

APPROVED

by Decision of the Chairperson of the Central Bank of
the Republic of Armenia No 1/669-L of 28 June 2010

Amended by

Decision of the Board of the Central Bank of the
Republic of Armenia No 216-A of 19 August 2010

Decisions of the General Meeting of members of
“Armenian motor insurers’ Bureau” ULE

No 2-L of 27 September 2010

No 4-L of 27 December 2010

No 4-A of 3 June 2011

No 5-L of 26 December 2012

No 5-L of 11 August 2014

Chairperson of the General Meeting of members of
“Armenian Motor Insurers’ Bureau” ULE

_____ Nerses Yeritsyan

REGISTERED

(the last amendment is registered) |
at the Central Bank of the Republic of Armenia

10 September 2014

Chairperson of the Central Bank
of the Republic of Armenia

_____ Arthur Javadyan

STATUTE

OF “ARMENIAN MOTOR INSURERS’ BUREAU” UNION OF LEGAL ENTITIES

YEREVAN - 2014

CHAPTER 1

GENERAL PROVISIONS

1. This Statute has been elaborated in compliance with the requirements of the Civil Code of the Republic of Armenia and the Law of the Republic of Armenia “On compulsory insurance against liability arising from the use of motor vehicles” (below referred to as the “Law”), as well as of other legal acts.
2. The “Armenian Motor Insurers’ Bureau” union of legal entities (below referred to as the “Bureau”) shall be the bureau of insurance companies — established in accordance with the Law — carrying out compulsory insurance against liability arising from the use of motor vehicles (below referred to as the “CILUMV”), a self-regulatory organisation, the goal of activities whereof shall be the protection the interests of injured persons and ensuring the stability and development of the CILUMV system, including through contributing to the effectiveness of activities of its member insurance companies within the scope of the CILUMV, regulating and supervising those activities, developing rules of professional conduct for its member insurance companies in the field of the CILUMV.
3. The Bureau shall be established in the organisational and legal form of a union of legal entities with the name “Armenian Motor Insurers’ Bureau” union of legal entities in accordance with the Law and by the decision of Chairperson of the Central Bank of the Republic of Armenia, which acts as a founder.
4. The Bureau shall be established for an indefinite term.
5. The Bureau shall acquire a status of a legal entity and may carry out activities only upon its registration at the Central Bank of the Republic of Armenia (below referred to as the “Central Bank”).
6. Insurance companies — holding a licence for carrying out insurance pursuant to the class provided for by point 10 of part 2 of Article 7 of the Law of the Republic of Armenia “On insurance and insurance activities” — having at least one branch or

agent permanently functioning in each marz of the Republic of Armenia and complying with the requirements prescribed by law and other legal acts may become a Bureau member. Membership of the Bureau shall be voluntary. The Central Bank shall also become a member of the Bureau in cases prescribed by law.

7. The Bureau shall have separate property as ownership and shall be liable for its obligations with that property; it may acquire and exercise property and personal non-property rights in its own name, bear obligations and act as a plaintiff or defendant in court.

8. The property transferred to the Bureau by the members thereof as prescribed by the rules of the Bureau shall be the ownership of the Bureau. The Bureau shall use that property to attain the goals prescribed by law, other legal acts and its Statute. It shall be prohibited to allocate the property of the Bureau — including the revenue earned from the funds of the Bureau — in the form of dividends or in any other manner — directly or indirectly to the members thereof or other persons; it must be used exclusively to attain the goals provided for by the Statute. The Bureau members shall not bear any liability for the obligations of the Bureau. The Bureau shall not bear any liability for the obligations of its members, with the exception of cases provided for by law. The Bureau shall bear liability for damages caused as a result of its violation of requirements of law and other legal acts. In case of liquidation of the Bureau, the property thereof shall be assigned to the Guarantee fund and, in case it is impossible, it shall be transferred to the state budget.

9. The activities of the Bureau shall be regulated by the Law, other laws, regulatory legal acts of the Central Bank, the rules of the Bureau and other legal acts.

