

## **Insurance rules**

**2011**

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Approved by  
INGO ARMENIA ICJSC Counsel.  
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RULES OF INDIVIDUALS CIVIL  
LIABILITY INSURANCE

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### 1. General conditions

- 1.1. According to present Rules “INGO ARMENIA” ICJSC (hereinafter - Insurer) concludes insurance agreements of the liability of capable individuals (hereinafter - Insured) for damage, which they may cause to the life and health or property of third persons (hereinafter – Third persons, Beneficiaries).
- 1.2. Agreement may be concluded both for insurance of liability of the Insured, or the liability of other individual (hereinafter – Insured person).  
If under insurance agreement, the liability of a person other than the Insured is insured, the Insured is entitled to change that person at any time before insurance accident occurrence (unless otherwise provided by the agreement) by written notice to the Insurer.
- 1.3. Insurance agreement is considered concluded in favor of person, to whom damage may be caused, even if the insurance agreement is concluded in favor of the Insured or other Insured person, who are liable for the damage, or if the insurance agreement does not provide in favor of whom it is concluded. The person, whose liability is insured should be mentioned in the insurance agreement, and if such person is not indicated in the agreement, the liability risk of the Insured is considered insured.

### 2. Insurance object

- 2.1. The insurance object is the valuable interest of the Insured (Insured person) which do not contradict to the legislation of the RA, in connection with compensation of damage caused to life or health or property of individuals, as well as damage, caused to property of legal entities.
- 2.2. Insurance coverage is not spread on liability, in connection with:
  - ✓ possession of transportation means;
  - ✓ carrying and transportation outside the territory defined in the agreement;
  - ✓ damage, occurred as a result of permanent, regular or long-term thermal influence or impact of gas, steam, rays, liquid, moisture or any fall-out including non-atmospheric precipitation (soot, smut, smoke and etc.);
  - ✓ professional activity of the Insured person;
  - ✓ demands on damage compensation in connection with destruction or damage of items, which the Insured person rented (rent, leasing), accepted for deposit or for safekeeping;

- ✓ financial obligations as a demand of compensation of damages, presented on basis of agreements or by coordination with the Insured person, as well as of payments, executed instead fulfillment of obligations in natural form or as penalty upon the agreement;
- ✓ demands upon guarantee or similar obligations or guarantee agreements;
- ✓ demands for compensation of damages exceeding the volume and the sum of compensation, foreseen by the current legislation of the RA;
- ✓ demands for compensation of damages, in connection with breach of author’s rights, rights of discovery, invention or industrial design, or similar rights, including unauthorized use of registered trade, logos, symbols and titles;
- ✓ claims for compensation of moral harm;
- ✓ claims for protection of honor, dignity and business reputation.

### **3. Insurance accident**

- 3.1. Insurance accident is an event, occurred during the validity period of insurance agreement, foreseen by present Rules, which is basis for presenting claims from third persons to the Insured for compensation of caused damage in accordance with norms of Civil code.
- 3.2. According to present Rules, the insurance accident is considered the fact of occurrence of obligation of the Insured in accordance with the Civil code of the RA to compensate damage caused to suffered person (persons) as a result of events, which were not deliberately caused by the Insured person on the territory defined in insurance agreement.
- 3.3. The event is considered as insurance accident if the fact of cause of damage is confirmed by the decision of the court which came into legal force, or if the Insured accepts the claim for compensation of the caused damage to life, health or property of third persons by the Insured person upon the consent of the Insurer.

