Article 1
1) Article 7 shall be stated in the following wording:

"Article 7. Procedure for Regulating the Activities of a Mutual Insurance Society
Activities of mutual insurance societies shall be regulated by the Civil Code of the Russian Federation, this Law, Federal Law on mutual insurance and by other federal laws.";
2) in Article 25:
a) Paragraph One of Item 1 shall be stated in the following wording:
"1. As guarantees for ensuring the financial stability of an insurer shall be deemed economically-feasible insurance tariffs; insurance reserves sufficient to discharge obligations under contracts of insurance, co-insurance, re-insurance, mutual insurance; own resources; re-insurance.";
b) in Item 2 the words "exclusively dealing with insurance for their own members" shall be deleted;
c) in Paragraph One of Item 3 after the word "Insurers " shall be added the words "(except for mutual insurance societies)";
d) in Paragraph One of Item 5 after the words "The insurer" shall be added the words "(except for a mutual insurance society)";
3) Item 1 of Article 26 shall be stated in the following wording:
"1. To ensure the discharge of obligations related to insurance, reinsurance and mutual insurance insurers shall form insurance reserves in the procedure established by the normative legal act of the body in charge of insurance regulation.";
4) in Article 32:
a) in Paragraph One of Item 2 the words ", mutual insurance" shall be deleted;
b) in Item 3 the words ", mutual insurance" shall be deleted;

c) Items 4.1 and 4.2 with the following content shall be added hereto:

"4.1. In order to obtain the licence for pursuance of mutual insurance
the licence applicant (a non-profit organisation) shall submit the following to
the body in charge of insurance supervision:

1) an application for issuance of the licence;
2) the articles of the mutual insurance society;
3) the document proving the state registration of the mutual insurance
society as a legal entity;
4) data on the chairman of the board of directors, director, chief
accountant, chairman of the inspection commission (inspector) of the
mutual insurance society;
5) regulations on forming insurance reserves;
6) insurance rules for the kinds of insurance established by this Law
and for those entered to the articles of the mutual insurance society, except
for the kinds of insurance provided for by Subitems 1-5 of Item 1 of Article
32.9 of this Law, with models of documents which are used attached
thereto (if the society's articles provide for making a contract of insurance).

4.2. If the articles of a mutual insurance society are amended, as
regards supplementing of the list of kinds of insurance, the regulations on
forming insurance reserves and the insurance rules in respect of such
kinds of insurance shall be send to the body in charge of insurance
supervision for coordination. A decision on the coordination or on the
refusal to effect such coordination shall be taken in the basis of the results
of consideration of the said documents by the body in charge of insurance
supervision at latest in thirty working days as of the date of receiving the
said documents by the body in charge of insurance supervision. The body
in charge of insurance supervision is obliged to report to a mutual
insurance company about the adopted decision within five working days as
of the date of rendering the decision. A procedure for coordinating
regulations on forming insurance reserves and the insurance rules in
respect of supplementary kinds of insurance shall be established by the
body in charge of insurance regulation. A mutual insurance society is not
entitled to effect supplementary kinds of insurance before receiving a
decision on coordination with the body in charge of insurance supervision
of the regulations on forming insurance reserves and the insurance rules
concerning such kinds of insurance."

d) Item 6 shall be stated in the following wording:

"6. The documents cited in Subitems 2, 3, 6 and 7 (as regards the
documents concerning the state registration) of Item 2, in Subitems 2 and 3
of Item 4.1, Subitems 2 and 3 of Item 5 of this article shall be submitted in
the from of copies attested and certified by a notary.