10. The full name of the Bureau shall be as follows:

«Հայաստանի ավտոապահովագրողների բյուրո» իրավաբանական անձանց միություն — in Armenian

“Armenian Motor Insurers’ Bureau” union of legal entities — in English

союз юридических лиц “Бюро автостраховщиков Армении” — in Russian

11. The short name of the Bureau shall be as follows:

«Հայաստանի ավտոապահովագրողների բյուրո» ԻԱՄ — in Armenian

“Armenian Motor Insurers’ Bureau” ULE — in English

СЮЛ “Бюро автостраховщиков Армении” — in Russian

12. The legal address of the Bureau shall be: Area 2, 22 Hanrapetutyán str., 0010, Yerevan, Republic of Armenia.

13. The Bureau shall have stamps, letterheads containing its name and a round seal which contains the Bureau’s name in Armenian, Russian and English. The Bureau may have other means of identification.

CHAPTER 2

GOALS AND FUNCTIONS OF THE BUREAU

14. The goal of activities of the Bureau shall be the protection of interests of injured persons and ensuring the stability and development of the CILUMV system. The Bureau shall contribute to the effectiveness of activities of its member insurance companies within the scope of the CILUMV, regulate and supervise the activities thereof within the scope of the CILUMV, develop rules of professional conduct within the scope of CILUMV for member insurance companies thereof.

15. The Bureau shall:

(1) supervise the activities of its member insurance companies as prescribed by this Statute to bring them into compliance with the requirements of the Law and the rules of the Bureau;

(2) adopt rules, decisions and orders within the scope of the CILUMV to ensure proper conditions for activities of its member insurance companies to ensure the application of professional rules, protection of interests of the injured persons, the

assured, and to assist the development of the CILUMV system. Moreover, the rules of the Bureau (supplements, amendments thereto and the termination thereof) containing provisions to be included in the CILUMV contract must prescribe that the relevant provisions shall enter into force as prescribed by the Law after 10 days following the publication thereof on the official website of the Bureau or within a later date;

(3) cooperate with automobile insurance bureaux, guarantee funds and other bodies carrying out compensation, information systems (centres), insurance companies of other states;

(4) cooperate with state bodies to attain the goals thereof;

(5) participate in measures aimed at prevention of traffic accidents and frauds (defalcation) within the scope of the CILUMV;

(6) provide information support to the public within the scope of the CILUMV, conduct general educational events;

(7) fulfil other functions prescribed by law, regulatory legal acts of the Central Bank and rules of the Bureau, and — with respect to the issues prescribed by part 6 of Article 5 of the Law — also by the regulatory legal acts of the Government of the Republic of Armenia.

16. To attain the goals prescribed by point **14** of this Statute an Information system shall be established and maintained within the Bureau, the management of the Guarantee fund and arrangement of payment of insurance compensations at the expense thereof shall be carried out pursuant to the Law, regulatory legal acts adopted based thereon, as well as the rules of the Bureau.

17. The Bureau may arrange public discussions on fulfilment of functions reserved thereto.

CHAPTER 3

BUREAU MEMBERS, BECOMING A MEMBER OF THE BUREAU AND TERMINATION OF MEMBERSHIP

18. The insurance companies functioning within the territory of the Republic of Armenia, which have become members of the Bureau in accordance with this Statute and the membership whereof of the Bureau has not been terminated in accordance with this Statute, as well as the Central Bank — in the case provided for by the Law — shall be the Bureau members.

19. The insurance companies, which — in accordance to legislation of the Republic of Armenia — have the right to carry out insurance within the territory of the Republic of Armenia pursuant to the class provided for by point 10 of part 2 of Article 7 of the Law of the Republic of Armenia “On insurance and insurance activities”, have at least one branch or agent permanently functioning in each marz of the Republic of Armenia, have concluded the contracts provided for by Annex 1 of this Statute (hereinafter referred to as the “Contract”) and comply with the requirements prescribed by law and other legal acts, may become a member of the Bureau.

20. To become a member of the Bureau an insurance company shall submit the following documents:

- (1) an application for becoming a member of the Bureau;
- (2) the decision of the competent management body of the insurance company on becoming a the member of the Bureau;
- (3) a copy of the license certifying the right to carry out insurance by the insurance company pursuant to the class provided for by point 10 of part 2 of Article 7 of the Law of the Republic of Armenia “On insurance and insurance activities”;
- (4) the list of the branches and/or agents of the insurance company (the branches thereof) operating in each marz of the Republic of Armenia and the copies of the

decision of the Chairperson of the Central Bank on registration (record-registration) thereof at the Central Bank or the copies of the certificates of registration (record-registration) thereof;

(5) the application for joining the Contract without any reservation, whereby the insurance company accepts the terms of the Contract in full as originating relevant rights and responsibilities therefor and whereby the Contract shall enter into force therefor upon becoming a member of the Bureau.

