life insurance:
 - a.a) date of birth, sex, address, place of work, also information on health condition (if any) of insured;
 - a.b) loans issued to the policyholder;
 - a.c) participation of the policyholder in investment return;
 - b) pension insurance:
 - b.a) date of birth, sex, address, place of work of participant of the pension scheme;
 - b.b.) the amount of pension contributions, savings, investment return, pension liability and pensions paid.
 - b.c) earnings from investments under each pension scheme.
4. In case the insurer has several pension schemes, the data shall be accounted for separately for each pension scheme.

Annex 3

Information on insurance loss

1. Database on insurance loss shall include information on every single loss that is known to the insurer:
 - a) Date of informing the company on the occurrence of loss;
 - b) Date and place of the occurrence of loss;
 - c) Type of insurance;

- d) Reinsurance type;
 - e) Number of the insurance agreement;
 - f) The validity period of the agreement and/or policy;
 - g) Insurer (in compliance with subpoint “l” of point 1 of Annex 2);
 - h) Insured and/or beneficiary (in compliance with subpoint “k” and/or “l” of point 1 of Annex 2);
 - i) Insured amount/ maximum limit of reimbursement;
 - j) Amount of declared loss/claim;
 - k) Amount of correction of declared loss/claim and correction date (in case of each such case);
 - l) Final amount of loss (taking into consideration insurance conditions);
 - m) In case of rejection of reimbursement relevant justification;
 - n) Amount of reimbursed loss;
 - o) Time and schedule of actual reimbursement of loss;
 - p) Loss status (declared; agreed by both parties; paid (partially; fully; rejected);
 - q) Name and country (in accordance with the location of reinsurer) of respective reinsurer (in case there is such), number of reinsurance agreement;
 - r) Share of insurer in the final amount;
 - s) Reinsurer’s share in loss;
 - t) Amount of reimbursement by reinsurer;
 - u) Date (dates) of reimbursement of loss by the insurer;
 - v) Amount received by the insurer on the basis of regression (in case there is such).
2. Information about insurance losses given in point 1 shall be grouped in accordance with the following data:
- a) Date of declaration of loss;
 - b) Dates of occurrence of loss;
 - c) Insurance type;
 - d) Name of reinsurer;
 - e) Insurer:
 - e.a) in case of a natural person: surname, name, date of birth, ID number, place of registration (city and/or region);
 - e.b) in case of a legal person: full name, legal status, share of the state participation (in case there is such), legal address (city and/or region), location (city and/or region), place of registration (city and/or region);
 - f) Insured:
 - f.a) in case of a natural person: surname, name, date of birth, ID number, place of registration (city and/or region);
 - f.b) in case of a legal person: full name, legal status, share of the state participation (in case there is such), legal address (city and/or region), location (city and/or region), place of registration (city and/or region);
 - g) Beneficiary:
 - g.a) in case of a natural person: surname, name, date of birth, ID number, place of registration (city and/or region);

g.b) in case of a legal person: full name, legal status, share of the state participation (in case there is such), legal address (city and/or region), location (city and/or region), place of registration (city and/or region);

- h) Insured amount;
- i) loss status;
- j) amount of declared loss;
- k) final amount of losses;
- l) Amount of reimbursed loss;
- m) Amount of reinsurer's share in loss;
- n) amount reimbursed by the reinsurer.

Annex 4

Information on reinsurance operations

1. The database of reinsurance operations shall include information on each reinsured risk (or a set of risks under the insurance policy) and each reinsurance agreement:
 - a) When reinsuring the risks arising directly from insurance operations;
 - a.a) type of insurance;
 - a.b) insurance certificate (policy)/insurance agreement number;
 - a.c) date and place of issuance of the insurance certificate (policy);
 - a.d) the validity period of the policy;
 - a.e) insurance amount/maximum limit of reimbursement;
 - a.f) name and address of reinsurer;
 - a.g) reinsurance agreement number;
 - a.h) type of reinsurance;
 - a.i) participation of reinsurer in the insurance amount/ reimbursement limits;
 - a.j) the amount of reinsurance premium;
 - a.k) the amount of reinsurance commission due to the insurer (if any);
 - a.l) Payment schedule of reinsurance premium determined by the agreement;
 - a.m) actual payment date (dates) of reinsurance premium;
 - a.n) name and address of reinsurer (broker/agent) (if any);
 - a.o) contract number with broker/agent;
 - a.p) detailed information about the broker/agent, according to Annex 5 and Annex 6;
 - a.r) broker's/agent's commission / broker's fee;
 - a.s) reinsurer's participation in the final amount of loss;
 - a.t) reinsurer's participation in the reimbursed loss;
 - b) for risks arising from reinsurance:
 - b.a) type of insurance;
 - b.b.) insurance policy/agreement number, date of signature and validity (if the information is possible to identify);
 - b.c) insurance amount/maximum limit of reimbursement;

