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**THE CENTRAL BANK OF ARMENIA
BOARD RESOLUTION
Number 191-N
July 19, 2011**

**ON APPROVAL OF REGULATION 3/12 ON “THE PROCEDURE OF REORGANIZATION OF THE
INSURANCE COMPANY”¹**

Intending to ensure the completeness of the reorganization process of insurance companies through merger and restructuring, as well as the effective supervision over that process by the Central Bank of the Republic of Armenia,

Pursuant to point 6 of part 2 of Article 84, Article 128, parts 2 and 5 of Article 130, Articles 132 and 157 of the Law of the Republic of Armenia “On insurance and insurance activities”, Article 16 of the Law of the Republic of Armenia “On legal acts”,

In conformity with the provisions of point “e” of Article 20 of the Law of the Republic of Armenia “On the Central Bank of the Republic of Armenia”, the Board of the Central Bank of the Republic of Armenia

d e c i d e s:

1. To approve Regulation 3/12 on “The procedure of reorganization of the insurance company”, in accordance with the Appendix (attached).
2. This Resolution shall come into force on the tenth day after its official publication.

**Chairman of the Central Bank
of the Republic of Armenia**

Arthur Javadyan

July 22, 2011
Yerevan

¹ This Regulation includes the amendments and supplements and all other changes endorsed under the following Resolution of the Board of the Central Bank:
No. 203-N, dated 15.07.14; No. 227-N, dated 12.08.14

Appendix

Approved by the Resolution of the Board of
the Central Bank of the Republic of Armenia
No. 191-N as of July 19, 2011

REGULATION 3/11

THE PROCEDURE OF REORGANIZATION OF THE INSURANCE COMPANY

CHAPTER 1. GENERAL PROVISIONS

1. This Regulation establishes the procedure of reorganization of the insurance company, operating within the territory of the Republic of Armenia, the procedure, form and terms of submitting the documents and information to the Central Bank of the Republic of Armenia (hereinafter, the Central Bank) for obtaining the prior consent for signing the merger agreement of insurance companies, as well as the procedure of publication of the statement on obtaining the prior consent of the Central Bank for signing the merger agreement.

2. This Regulation also applies to the reinsurance companies, if the nature of the concrete provision does not point, that it applies only to the insurance companies.

3. The insurance company may reorganize only through a merger with another insurance company or through restructuring.

4. Restructuring of the insurance company is the change of its organizational-legal form.

5. All the documents, required by this Regulation, are being submitted to the Central Bank within the procedure, defined by Chapter 1 of Regulation 3/01 “On procedures of licensing, registration, giving consent and permission, appraisal of the professional adequacy and qualification in the area of insurance activity”, approved by the Resolution of the Board of the Central Bank of the Republic of Armenia No 344-N as of October 30, 2007 (hereinafter, Regulation 3/01).

(Point 5 was edited by Resolution No 203-N, dated 15.07.14)

CHAPTER 2. THE PROCEDURE OF MERGER OF THE INSURANCE COMPANY

6. Insurance companies obtain the prior consent of the Central Bank for signing the merger agreement.

7. By the merger agreement, the liabilities of the merging insurance company, arisen from insurance and reinsurance agreements, as well as other liabilities of the insurance company are being transferred to the insurance company, survived as a result of the merger, by a statement on transfer. The survived insurance company becomes a party of the

transferred insurance (reinsurance) and other agreements and bears all the liabilities, defined by the law and the agreement.

8. In order to obtain the prior consent of the Central Bank for signing the merger agreement, within ten working days after making the decision on the merger, the merging insurance companies submit the following documents and information to the Central Bank:

- 1) The documents, defined by part 2 of Article 130 of the Law of the Republic of Armenia “On insurance and insurance activity”. Moreover:
 - a. The application on obtaining the prior consent of the merger is being submitted in accordance with Appendix 1,
 - b. The significant requisites of the transaction are being submitted by including them in the draft of the merger agreement, specified by sub-point 2 of this point,
 - c. The business plan of the surviving insurance company for the forthcoming 3 years in being submitted by the procedure, specified by Appendix 39 of Regulation 3/01, approved by the Resolution of the Board of the Central Bank of the Republic of Armenia No 344-N as of October 30, 2007,
 - d. The application and other required documents of the entity, acquiring a significant participation, about obtaining the prior consent to acquire a significant participation in the statutory capital of the survived insurance company, are being submitted, in accordance with Regulation 3/01.
- 2) The draft of the merger agreement between the merging and surviving insurance companies, with includes:
 - a. The names and registration data of the merging and surviving insurance companies,
 - b. The significant requisites of the transaction (the procedure, requisites and terms of the merger, the right and obligations of the parties, the procedure of conversion of the shares and other securities of the merging insurance company by a formula or in other standard way),
 - c. The procedure and terms of paying dividends for shares of the merging insurance companies,
 - d. The procedure of voting in the joint meeting,
 - e. The terms of convening the joint meeting of the insurance companies, participating in the merger, the procedure of convening and holding the meeting,
 - f. A provision about the responsibilities of the parties, according to which the parties will ensure that at the moment of submitting the merger agreement to the Central Bank for approval there are no the grounds, specified by part 4 of Article 130 of the Law of the Republic of Armenia “On insurance and insurance activities”,