20.1. The Bureau, may — within a period of three working days upon receiving the application provided for by point **20** of this Charter — request from the insurance company additional information and documents that are necessary for the assessment of compliance of the latter with the requirements of point **19** of this Charter.

21. The General Meeting of the Bureau members shall be convened — within a period of 15 working days upon receiving by the Bureau of all the documents provided for by points **20** and **20.1** of this Charter — to resolve the issue of membership of the insurance company.

22. Pursuant to point **21** of this Statute the General Meeting of the Bureau members convened shall adopt a decision on granting membership or refusing to grant membership of the Bureau. The decision on refusing to grant membership of the Bureau should be substantiated. The Council of the Bureau shall send the decision provided for by this point to the applicant insurance company within a period of three working days (a copy — to the Central Bank).

23. The General Meeting of the Bureau members shall have the right to reject the application of the insurance company for becoming a member of the Bureau, where:

(1) any document provided for by point **20** of this Statute has not been submitted or false documents have been submitted;

(2) the insurance company does not comply with the requirements provided for by point **19** of this Statute.

24. The membership of the Bureau of a member insurance company of the Bureau shall terminate upon entry into force of the decision of the Board of the Central Bank on invalidating the license on insurance activities thereof (including only with respect to the class provided for by point 10 of part 2 of Article 7 of the Law of the Republic of Armenia “On insurance and insurance activities”), upon withdrawal from the Contract, as well as upon its application. The Council of the Bureau shall send a copy of the application of the company on withdrawal from membership of the Bureau to the Central Bank within a period of three working days upon receiving it.

25. Except for cases provided for by point **24** of this Statute membership of the Bureau of a member insurance company of the Bureau may be terminated also by the decision of the General Meeting of Bureau members on deprivation of the membership of the Bureau — in cases provided for by point **69** of this Statute — based on the decision on imposing a disciplinary sanction of deprivation of membership of the Bureau upon the given member of the Bureau by the Council of the Bureau.

26. The decision of the General Meeting of the Bureau members on deprivation of an insurance company of membership of the Bureau should be substantiated. The Council of the Bureau shall send the decision provided for by this point to the insurance company having deprived of membership of the Bureau within a period of three working days (a copy — to the Central Bank).

27. Where the membership of the Bureau of the insurance company terminates, but there is at least one valid CILUMV contract, which has been concluded by the given insurance company, the insurance company shall continue to bear the responsibilities — during the entire term of validity of those contracts — prescribed for Bureau members by this Statute, the Law and other legal acts with the exception of cases, where the insurance company is no longer a party under that contract, or where the insurance company has been declared insolvent (bankrupt) as prescribed by law.

CHAPTER 4

RIGHTS AND RESPONSIBILITIES OF THE BUREAU MEMBERS

28. A Bureau member shall have — as prescribed by this Statute and the rules of the Bureau — the right to:

- (1) participate in the works of the sittings of the General Meeting and the Council of the Bureau, present its position concerning each issue under consideration;
- (2) participate in the consideration of issues relating to the activities of the Bureau and make proposals and inquiries to the General Meeting and the Council of the Bureau;
- (3) receive information on the activities of the Bureau;
- (4) make use of the services provided by the Bureau, analytical, information and other materials in the manner and under terms prescribed by the Bureau;
- (5) withdraw from the membership of the Bureau at any moment;
- (6) exercise other rights provided for by this Statute or the rules of the Bureau.