- b.d) name and address of cedent;
- b.e) reinsurance agreement number;
- b.f) date of signature and validity of reinsurance agreement;
- b.g) type of reinsurance;
- b.h) participation of the organization in insurance amount/reimbursement limits;
- b.i) the amount of reinsurance premium;
- b.j) cedent's commission;
- b.k) receipts schedule of reinsurance premium determined by the agreement;
- b.l) actual date (dates) of receipt of reinsurance premium;
- b.m) name and address of reinsurer (retrocessionaire) (if any);
- b.n) reinsurance (retrocession) agreement number;
- b.o) date of signature and validity of reinsurance (retrocession) agreement;
- b.p) type of reinsurance (retrocession);
- b.r) the amount of risk transferred by retrocession;
- b.s) the amount of retrocession premium;
- b.t) the amount of retrocession commission;
- b.u) payment schedule of retrocession premium determined by the agreement;
- b.v) actual payment date (dates) of retrocession payment;
- b.w) name and address of retrocession broker/agent (if any);
- b. x) broker's/agent's agreement number;
- b.y) detailed information on broker/agent, according to Annex 5 and Annex 6;
- b.z) broker's/agent's commission/ broker's fee;
- b.a.a) organization's share in loss (losses);
- b.a.b) retrocessionaire's share in loss (losses).

2. Information about reinsurance operations given in Paragraph 1 shall be grouped (amounts summed up by groups, respectively) in accordance with the following data:

- a) type of insurance;
- b) insurance amount;
- c) cedent (in case of incoming reinsurance);
- d) name of reinsurer (including retrocessionaire);
- e) type of reinsurance;
- f) the amount of reinsurance premium (incoming, as well as outgoing);
- g) the share of insurer, reinsurer (or retrocessionaire) in the final amount of loss;
- h) the amount of reinsurance commission due to the insurer;
- i) names and commissions of reinsurance brokers/agents.

3. When accounting for information on reinsurance operations, the features of reinsurance forms shall be considered, which does not allow to link reinsurance agreement to each policy.

Information about insurance/reinsurance brokers

The database of insurance/reinsurance brokers shall include information about every single broker:

- a) in case of a legal person:
 - a.a.) full name;
 - a.b) activity;
 - a.c) legal and actual address;
 - a.d) registering body, date and registration number;
 - a.e) Identification number (for persons registered in Georgia).
- b) Head of the legal person (persons authorized for representation):
 - b.a) name, surname;
 - b.b) citizenship;
 - b.g) ID of the citizen as in ID card (passport).
- c) Number and date of the contract signed with a broker;
- d) The validity of the contract;
- e) Status of the contract (valid/revoked);
- f) cooperation activity (insurance, reinsurance, consulting services etc.).

Information about insurance agents

The database of insurance agents shall include information about every single agent:

- a) In case of a natural person:
 - a.a) name, surname;
 - a.b) Citizenship;
 - a.g) Date of birth;
 - a.d) permanent (registered) residence address;
 - a.e) ID number of the citizen as in the ID document (passport);
 - a.f) in case of individual entrepreneur– date of registration as individual entrepreneur, number and registering body.
- b) In case of a legal person:
 - b.a) Full name;
 - b.b) Activity;
 - b.g) Legal and actual address;
 - b.d) registering body, date and registration number;
 - b.e) identification number;
 - b.f) identification data of persons authorized for management and representation (in compliance with subpoints 'a.a -a.e' of point 1 of this Annex.
- c) Number and date of the contract signed with the agent;
- d) The validity of the contract;

e) Contract status (valid/revoked).

Annex 7

Information on insurer's employees

The database of insurer's employees shall contain the following information about each employee:

- a) First name, last name;
- b) Citizenship;
- c) Date of birth;
- d) Permanent (registered) home address;
- e) Citizen's identification number as per identification card (passport);
- f) Employment contract number and/or date;
- g) The validity of the contract;
- h) Contract status (valid/terminated).

Annex 8

Information of insurer's founders/shareholders

The database of the insurer's founders/shareholders shall contain the following information about each founder:

- a) In case of a natural person:
 - a.a) first name, last name;
 - a.b) citizenship;
 - a.c) date of birth;
 - a.d) permanent (registered) home address;
 - a.e) citizen's identification number as per identification card (passport);
 - a.f) in case of an individual entrepreneur – date of registration as an individual entrepreneur, registration number, registering authority, identification number.
- b) in case of a legal person:
 - b.a) full name;
 - b.b.) subject of activity;
 - b.c) legal and physical address;
 - b.d) registering authority, date of registration and registration number;
 - b.e) identification number;
 - b.f) identification data of authorized directors and representatives (according to Subparagraphs (a.a)-(a.e), Paragraph 1 of the present Annex);
 - b.g) information on the founders of the founding organization;
 - b.h) equity participation of founders (shareholders) in the organization.