

**Decree #102**  
**of the Government of Georgia**  
**May 2, 2013, Tbilisi**

**On establishment of LEPL State Insurance Supervision Service of Georgia  
and the attached Supervisory Board**

**Article 1**

On the basis of the Georgian Law “On Insurance”, Article 19 and the Georgian Law “On changes in the Georgian Law “On Insurance” (04/04/2013; registration code 290000000.05.001.016915), Article 2, Paragraphs 1 and 2:

1. To establish the LEPL State Insurance Supervision Service (hereinafter – Supervision Service).
2. To approve the Statement of the Supervision Service attached hereto.
3. To assign the property needed for operation to the Supervision Service, in accordance with the Law.
4. To establish the Supervisory Board with advisory power, with the following membership:  
**David Onoprishvili** – Chairman of the Finance-Budget Committee at the Parliament of Georgia;  
**Nodar Khaduri** – Minister of Finance of Georgia;  
**Giorgi Kvirikashvili** – Minister of Economy and Stable Development of Georgia;  
**Giorgi Gigolashvili** – Chairman of the Board of the Insurance Institute of Georgia;  
**Mikheil Adeishvili** – Executive Director of the Young Economists Association of Georgia.
5. The Supervisory Board to introduce to the Government of Georgia the candidacy for the post of the Head of Supervision Service, not later than within 14 days after enforcement of the present Decree.

**Article 2**

To bring this Decree into force from 19 April 2013.

Prime Minister

***Bidzina Ivanishvili***

**Statement of the LEPL State Insurance Supervision service**

**Article 1. General Provisions**

1. State Insurance Supervision Service of Georgia (hereinafter – Supervision Service) is a legal entity of public law, established in accordance with the Georgian Law “On Insurance”, an independent authority with special powers to regulate the area determined by the state.

2. Supervision Service is a legal successor of the National Bank of Georgia in the field of insurance and pension plans, including the status, rights and obligations, related to the membership of international association.

3. The Supervision Service is independent in its activities and is accountable to the Government of Georgia.

4. The Supervision Service in its activities is based on the Georgian Constitution, international contracts and agreements, legislative and other normative acts of Georgia.

5. The Supervision Service has an independent balance, bank account (including in foreign currency), logo, state seal, and other properties of a legal entity.

6. Legal address of the Supervision Service is 7 P. Ingorokva street, Tbilisi.

## **Article 2. Purposes and functions**

Purposes and functions of Supervision Service are:

- a) To pursue the governmental policy in the field of insurance;
- b) To contribute to the financial stability of the insurance market;
- c) To protect the consumers rights within the own competence;
- d) To secure the efficiency and solvency of insurance organizations;
- e) To create the competitive environment, for which purpose the Supervision Service generalizes insurance business;
- f) To establish within the own competence the normative and methodological base and to control its performance;
- g) To develop the drafts of new laws and other projects, as well as of changes in the existing ones;
- h) To collaborate and agree upon the state, municipal and branch insurance programs, initiated by the state and/or local authorities.

## **Article 3. Power and authority of the Supervision Service**

In order to secure its purposes and functions, the Supervision Service is authorized to:

- a) Issue and withdraw insurance licenses;
- b) Register and unregister insurance brokers;
- c) Maintain the Insurers and Insurance Brokers Register;
- d) Determine the terms of registration for the insurance brokers;
- e) Supervise and inspect the performance of the normative and methodological documents by the Insurers, also check the accounting documents, financial reporting components and other materials, for which purpose the Supervision Service may request and receive any information within the own competence
- f) Apply to Insurers the sanctions provided by the Georgian Law “On Insurance”;
- g) Determine the types of Insurer’s capital, its minimum amount and calculation principles at any stage of insurance activities;