29. A member of the Bureau shall be obliged to:

- (1) pay the lump-sum and regular membership fees, the entry fee for joining the Contract, as well as the additional funds necessary for ensuring the normal functioning of the Bureau in the manner, amount and time limits prescribed by this Statute and the General Meeting of the Bureau members;
- (2) pay the lump-sum, regular and additional fees provided for by the Law to the Guarantee fund in the manner, amount and within time limits provided for by the Law;
- (3) meet the training, educational and professional requirements prescribed by the Bureau;
- (4) comply with the restrictions prescribed by the Bureau concerning the expenditures or individual types thereof made within the scope of CILUMV;

- (5) use the forms of the CILUMV contract provided by the Bureau with care, taking sufficient measures to prevent their loss, illegal taking, damage and destruction;
- (6) assist the Bureau in the implementation of its statutory objectives;
- (6.1) use — without fail — the mandatory part of the “Vehicle Single Window” (“VSW”) service provided for by the Contract in the process of concluding CILUMV contracts and regulating the compensations for the CILUMV accidents;
- (6.2) pay the fee — for the provision of the “Vehicle Single Window” (“VSW”) service provided for by the Contract — set by the person providing the service, in the manner and under terms prescribed by the General Meeting of the Bureau members;
- (7) perform other responsibilities prescribed by this Statute, law, as well as by the General Meeting of the Bureau members, the Council of the Bureau.

CHAPTER 5

MEMBERSHIP FEES OF THE BUREAU

- 30. The member insurance companies of the Bureau shall pay lump-sum and regular membership fees to the Bureau.
- 31. The lump-sum membership fee shall be paid to the Bureau within a period of five working days following the day of becoming a member of the Bureau.
- 32. Regular membership fees shall be paid each quarter within a period of five working days following the last day of the given quarter; moreover, the regular membership fee shall be made in full also for the quarter during which the insurance company became a Bureau member.
- 33. The amounts of the lump-sum and regular membership fees shall be set by the General Meeting of the Bureau members.

34. Where a member insurance company of the Bureau fails to pay the membership fee in the amount, manner and within time limits prescribed by this Statute and the General Meeting of the Bureau members, it shall pay a default interest in the amount prescribed by the General Meeting of the Bureau members.

35. Where a member insurance company of the Bureau has been declared insolvent, regular membership fees shall not be paid upon entry into force of the relevant decision of the Board of the Central Bank until the quarter of passing to the normal functioning thereof.

CHAPTER 6

SUPERVISION OVER AND LIABILITY OF BUREAU MEMBERS

36. The Bureau shall supervise the activities of its member insurance companies as prescribed by this Statute to bring them into compliance with the requirements of the Law and the rules of the Bureau. Member insurance companies of the Bureau, shall assist and support the Bureau in proper exercise of the supervisory powers — provided for by this point — by the latter, including through submission of relevant documents and information at the request of the Bureau.

37. Aimed at carrying out the supervision provided for by point **36** of this Charter a supervisory service (below referred to as the “service”) led by the head of the service shall operate within the Bureau, the objectives, functions, competences, structure, the procedure of formation, remuneration, termination of powers thereof, the requirements for the supervisory service and the procedure for the functioning of the service (including the direction of supervision carried out thereby) shall be prescribed by the rules approved by the Council of the Bureau in compliance with the provisions prescribed by this Charter. Moreover, the rules provided for by this point prescribe that no person affiliated with any member insurance company of the Bureau may be the head or an employee of the service.

37.1. The Council of the Bureau shall appoint the head of the service, terminate the powers thereof and apply incentives and disciplinary liability with respect thereto upon the recommendation of the executive director of the Bureau. In the absence of the head of the service the powers thereof shall be exercised by the executive director of the Bureau or — upon assignment of the latter — by one of the employees of the service. Employees of the service shall be hired, dismissed and incentives, disciplinary liability with respect thereto shall be applied by the executive director of the Bureau upon the recommendation of the head of the service.

38. The Bureau may carry out supervision over its member insurance companies through monitoring, on-site and auditing examinations, as well as through test purchases. While applying a method of supervision provided for by this point the Bureau shall — upon necessity — carry on correspondence with the representatives of the insurance companies, communicate with them through other means of communication, hold meetings, discussions at the premises of the Bureau or the insurance company, carry out individual explanatory works, give assignments or makes proposals, send circular letters addressed to all insurance companies, as well as carry out other necessary actions provided for by this Statute, other rules of the Bureau or decided by the executive director of the Bureau or the Head of the Service.

39. The monitoring shall be conducted through ongoing examination of the activities of member insurance companies of the Bureau carried out within the scope of the CILUMV, collecting, including through using the data reflected in the Information system, processing and analysing the information.