**g. (point “g” was repealed by Resolution No. 227-N, dated 12.08.14)
(Point 2 was supplemented, amended by Resolution No. 227-N, dated 12.08.14)**

- 3) The justification of the merger, where the necessity and purpose of the merger are mentioned,
- 4) The statement of financial position – the balance sheet – of the survived insurance company, by the day of making the decision on the merger, in accordance with the Statement No 1, specified by Appendix 1 of Regulation 3/04 on the “Forms of insurance company statements, information to be included, terms and conditions of reporting” (hereinafter, Regulation 3/04), approved by the Resolution of the Board of the Central Bank of the Republic of Armenia No 366-N, dated November 16, 2007; the volume of technical reserves, in accordance with Statement No 15, specified by Appendix 15 of Regulation 3/04; the main prudential standards, in accordance with Statement No 3, specified by Appendix 9 of Regulation 3/04,
- 5) The opinion of the audit company on the draft of the merger agreement; on compliance of the survived insurance company with the requirements of prudential standards, specified by the Law of the Republic of Armenia “On insurance and insurance activity” and normative legal acts of the Central Bank, and on adequacy of technical reserves, as a result of the merger,
- 6) The draft of the statement on transfer,
- 7) In case of change of the Charter of the insurance company, the draft of the new Charter of the survived insurance company or the draft of the amendments and supplements of the Charter, the internal organizational structure of the survived insurance company,
- 8) In case of change of the managers of the survived insurance company as a result of the merger, the survived insurance company should submit the information about the managers, in accordance with Appendix 3 of Regulation 3/01. If the full information on the given manager, specified by Appendix 3 of Regulation 3/01, has been previously submitted to the Central Bank, then when submitting the information to the Central Bank, specified by Appendix 17, only the fields 3.1 (name, surname), 3.3 (date of birth) of Appendix 3 and all the fields, that have changed after the previous submission, may be filled.
- 9) a document, certifying the obligation of the authorized body of the survived insurance company, having the authority to provide MTPL insurance services, by which the latter receives the electronic system of the MTPL insurance contracts, signed by the merging insurance company having the authority to provide MTPL insurance services, and all the related information and documents, as well as the obligation to further maintain the base of data, included in the MTPL information system (making changes in the entered information), including for the MTPL insurance contracts, already expired by the moment of the merger,

- 10) a document, certifying the obligation of the authorized body of the merging insurance company, having the authority to provide MTPL insurance services, by which the letter obliges to transfer the electronic system of the MTPL insurance contracts, signed by itself, and all the related information and documents to the survived insurance company, having the authority to provide MTPL insurance services,
- 11) other significant information on the discretion of the parties, participating in the merger, which will reflect the peculiarities of the merger.

(Point 8 was amended by Resolution No 203-N, dated 15.07.14, amended and supplemented by Resolution No 227-N, dated 12.08.14)

9. The Central Bank may require other information about the merger in order to check the reliability of the information, mentioned in point 8 of this Regulation, if the checking of reliability of the information by the Central Bank is not possible.

10. Within a 30-day period after obtaining the prior consent of the Central Bank, the merging insurance companies submit the following documents and information to the Central Bank for approval of the merger agreement by the Board of the Central Bank:

- 1) A petition, in accordance with Appendix 2 of this Regulation,
- 2) The merger agreement, signed by the management body of the merging and surviving insurance companies, attached with the decisions of the General meetings of the insurance companies or the respective excerpts from the protocol on approval of the merger agreement,
- 3) The documents and information, specified by point 8 of this Regulation (except for sub-point 5), submitted to the Central Bank for obtaining the prior consent for signing the merger agreement, if any changes have occurred.

11. Within 3 working days after the moment of approval of the merger agreement, the Board of the Central Bank makes a decision on revocation of the license of the merging insurance company.