Requirements for the application, data and documents cited in
Subitems 5, 8, 9 and 13 of Item 2, Subitem 4 of Item 4.1 and Subitem 4 of
Item 5 of this article shall be established by the body in charge of insurance regulation."

e) in Item 10 after the words "8-13 of Item 2," shall be added the words "Subitems 2-6 of Item 4.1,";

5) in Article 32.5:
   a) Item 1 shall be stated in the following wording:
      "1. The licence shall be issued without a limitation of its effective term, except for the cases specified by the present Law, and shall be in effect from the date of its obtainment by the subject of insurance business. The licence is not transferable to other persons.";
   b) Items 4 and 5 with the following content shall be added hereto:
      "4. The operation of the licence shall be terminated, if the subject of insurance business which is an individual businessman terminates its activities or the subject of insurance business which is a legal entity is liquidated or re-organised, except for re-organisation in the form of affiliation or detachment. The operation of the licence of the subject of insurance business which is a legal entity whereto another legal entity is affiliated or wherefrom another legal entity is detached shall not be terminated.

5. The operation of the licence of the subject of insurance business which is a legal entity established by way of re-organisation in the form of transformation shall not be terminated provided that the newly established legal entity complies with the requirements of the legislation of the Russian Federation. The body in charge of insurance supervision is obliged to replace the form of the licence to the issued to the subject of insurance business which is a legal entity established by way of re-organisation in the form of transformation within ten working days as of the date of receiving the documents stipulated by Article 32 of this Law.";

6) in Article 32.8:
   a) Items 9.1-9.6 with the following content shall be added hereto:
      "9.1. The insurance activities of a mutual insurance society shall be terminated or it shall be liquidated in connection with withdrawal of the licence thereof subject to the specifics provided for by Items 9.2-9.6 of this article.

9.2. A mutual insurance society engaged in insuring property interests of its members directly on the basis of the society's articles is not entitled after entry into force of the decision of the body in charge of insurance supervision on the withdrawal of the licence thereof to admit new members to the mutual insurance company, as well as to make amendments to the insurance rules.

9.3. Upon the expiry of six months as of the date of entry into force of a decision of the body in charge of insurance supervision to withdraw the licence a mutual insurance company is obliged to do the following:

1) to take in compliance of the legislation of the Russian Federation a decision to liquidate the mutual insurance society;
2) to discharge insurance (re-insurance) obligations, in particular to make insurance payments connected with insurance events that have occurred;
3) to dissolve insurance (re-insurance) contracts.

9.4. Before the expiry of six months as of the date of entry into force of a decision of the body in charge of insurance supervision to withdraw the licence the subject of insurance business is obliged to submit to the body in charge of insurance supervision documents proving the discharge of the duties provided for by Item 9.3 of this article:
1) the decision to liquidate a mutual insurance society adopted by a general meeting of the mutual insurance society;
2) the documents containing information about the presence or absence of insured persons' (beneficiaries') claims in writing for discharge or preschedule termination of insurance (re-insurance) obligations;
3) accounting reports/statements bearing a note of a tax authority;
4) the original licence.

9.5. Insurance (re-insurance) obligations of a mutual insurance company are not transferable to another insurer.

9.6. Before discharging the duties provided for by Item 9.3 of this article, a mutual insurance society shall submit accounting reports/statements to the body in charge of insurance supervision on a quarterly basis.;

b) Item 10 shall be stated in the following wording:
"10. In the event of the exercise of insurance activity by subjects of insurance business (except for discharging the obligations provided for by Subitems 2 and 3 of Item 5 and Subitems 2 and 3 of Item 9.3 of this article), the body in charge of insurance supervision is obliged to make a claim with court for liquidation of the subject of insurance business being a legal entity or for termination by the subject of insurance business which is a natural person of his/her activities as an individual businessmen.".

Article 2
The following amendments shall be made to Article 968 of Part Two of the Civil Code of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 1996, No. 5, Article 410):
1) in Paragraph Two of Item 3 the words "the constituent documents of the relevant society or by the insurance rules" shall be deleted;
2) Item 5 shall be invalidated.

Article 3
No. 10, Article 760; 2007, No. 27, Article 3214) the words "by January 1, 2008" shall be replaced by the words "by July 1, 2008".

President of the Russian Federation

V. Putin

The Kremlin, Moscow
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