40. Desk audits shall be conducted through receiving — from member insurance companies of the Bureau — the reports or other documents or information prescribed by the General Meeting of the Bureau members. While conducting a desk audit the service shall have the right to request from member insurance companies of the Bureau — in writing — any statement of information, explanation or any other similar document concerning the information included in the reports submitted thereby specifying the time limit for submission thereof.

41. Test purchases shall be carried out by coming into contact with the insurance company as an assured, insured person or an injured under the CILUMV.

42. On-site audits shall be conducted at the premises of the person being audited by studying, analysing and assessing the internal legal acts, internal and external correspondence, contracts (acts, protocols, etc.) concerning the CILUMV; the computers, servers, electronic or paper media or other documents and information containing records, relevant excerpts from internal audit reports; information obtained at the premises of the person being audited from the management, other employees or consumers of the thereof, as well as the premises of the person being audited, the technical equipment, security and software thereof.

43. *(repealed by Decision of the General Meeting of members of “Armenian Motor Insurers’ Bureau” ULE No 5-L of 11 August 2014)*

44. *(repealed by Decision of the General Meeting of members of “Armenian Motor Insurers’ Bureau” ULE No 5-L of 11 August 2014)*

45. *(repealed by Decision of the General Meeting of members of “Armenian Motor Insurers’ Bureau” ULE No 5-L of 11 August 2014)*

46. The on-site audit shall be conducted by the decision of the Council or the executive director of the Bureau — on its own initiative or upon a reasonable request of the head of the service or a Bureau member. Moreover, where the audit is conducted upon the request of a Bureau member, the given Bureau member may incur the expenses for conducting the audit. The rules of the Bureau may provide for conducting regular audits — upon assignment of the head of the service — as per the schedule preliminarily approved within the framework of the work plan of the service approved by the Council of the Bureau.

47. Existence of reasonable doubts concerning violations of the Law, the decisions of the Central Bank, the rules of the Bureau or the decisions of the management bodies of the Bureau by the given member insurance company of the Bureau — including

application-complaints addressed to the Bureau — may serve as a ground for an on-site audit or a test purchase; and the fact of being specified in the relevant schedule — for conducting regular audits. Anonymous application-complaints (application-complaints whereby it is impossible to identify the author thereof), as well as the application-complaints wherein the particular circumstances of a fact are not specified, may not serve as a ground for an on-site audit or a test purchase.

48. Before an on-site audit the Council or the executive director of the Bureau shall take a decision (in case a regular audit is conducted, the head of the service shall sign an assignment) wherein the following shall be specified:

- (1) the name of the insurance company being audited;
- (2) the audit directions, purpose, grounds and sample size being applied for each direction of the audit;
- (3) the beginning and end of the audit.

48.1. The composition of the group conducting an on-site audit shall be established by the assignment (decision) of the head of the service.

49. An on-site audit shall be conducted according to the directions and the sample established by the decision provided for by point **46** of this Statute. In case of a regular audit a comprehensive audit of activities of member insurance companies of the Bureau carried out within the scope of the CILUMV shall be conducted.

50. Employees of the service and — upon necessity — also other specialists not deemed to be employees of the Service shall be included in the composition of the group conducting the audit. Persons not included in the composition of the group conducting the audit may participate in the audit only where an amendment is made to the assignment (decision) serving as a ground for the audit.

51. A time period of no more than 14 working days may be set for a comprehensive audit and a time period of no more than five working days — for an ad-hoc audit.

Time periods for the audit provided for by this point may be extended by no more than 14 working days — during a comprehensive audit and by no more than five working days — during an ad-hoc audit, and — in exceptional cases — by another 10 working days by the decision of the Council of the Bureau.

51.1. Where a necessity to clarify particular data or a circumstance making it impossible to conduct the audit emerges, the audit process shall be suspended until the elimination of the ground for the suspension thereof.

51.2. Time periods for an on-site audit shall be extended or the audit process shall be suspended, as well as the audit directions shall be changed during the audit by the decision of the body having adopted the decision on the audit, and where conducting a regular audit — by the decision of the Council of the Bureau. In urgent cases the time periods for the audit being conducted by the decision of the Council of the Bureau may be extended or the audit process may be suspended or the audit directions may be changed during the audit also by the decision of the executive director of the Bureau. Such a decision may be terminated by the decision of the Council of the Bureau on the ground of not being substantiated. Where time periods for the audit are extended, the audit process is suspended, as well as the audit directions are changed, the group conducting the audit shall inform the head of the executive body of the company being audited or the person substituting him or her about it by submitting the relevant decision thereto.