### **4. Insurance Indemnity**

- 4.1. The Insurer bears liability, if the insurance accident in connection with insured activity of the Insured has occurred as a result of:
  - A. death, loss of working ability, physical damage to the suffered person,
  - B. damage or loss of property of third parties (property damage).
- 4.2. Insurance coverage is spread on such insurance accidents only, which occurred during the validity period of insurance agreement.
- 4.3. The Insurer also compensated reasonable expenses of the Insured, which were born in connection with saving life and property of other persons and minimizing damage, to which damage was caused as a result of insurance accident.
- 4.4. Insurance coverage is exceptionally spread on such insurance accidents, which occurred during the validity period of insurance agreement. If insurance accident occurred during the validity period of insurance agreement is a result of reasons, which occurred or started before the start of insurance agreement period, insurance compensation is subject to payment only in case if the Insured was not and could not be aware of such reasons of insurance accident occurrence.
- 4.5. In any case, insurance liability is not spread on:
  - ✓ insurance accidents, which occurred out of the territory defined in insurance agreement,
  - ✓ insurance accidents, which occurred as a result of deliberate cause of damage by the Insured or by any other person. Under deliberate cause of damage is understood an action or inactivity which was deliberately admitted by the responsible person as a result of which the probability of insurance accident occurrence is quite high,
  - ✓ claims presented by the Insured persons to each other, the liability of which is insured by the same insurance agreement;
  - ✓ insurance accidents, which occurred as a result of military actions, national movements, uprisings, riots, civil commotions, terrorist acts, - insurance accidents, which occurred as a

result of not disposing by the Insured within the agreed period with the Insurer of circumstances which noticeably increase the risk degree, the disposing of which the Insurer notice to the Insured in accordance with generally accepted norms;

- ✓ insurance accidents, which are caused as a result of contamination, radiation and other effects of activities related to the use of nuclear fuel;
- ✓ insurance accidents, which occurred as a result of breach of law by the Insured, regulations, departmental and production rules, norms and regulatory documents by the Insured;

## **5. Sum insured and limit of indemnity**

- 5.1. Sum insured (limit of indemnity) is the sum of money defined by the insurance agreement, on the basis of which the amount of insurance premium and insurance compensation is defined.
- 5.2. The indicated limit in the insurance agreement is considered defined in one sum for any kind of damage, both for property or physical damage, unless the insurance agreement provides:
  - ✓ limits of indemnity for each risk accepted for insurance, including compensation of court expenses (point 4.2);
  - ✓ limits of indemnity for one insurance accident;
  - ✓ for compensation to one person suffered as a result of one insurance accident.
- 5.3. Total compensation sum, subject to payment for the totality of all insurance accidents, occurred during each year of insurance may not exceed the defined yearly limit of indemnity.
- 5.4. Under present Rules, the total sum insured for the period of insurance is defined at USD 10 000 in equivalent AMD, and for one insurance accident – USD 5 000 in equivalent AMD, unless otherwise provided by insurance agreement.

## **6. Insurance premium payment**

- 6.1. Insurance premium is defined by the Insurer on the basis of its rates.
- 6.2. Insurance premium is paid by the Insured by one-off payment for the whole period of insurance, unless otherwise provided by the insurance agreement.
- 6.3. Insurance premium may be paid in cash or in non-cash form. In case of paying in non-cash form, the premium is considered paid since the date of receipt of the sum on the account of the Insurer. In case of cash payment – since the moment of payment at the cash-desk of the Insurer (according to payment document of authorized representative).
- 6.4. Upon agreement of the Parties, insurance premium may be defined either in AMD or in foreign currency, according to legislation of the RA. Insurance premium is defined in foreign currency and paid in AMD in accordance to exchange rate of the Central Bank of Armenia on the day of payment, unless otherwise agreed by the Parties.
- 6.5. Insurance premium is subject to payment before receipt of insurance agreement (Policy), but not later than 5 (five) working days since the moment of presenting application to conclude insurance agreement, unless otherwise provided by the insurance agreement.
- 6.6. If the insurance premium is not paid in terms defined by the insurance agreement, the agreement is considered as non-operational and bears no consequences for the Parties (unless otherwise foreseen by the insurance agreement)
- 6.7. Insurance premium is defined and mentioned in insurance agreement (Policy) or in the payment account, which constitutes integral part of the agreement.

## **7. Conclusion and termination of insurance agreement**

- 7.1. Insurance agreement is concluded on the basis of written application of the Insured.  
The application must include all necessary information about the objects accepted for insurance. The application becomes an integral part of the insurance agreement after its conclusion.