12. Within a 10-day period after approval of the merger agreement by the Board of the Central Bank, the insurance companies, who have made the decision on the merger, submit the following documents to the Central Bank for registration:

- 1) The statement on transfer, approved by the insurance companies, making the decision on the merger, with the signatures of the authorized persons of the merging and surviving insurance companies, and with the seals of the companies (in case of existence),
- 2) The Charter of the surviving insurance company or the supplements and amendments of the Charter, in accordance with Regulation 3/01,
- 3) In case of change of the firm name of the surviving insurance company - the application of registration of the change of the firm name, in accordance with the procedure, jointly established by the Central Bank of the Republic of Armenia and the Minister of Justice of the Republic of Armenia pursuant to

point 3.1 of part 1 of Article 40 of the Law of the Republic of Armenia “On insurance and insurance activity”,

- 4) In case of change of the managers of the survived insurance company - the information, necessary for registration of the managers in accordance with Regulation 3/01. If the full information on the given manager, specified by Appendix 3 of Regulation 3/01, has been previously submitted to the Central Bank, then when submitting the information to the Central Bank, specified by Appendix 17, only the fields 3.1 (name, surname), 3.3 (date of birth) of Appendix 3 and all the fields, that have changed after the previous submission, may be filled.

(Point 12 was amended by Resolution No 203-N, dated 15.07.14)

13. In case of necessity of reissuance of the license as a result of the merger, the survived insurance company, along with the documents, specified by point 12 of this Regulation, should submit the application of reissuance of the license to the Central Bank, in accordance with Regulation 3/01.

14. Within 30 days after receiving the documents, specified in point 12 of this Regulation, the Central Bank registers the statement on transfer, approved by the insurance companies, making the decision on the merger, the Charter of the survived insurance company or the supplements and amendments of the Charter, the change of the firm name in case of the change of the firm name of the survived insurance company, as well as the change in the list of managements, if:

- 1) The documents and information, submitted for the merger, do not contradict the laws or other legal acts,
- 2) The required documents and information have been submitted in a proper procedure and form or are not incomplete or they do not include false, incorrect data.

15. Within 3 working days after registration of the Charter of the reorganized insurance company or the amendments and supplements in the Charter, the Central Bank makes a record about termination of activity of the merged insurance company in the registry of insurance companies.

16. If after submission of the documents (information), required by points 8, 9, 10 or 12 of this Regulation, any changes have been made in those documents (information), then the merging insurance companies should submit also the changed documents (information) before the Central Bank has made a decision about granting the prior consent on signing the respective merger agreement or declining to grant such a consent, approval of the merger agreement or declining the approval or registration of the documents (information), specified by point 12, or declining such registration.

17. In order to receive some information, the terms of examination of the applications (petitions) on prior consent of the merger, approval of the merger agreement, registration may be suspended by the decision of the Board of the Central Bank, but not more than for 6 months. After receiving the necessary information, from the moment of decision on resuming

the examination of the petition, the term should not exceed the number of days, calculated as a difference between the number of days before the suspension and the terms, specified by this Regulation.

CHAPTER 3. THE PROCEDURE OF PUBLICATION OF THE STATEMENT ABOUT THE MERGER OF THE INSURANCE COMPANIES

18. Within a 3-day period after the moment of obtaining the prior consent of the Central Bank on signing the merger agreement, the merging insurance companies should publish the statement on the merger on their webpages and in a newspaper with at least 2000 print-run.

19. Within a 3-day period after non-approval of the merger agreement by the Central Bank, the merging insurance companies should publish a statement about it on their webpages and in a newspaper with at least 2000 print-run.

20. Within a 5-day period after approval of the merger agreement by the Central Bank, the merging insurance company should send notifications about the merger to the policyholders with a registered letter by the addresses, mentioned in the insurance contract.

21. The statement and notification should at least mention the addresses, phone numbers, webpages, e-mails of the merging insurance companies, as well as information about the right of the policyholder to cancel the insurance contract and the conditions, terms and procedure of exercising that right.

CHAPTER 4. THE PROCEDURE OF RESTRUCTURING OF THE INSURANCE COMPANY

22. In case of restructuring of the insurance company, the rights and obligations of the restructured insurance company are being transferred to the insurance company with the changed organizational-legal form.