52. While conducting the audit the group conducting the audit shall have the right to:

- (1) freely enter the relevant area when accompanied by a representative of the company being audited;
- (2) request documents, data and other information, explanations, statements of information that are directly related to the purposes of audit conducted within the scope of the competence thereof;

(3) take copies of documents that are directly related to the purposes of the audit. In case the documents directly related to the purposes of the audit are temporarily taken, a protocol thereon shall be drawn up, wherein the time limit for returning those documents shall be specified, and one copy whereof shall be handed over to the head of the company being audited or a person substituting him or her. The head of the group conducting the audit shall bear liability for maintaining the completeness of temporarily taken documents in terms of their quantity and quality and for returning them within the time limit prescribed;

(4) make other requests to the management or the employees of the company being audited within the scope of the competence thereof, if those requests stem from the necessity and purposes of the audit;

(5) contact the contracting parties of the company being audited or with other third persons proceeding from the purposes of the audit;

(6) assign the company being audited to post an announcement during the whole period of the audit — in plain view near the entrance of the building being audited — containing information on conducting the audit, the place of location of the group conducting the audit, as well as information stating that clients can meet the members of the audit group and present their complaints, discontent, observations and recommendations with respect to the company.

53. While exercising its powers the group conducting the audit shall be obliged to:

(1) comply with the requirements prescribed by law and other legal acts;

(2) preserve the rights of the company being audited;

(3) handle the property of the company being audited with care and use the technical means thereof only conditioned by the need for the audit;

(4) not hinder the normal functioning of the company being audited;

- (5) familiarise the officials of the company being audited with the rights and responsibilities thereof;
- (6) respond to any written audit-related query of the executive of the person being audited or a person substituting him or her;
- (7) maintain the confidentiality of documents or information deemed to be insurance or other secret, which were obtained during the audit.

54. The persons being audited shall have the right to:

- (1) prohibit the audit (provision of documents to the group conducting the audit) on the same day notifying the service about it in writing, if the members of the group conducting the audit have violated the requirements of law or other legal act while conducting the audit. The audit may be resumed in the case provided for by this subpoint only by the decision of the head of the service, if — in the reasonable opinion of the head of the service — the audit group has not violated the requirements of law or other legal act during the audit or those violations have been eliminated. The abuse of the right provided for by this subpoint by the person being audited shall be considered as obstruction to the audit;
- (2) become familiar with the audit protocol and report;
- (3) submit explanations, clarifications, appeal against the actions of the group conducting the audit;
- (4) involve into the audit — at any stage thereof — specialists, experts, auditors, advocates with a view to protect the interests thereof.

55. The company being audited shall be obliged to:

- (1) not hinder the audit process, fulfil the lawful demands of the members of the group conducting the audit;
- (2) provide the required documents, data and other information, as well as submit written and verbal explanations and clarifications with regard to them;

- (3) create the necessary conditions for the activities of the group conducting the audit;
- (4) provide the complaints and recommendations received from its contracting parties to the group conducting the audit;
- (5) arrange a meeting for the group conducting the audit or any of its members with its contracting parties at the request of the group conducting the audit;
- (6) eliminate the violations specified in the protocol drawn up as a result of the audit within the time limit prescribed notifying the service about it in writing.

56. The results of the supervision provided for by point **38** of this Statute shall be summarised by drawing up relevant protocols and/or reports or a letter addressed to the relevant member insurance company of the Bureau. Member insurance companies of the Bureau shall have the right to become familiar — in the manner prescribed by the Council of the Bureau — with the document provided for by this point drawn up as a result of the supervision carried out — and submit their objections to and explanations concerning it.