Other conditions, clauses and special terms, included in insurance agreement (Policy) should not widen (increase) the range of liability and insurance coverage of the Insurer, defined by the insurance agreement.

7.2. When concluding insurance agreement, the Insured is obliged to inform the Insurer on any circumstances known by him, which have potential significance in the risk degree estimation.

Non fulfillment of this obligation by the Insured results relieve of the obligation to pay insurance compensation by the Insurer.

When concluding agreement, the Insured is obliged to reply to all given questions of the Insurer, which help to estimate the insurance risk degree.

7.3. The fact of insurance agreement conclusion is confirmed by presenting insurance Policy and attached present insurance Rules by the Insurer to the Insured.

Insurance Policy is presented to the Insured by the Insurer:

- ✓ within 5 banking days since the day of receipt of money to the account of the Insurer in case of non-cash payment;
- ✓ Immediately after receipt of insurance premium – in case of cash payment.

In case of loss of the Policy during the validity period of the insurance agreement, the Insured is given the copy upon written application of the Insured, after which no claims by the lost insurance Policy are considered and the lost insurance Policy is considered invalid.

In case of repeated loss of insurance Policy during the insurance agreement validity period, the Insured pays to the Insurer to the amount of value of issuance and forming of insurance Policy.

7.4. Insurance agreement comes into force since the day of insurance premium payment, unless otherwise foreseen by insurance agreement.

7.5. Insurance agreement is terminated:

- ✓ upon expiry of validity period;
- ✓ upon fulfillment of full obligations by the Insurer under the agreement;
- ✓ in case of non-payment of insurance premium within the terms defined by the agreement;
- ✓ in case of death of the Insured, except cases of change of the Insured in insurance agreement;
- ✓ in case of liquidation of the Insured in accordance to the legislation of the RA;
- ✓ in case of termination of insurance agreement by the decision of court;
- ✓ in other cases, provided by the current legislation of the RA.

7.6. Insurance agreement may be preterm terminated at any moment on the basis of written application of one of the Parties (including because of infringement of obligations by one of the Parties), in accordance with the demands of current legislation of the RA. In this case the return of insurance premium is executed in the following way:

7.7. In case of preterm termination of insurance agreement on demand of the Insurer, the latest returns insurance premium for the unexpired period of insurance to the Insured, keeping the executed expenses of the Insurer. If the demand of the Insurer is conditioned by non-execution of agreement conditions by the Insured, insurance premium is not returned.

7.8. In case of preterm termination of insurance agreement on basis of presented demand of the Insured to terminate the agreement, the Insurer returns the insurance premium for the unexpired period of insurance, keeping incurred operational expenses in accordance with the current license. In case if the demand of the Insured person is conditioned by non infringement of insurance agreement, the Insurer fully returns the paid insurance premium to the Insured.

7.9. In cases provided by the legislation of the RA, insurance agreement may be deemed invalid since the moment of its conclusion, if:

- ✓ the agreement is concluded after insurance accident occurrence,
- ✓ the object of insurance is property which is subject to confiscation on the basis of legal force by the decision of appropriate court, which came into force.

## **8. Deductible**

- 8.1. Insurance agreement or insurance program may foresee own participation of the Insured in damage compensation (deductible). In this case insurance compensation payment is executed above the deductible amount. Losses that do not exceed the amount of deductible are not subject to compensation.
- 8.2. Unless otherwise foreseen by the insurance agreement or program, insurance agreement is considered concluded with a deductible of 1% from the limit of indemnity for property damage, and with no deductible for physical damage.
- 8.3. Deductible is defined for each insurance accident. If several insurance accidents occur, the amount of deductible is deducted for each of them.