- h) Develop the rules of determining the types and terms of creating of insurance reserves, as well as the rules of determining of assets allowable to secure insurance reserves and structure of such assets;
- i) Develop the requirements for internal accounting for insurance organizations;
- j) Determine the maximum ratio between the Insurer's assets and liabilities;
- k) Determine the maximum ratio between the Insurer's exposure and equity;
- l) Determine the rules of calculation of the solvency margin for the Insurers;
- m) Develop the methodology and recommendations on insurance;
- n) Develop and adopt normative acts on regulation of the insurance business;
- o) Request and receive information about the direct and beneficiary owners of the Insurers;
- p) Request and receive information about the origin of the Insurer's capital;
- q) Develop the financial and statistical reporting forms and the procedure of their submission;
- r) Cooperate with the supervising authority of a foreign country within the own competence, including information exchange and conclusion of the memorandum of agreement;
- s) Publish the statistical information on the insurance market;
- t) Develop the rules of liquidation and bankruptcy proceedings;
- u) Supervise the founders of non-state pension plan, in accordance with the current legislation;
- v) Perform other activities provided by the Georgian Law.

#### **Article 4. Governance of the Supervision Service**

1. Governance of the Supervision Service is performed by the Head of Supervision Service. Head of Supervision Service may be appointed to or relieved from the post by the Government of Georgia, at introduction of the Supervisory Board attached to the Supervision Service.

##### **2. Head of Supervision Service:**

- a) Performs guidance and management of the Service, takes decisions on the issues within the competence of the Service;
- b) Bears responsibility for the observance of the Georgian Constitution, legislative and other secondary acts;
- c) Performs ultimate guidance of the operation of the Service; performs overall governance of the Service, including legal, methodological, informational area and logistics;
- d) Ensures control over the financial, structural and operational functions of each unit of the Service;
- e) Manages and controls the funds, and bears responsibility for proper utilization of funds and property in the ownership, possession and/or at disposal of the Service;
- f) Represents the Service with the third parties or grants the representation authority;
- g) Based on the functions of the Service, issues authorization documents;
- h) Based on the current legislation and/or for the purpose of due observance of the law, and in relation to the internal operations, the Head of Service issues individual administrative-legal acts – orders, cancels or changes the decisions taken by his/her Deputy or a structural unit;
- i) Appoints and relieves the staff, applies bonuses and sanctions;

- j) For the purpose of certain activities, the Head of Service is authorized to invite independent experts and/or specialists (including foreign specialists) from different organizations;
- k) Ensures coordination between different structural units of the Service;
- l) Distributes responsibilities among the staff, issues tasks and instructions, controls the performance;
- m) Supports professional growth and improvement of professional skills of the staff;
- n) For the purpose of working experience, accepts and relieves trainees;
- o) Approves the staff schedule and payroll, internal regulations, statements of structural units, etc.;
- p) Mediates the provision of funds and equipment necessary for the operation;
- q) Performs other activities for the purposes and functions of the Service;
- r) Performs other activities provided by this Statement and current legislation.

3. In cases provided by the Georgian Law “On Insurance”, the Head of Supervision Service issue normative acts – orders

4. Head of Supervision Service has a Deputy (Deputies), one of them is the First Deputy. The Deputies can be appointed or relieved by the Head of Service.

5. Powers of the Deputy to the Head of Supervision Service are determined by the order issued by the Head of Service.

#### **Article 5. Property and sources of financing**

1. The Supervision service has property assigned to it in accordance with the Law.

2. Property of the Supervision Service is comprised of fixed and working assets, and other values and financial resources.

3. Sources of finance:

- a) Targeted funds from the state budget;
- b) Grants and/or charity;
- c) Other sources permitted by the Georgian Law.

4. Funds indicated in the Paragraphs 2 and 3 of this Article are fully directed to the purposes and function of the Service, including the payroll and/or staff benefits.

#### **Article 6. Liquidation and restructuring**

1. Liquidation and restructuring of the Supervision Service can be effected in accordance with the current legislation.

2. Property remained after liquidation of the Service shall be passed to the state ownership.

#### **Article 7. Changes in the Statement**

Cancellation of this Statement or any changes in it can be made based on the governmental decree.