57. *(repealed by Decision of the General Meeting of members of “Armenian Motor Insurers’ Bureau” ULE No 4-L of 27 December 2010)*

58. *(repealed by Decision of the General Meeting of members of “Armenian Motor Insurers’ Bureau” ULE No 4-L of 27 December 2010)*

59. *(repealed by Decision of the General Meeting of members of “Armenian Motor Insurers’ Bureau” ULE No 4-L of 27 December 2010)*

60. The head of the service shall submit an application to the executive director of the Bureau — within the time limit prescribed by the Council of the Bureau — for all the violations detected as a result of the supervision provided for by point **38** of this Statute, which imply disciplinary sanctions requesting to bring the issue of applying liability on the relevant insurance company to the Central Bank by a written motion or

include it in the agenda of the Disciplinary Commission. The copies of the protocol or report or the letter drawn up in accordance with this Statute, as well as the copies of the objections to and/or explanations concerning them submitted by the relevant insurance company shall be attached to the application provided for by this point.

61. Each member insurance company of the Bureau shall be obliged to immediately report to the executive director of the Bureau in case he or she is informed about a violation of the Law, the regulatory legal acts adopted in accordance with it, or the rules of the Bureau by another member insurance company — if possible — attaching the documents attesting the fact of the violation to the notification.

61.1. Upon receiving the application (notification) provided for by point **60** or **61** of this Statute the executive director of the Bureau shall convene a sitting of the Disciplinary Commission — within a period of 15 working days — providing the hard copies of documents (a report, a protocol, objections and observation of the insurance companies, etc.) serving as a basis for applying a liability on the insurance company to other members of the Commission — within a period of at least three working days before convening the sitting — and, where such documents are voluminous, affording them an opportunity to become familiar with them at the premises of the Bureau, or shall submit the information on the violations detected in writing to the Central Bank — within a period of five working days — attaching the copies of documents provided for by this point to the notification.

61.2. The Disciplinary Commission is a collegial consultative body operating adjunct to the Council of the Bureau based on the decision whereof the Council of the Bureau shall apply the liability provided for by this Statute on insurance companies. The Disciplinary Commission shall operate based on this Statute and its work regulation, which prescribes the procedure for and the amount of remuneration of the members of the Disciplinary Commission for performing their responsibilities. The work regulation of the Disciplinary Commission shall be approved by the Council of the Bureau.

61.3. The Disciplinary Commission shall be comprised of a chairperson and two members. The executive director of the Bureau shall ex officio be the chairperson of the Commission. The Commission members shall be appointed by the Council of the Bureau for a term of five years with the exception of one of the members of the Disciplinary Commission of the first composition, who shall be appointed for a term of three years, as well as the member appointed in place of a Commission member the powers whereof have been early terminated, who shall be appointed for the remaining term of office of the relevant member, and where that term is less than one year — for a term of five years in addition to the remaining term of office. A Commission member may be re-appointed to the same office.

61.4. A member of the Disciplinary Commission must have higher education (at least one of the members must have specialisation in law), at least three years of work experience in the financial sector in the recent five years and high reputation, as well as be capable of ensuring the proper exercise of powers of the Disciplinary Commission.

61.5. A person may not be a member of the Disciplinary Commission, if:

- (1) he or she is affiliated with any insurance company or is an employee thereof;
- (2) he or she or a person affiliated therewith has been an employee of an insurance company within a period of the last one year;
- (3) restrictions prescribed by point **166** of this Statute are available with respect to him or her;
- (4) he or she holds another position in the Bureau.

61.6. While performing the responsibilities thereof, the members of the Disciplinary Commission shall be obliged to act proceeding from as effective implementation of objectives of the Bureau as possible, exercise the rights thereof and perform the responsibilities thereof in good faith and in a reasonable manner (fiduciary duty). The members of the Disciplinary Commission shall be prohibited (including after dismissal

from the office) to disclose any information constituting insurance, commercial or any other secret protected by law, which is got known thereto in the course of performing the responsibilities thereof, including providing them to third persons — with the exception of the cases provided for by law — as well as use this information for their own benefit or for the benefit of third persons or to afford the third persons — directly or indirectly — an opportunity of such use. The members of Disciplinary Commission shall sign a document attesting the fact of being informed of this obligation.

61.7. The powers of the member of the Disciplinary Commission shall be terminated upon the application, due to the death thereof, as well as by the decision of the Council of the Bureau, if he or she:

- (1) no longer meets even one of the requirements (restrictions) for the members of the Commission envisaged by point **61.4** or **61.5** of this Statute by virtue of circumstances having emerged during the term of office thereof;
- (2) has been absent from at least 1/4 of the sittings of the Disciplinary Commission without a valid reason or from at least half of the sittings altogether (including absences with or without valid reasons) during a year.