23. The restructuring insurance company submits the following documents to the Central Bank for registration:

- 1) The petition on restructuring (in accordance with Appendix 3 of this Regulation) with the signature of the authorized person of the management body of the restructuring company and with the seal of the insurance company (in case of existence),
- 2) The decision of the General meeting on restructuring,
- 3) The information about possible changes as a result of restructuring and the conditions of restructuring,
- 4) The Charter or the amendments and supplements of the Charter, approved by the General meeting of the restructuring insurance company, in accordance with Regulation 3/01,
- 5) The statement on transfer,

- 6) In case of acquisition of significant participation in the restructuring insurance company by entities – information about those entities. Moreover, along with the petition on restructuring, the restructuring insurance company submits the application of the significant entity on obtaining the prior consent on acquisition of significant participation in its statutory capital and other required documents, in accordance with Regulation 3/01,
- 7) In case of changes in the list of managers – the information about the managers, in accordance with Regulation 3/01,
- 8) The application on registration of the change of the firm name, in accordance with the procedure, jointly established by the Central Bank of the Republic of Armenia and the Minister of Justice of the Republic of Armenia pursuant to point 3.1 of part 1 of Article 40 of the Law of the Republic of Armenia “On insurance and insurance activity”,
- 9) The application on reissuance of the license, in accordance with Regulation 3/01.

(Point 23 was amended by Resolution No 203-N, dated 15.07.14)

24. The Central Bank may require other information on restructuring in order to check the reliability of information, mentioned in point 23 of this Regulation, if the checking of reliability of the information by the Central Bank is not possible.

25. Within a 30-day period after receiving the documents, specified in point 23 of this Regulation, the Central Bank registers the restructuring insurance company, if:

- 1) The documents, submitted for restructuring, do not contradict the laws or other legal acts,
- 2) The required documents have been submitted in a proper procedure and form, are not incomplete or they do not include false, incorrect data.

26. In order to receive some information, the term of examination of the petition may be suspended by the decision of the Board of the Central Bank, but not more than for 6 months. After receiving the necessary information, from the moment of decision on resuming the examination of the petition, the term should not exceed the number of days, calculated as a difference between the number of days before the suspension and the 30-day period.

27. Within a 3-day period after the moment of registration by the Central Bank the restructuring insurance companies should publish the statement on the restructuring on its webpage and in a newspaper with at least 2000 print-run.

Appendix 1
of Regulation 3/12 on
“The procedure of reorganization of the insurance company”

A P P L I C A T I O N
(on obtaining the prior consent of the merger)

Dear _____

(name, organizational-legal form, address of the applicant)

In accordance with the Decision of the General meeting No _____, dated __/__/20__, we kindly apply to you for obtaining the prior consent on merger.

In accordance with the Law of the Republic of Armenia “On insurance and insurance activity” and Regulation 3/12 on “The procedure of reorganization of the insurance company”, approved by the Resolution of the Board of the Central Bank of the Republic of Armenia No 191-N, dated July 19, 2011, attached we submit the documents, necessary to obtain the prior consent on the merger, and the list of documents.

Attached _____ pages.

We, the undersigned, would like to assure you that we have reviewed in detail the information, included in each of the document, attached to this application. We would like to assure you, that the provided information is reliable and comprehensive, furthermore we realize that a false submission of any fact or any omission will lead to rejection of the application.

Persons, submitting the application

/name, surname, signature of the authorized person of the surviving insurance company/

/name, surname, signature of the authorized person of the merging insurance company/

Appendix 2
of Regulation 3/12 on
“The procedure of reorganization of the insurance company”

P E T I T I O N
(on approval of the merger agreement and attached documents)

Dear _____

(name, organizational-legal form, address of the applicant)

In accordance with the Law of the Republic of Armenia “On insurance and insurance activity” and Regulation 3/12 on “The procedure of reorganization of the insurance company”, approved by the Resolution of the Board of the Central Bank of the Republic of Armenia No 191-N, dated July 19, 2011, for approval of the merger agreement, we submit to you the merger agreement and the attached documents.

Attached _____ pages.

We, the undersigned, would like to assure you that we have reviewed in detail the information, included in each of the document, attached to this application. We would like to assure you, that the provided information is reliable and comprehensive, furthermore we realize that a false submission of any fact or any omission will lead to rejection of the application.

Persons, submitting the application

/name, surname, signature of the authorized person of the surviving insurance company/

/name, surname, signature of the authorized person of the merging insurance company/

Appendix 3
of Regulation 3/12 on
“The procedure of reorganization of the insurance company”

P E T I T I O N
On restructuring

Dear _____

(name, organizational-legal form, address of the applicant)

In accordance with the Law of the Republic of Armenia “On insurance and insurance activity” and Regulation 3/12 on “The procedure of reorganization of the insurance company”, approved by the Resolution of the Board of the Central Bank of the Republic of Armenia No 191-N, dated July 19, 2011, we submit the petition on restructuring and the attached documents.

Attached _____ pages.

We, the undersigned, would like to assure you that we have reviewed in detail the information, included in each of the document, attached to this application. We would like to assure you, that the provided information is reliable and comprehensive, furthermore we realize that a false submission of any fact or any omission will lead to rejection of the application.

Person, submitting the application

/name, surname, signature of the authorized person of the restructuring insurance company/