## **9. Rights and obligations of the Parties**

### 9.1. The Insured is obliged to:

- A. pay insurance premiums in time;
- B. when concluding insurance agreement to inform the Insurer on any circumstances known by him, which have essential sense in insurance risk degree estimation, as well as about all concluded (in past and future) insurance agreements of the certain insurance object;
- C. in case of insurance accident occurrence:
  - ✓ undertake all necessary measures for clarification of reasons, course and consequences of insurance accident;
  - ✓ immediately, but in any case no later than within 5 (five) days (except holidays), inform the Insurer and authorized bodies on the accident by any available method which allows to fix the message;
  - ✓ without delay inform the Insurer about any claims presented to him in connection with the insurance accident;
  - ✓ undertake all possible and reasonable measures for prevention of damage and for saving the life of person (persons), to whom damage is caused;
  - ✓ secure participation of the Insurer in survey of the damaged property and determination of the caused damage to the extent, which is available for the Insured;
  - ✓ provide all sorts of assistance to the Insurer in judicial and non-judicial protection in case of presenting claims for insurance compensation;
  - ✓ present to the Insurer all available information and documents, which allow to judge on the reasons, course and consequences of insurance accident, the character and extent of the caused damage;
  - ✓ in case if the Insurer finds necessary to appoint his lawyer or other authorized person for protection of interests of the Insurer and the Insured concerning the insurance accident – issue a power of attorney or other necessary documents for protection of such interests by the appointed person of the Insurer. The Insurer is entitled, but not obliged, to present interests of the Insured at court or provide legal protection of the Insured in connection with insurance accident. If the Insurer rejects to present interests of the Insured at court, he is obliged to compensate to the Insured the factual expenses for payment of lawyers' services, who protect his interests in such procedures. Such expenses are compensated within the limit of the defined sum of indemnity of the Insurer, defined by the insurance agreement;
  - ✓ not to pay compensations, not to partially or fully accept the demands presented to him concerning insurance accident, as well as not to accept any direct or indirect obligations for regulation of such demands without consent of the Insurer;
  - ✓ in case if there is opportunity to demand termination or reduction of regular compensation payments, the Insured is obliged to inform the Insurer about it and implement all possible measures for termination or reduction of such payments

### 9.2. The Insurer is obliged:

- A. to give the insurance Policy and attached present rules within 3 days after payment of insurance premium by the Insured;
  - B. in case of execution of measures by the Insured to decrease the risk of insurance accident occurrence and the extent of possible damage, or in case of increase of its real value of the insured property to renew insurance agreement upon the application of the Insured, taking into account these circumstances;
  - C. execute insurance compensation payment in case of insurance accident occurrence;
  - D. compensate expenses incurred by the Insured at the time of insurance accident occurrence, which were made in order to prevent or to minimize the damage to insurance object;
  - E. no to disclose information about the Insured and his/her property status, if it does not contradict the legislative norms of the RA.
  - F. upon receipt of information on insurance accident occurrence:
    - ✓ survey the place of insurance accident if possible, conclude act on damage and on the basis of presented documents by the Insured, determine the extent of damage;
    - ✓ Execute insurance compensation payment on the basis of act of damage and calculations of the damage extent.
- 9.3. If the Insured does not perform obligations, indicated in point 9.1 of present Rules, the Insurer is entitled to reject insurance compensation payment to the amount, by which it stimulated insurance accident occurrence or increase of damage extent.

