

Press-release of 14.07.2010

14 июля 2010, 11:22

On 5th July 2010, the Government of the Russian Federation approved No.504 Decree "On the cases of allowing certain types of agreements between insurers operating on the same market". The Decree introduces the rules of competition for agreements on cooperation between insurers for joint insurance / re-insurance of risks. The Rules will be valid for ten years.

Under the Decree, such cooperation between insurers should be based on the following principles:

- separating the types of activities into insurance and re-insurance;
- separating the types of insurance or insured risks;
- absence of the obligation to insure all risks under the agreement conditions and through its participants as well as absence of additional barriers to exit the agreement;
- participation in only one agreement about a specific risk within the boundaries of the relevant market.

Agreements between insurers, operating on the same market, about joint insurance or re-insurance activities that were concluded prior the Decree entering into force, are allowed for the period no longer than one year after the date when the Decree came into force. Within this period (one year) the total insurance premium for the type(s) of insurance or insurance risk(s) under the contracts made within the framework of such agreements can exceed the premium allowed by the Decree.

Drafting the Decree, FAS Russia took into account its own experience of antimonopoly control as well as of the European Commission, in particular, Regulations No.358/2003, clarifying application of Article 81 (3) of EC Treaty, which prohibits competition-restricting agreements. In the work on the Decree were involved representatives of the Russian Ministry of Finances, Rosstrakhnadzor (the Federal Insurance Supervision Service), and the National Insurers Union, the Insurance Brokers Association, consultants and experts of insurance organizations.