## **10. Insurance compensation payment**

- 10.1. Insurance compensation is calculated to the amount foreseen by the current legislation on damage compensation of the RA.
- 10.2. In case of absence of dispute on insurance accident occurrence, presence by the suffered person of the right receive insurance compensation and obligation of the Insurer to compensate the damage, causal connection between the insurance accident and the caused damage, presented claims are satisfied and insurance compensation is paid without recourse to court.
- 10.3. In this case determination of the extent of damages and the sum of insurance compensation is executed by the Insurer on the basis of documents of authorized entities (medical facilities, medical-labor expert commissions, social security entities and etc.) on the facts of consequences of caused damage, as well as taking into account references, accounts and other documents, which confirm the incurred expenses. The Insured may be invited to participate in determination of insurance compensation if necessary. If necessary an agreement on compensation is concluded on the basis of the above-mentioned documents and is signed by the Insured, Insurer and the suffered person. The Insurer is entitled to involve independent experts for evaluation of the real damage, caused as a result of insurance accident occurrence, stipulated in present Rules.
- 10.4. In case of dispute on the circumstances indicated in point 10.2 of present Rules, the insurance compensation is executed on the basis verdict or decision of the court (arbitration court) which came into legal force.
- 10.5. For insurance compensation payment the Insured is obliged to present to the Insurer the following documents:
- ✓ certificate of damage, issued by expert commission, which includes reasons and possible consequences of the insurance accident, which resulted cause of damage to third parties
  - ✓ claims, presented to the Insurer concerning the occurred event;
  - ✓ decision of court, which includes the extent of sums subject to compensation in connection with insurance accident occurrence, included in the volume of indemnity of the Insurer;
  - ✓ insurance Policy;
  - ✓ other documents, which include information necessary for making decision on the insurance accident.
- 10.6. The sum of insurance compensation includes

- 10.6.1. In case of cause of damage to health of individual or death:
- A. earnings, which the injured person has lost due to disability or its decrease as a result of injury or other harm to health;
  - B. Additional costs necessary for restoration of health (high-calorie meals, spa treatment, care, prosthetics, transportation costs, paid medical care, and etc.
  - C. part of earnings, which in case of death of the suffered person the disabled persons lost , who were dependent on him or who had the right to receive maintenance funds from him;
  - D. funeral expenses;
  - E. reasonable costs for preliminary clarification of the circumstances and the degree of guilt of the Insured
  - F. expenses for conducting judiciary cases of alleged insurance cases;
  - G. necessary and reasonable expenses to save lives and property of persons to which damage was caused as a result of insurance accident, or expenses for reducing the extent of damage.
- 10.6.2. In case of causing property damage to individual or legal entity:
- A. direct real damage, caused by destruction or damage of property, which is determined in case of total destruction of property – to the amount of real value deducting wear and tear; in case of partial damage – to the amount of necessary expenses for its restoration to condition, in which it used to be before insurance accident occurrence.
  - B. reasonable expenses for preliminary clarification of circumstances and the degree of guilt of the Insured, if the event is recognized as insurance accident;
  - C. expense for maintaining judiciary cases of alleged insurance cases, if the event is recognized as insurance accident;
  - D. Necessary and reasonable expenses for saving lives and property of persons to whom damage was caused as a result of insurance event or expenses for reducing damage caused as a result of insurance accident.
- 10.7. Insurance compensation is paid by the Insurer within a 20 (twenty) days after receipt of all necessary documents from the Insured and coordination of its final amount with all interested parties, or after entry into force of the sentence or decision of the court (Arbitration Court).
- 10.8. The Insurer is entitled to reject compensation payment to the Insured, if during the agreement validity period:
- ✓ deliberate actions of the Insured, Insured person or suffered third person occurred, which lead to occurrence of insurance accident;
  - ✓ was occurred an execution of deliberate act of crime, which is in direct connection with insurance accident by the Insured or person in favor of which insurance agreement is concluded;
  - ✓ the Insured presented knowingly false information to the Insurer about the object of insurance, change of risk degree and extent of damage;
  - ✓ breach of terms of informing the Insurer about insurance accident occurred the Insured did not present documents, which confirm the fact and extent of caused damage;
  - ✓ it is revealed, that the expenses were occurred as a result of the fact, that the Insured deliberately did not take reasonable and available measures to minimize possible damage.
- 10.9. Decision on rejection to pay insurance compensation is informed to the Insured in written form by justification of reasons for rejecting.
- 10.10. The reject of the Insurer to pay insurance compensation may be appealed by the Insured at Court.

## **11. Regulation of disputes**

Disputes in connection with insurance agreement are regulated through negotiation. In case of fail to come to an agreement, disputes are transferred to court in accordance with current legislation of the Republic of Armenia.