61.8. Apart from the chairperson and the members, the head of the service or an employee thereof or the head or a member of the group having conducted the audit (test purchase), the representatives of the Central Bank, as well as a representative of the insurance company may also participate in sittings of the Disciplinary Commission with regard to the consideration — at the Disciplinary Commission — of the issue of applying a disciplinary sanction on the company concerned. The persons provided for by this point shall be notified of the time period and the venue of the sitting of the Disciplinary Commission at least three working days before convening the sitting, and their failure to appear shall not be a ground for not considering the issue at the sitting of the Commission or for not taking a decision. Other employees of the Bureau may

also participate in the sitting upon the permission of the chairperson of the Disciplinary Commission.

61.9. The participants of the sitting of the Disciplinary Commission shall have the right to give explanations, make objections, motions.

61.10. When adopting decisions the Disciplinary Commission shall be guided by the requirements prescribed by this Charter for adopting decisions by the Council of the Bureau.

61.11. Within the framework of each disciplinary proceeding the Disciplinary Commission shall be obliged to adopt a decision on the merits of the case within a one-month period upon receiving the application (notification) provided for by point **60** or **61** of this Statute by the executive director of the Bureau, and in exceptional cases — proceeding from the need to clarify particular issues — within a two-month period. The decisions of the Disciplinary Commission shall be adopted by the majority of the votes of members of the Commission participating in the sitting. In case of tie votes, the chairperson of the Commission shall have the right of casting vote and shall vote the last. The Disciplinary Commission shall make a decision on applying or not applying a disciplinary sanction on an insurance company. The decisions of the Disciplinary Commission shall be in a documentary form and be substantiated. The particular type and the amount of the disciplinary sanction being applied shall be clearly specified in the decision on applying a disciplinary sanction, as well as an assignment given with the sanction or the time limit for deferment of the payment of the sum of the penalty or a possibility and the procedure for payment by instalments may also be specified. Minutes of the sittings of the Disciplinary Commission shall be taken.

61.12. Where the Disciplinary Commission adopts a decision on not applying a disciplinary sanction on an insurance company, the disciplinary proceedings in respect of the given violation shall be terminated and shall not be considered at the sitting of the Council of the Bureau except for the cases provided for by point **61.14** of this Statute.

61.13. Where the Disciplinary Commission adopts a decision on applying a disciplinary sanction on an insurance company, the relevant decision shall be included in the agenda of the forthcoming sitting of the Council of the Bureau and shall be adopted by the latter unanimously — without consideration and actual voting — except for the cases provided for by point **61.14** of this Statute.

61.14. The Council of the Bureau may review the decision of the Disciplinary Commission (members of the Disciplinary Commission, the head of the service, as well as the representatives of the relevant insurance company shall be invited to such a sitting), where:

- (1) circumstances excluding the impartiality of any member of the Disciplinary Commission have been detected, which has impacted the final decision;
- (2) such a request has been made by the Central Bank as prescribed by law.

62. The Council of the Bureau may apply the following disciplinary sanctions on a member insurance company of the Bureau:

- (1) a warning;
- (2) a penalty;
- (3) deprivation of the Bureau membership.

63. The warning, as a disciplinary sanction, may be applied for any violation of the rules or decisions of the Bureau.

64. The warning should state the committed violation and inform the person having committed the violation about inadmissibility of the violation.

65. The penalty may be applied as a disciplinary sanction where a member insurance company of the Bureau has violated a requirement of the same nature prescribed by the rules or decisions of the Bureau two or more times during a year, or those violations and/or the causes of the violations have not been eliminated or cannot be eliminated as a result of undertaking supervisory measures (such as a meeting,

correspondence, explanatory works) and/or giving a warning aimed at remedying the situation created therein, or the violation committed thereby has directly or indirectly caused damages to the Bureau. For certain violations a penalty may be immediately applied by the Council of the Bureau.

66. The maximum amount of the penalty shall be prescribed by the decision of the General Meeting of the Bureau members. The amount of the penalty applied for the violations — which have directly or indirectly caused damage to the Bureau — may not be less than the size of the damage caused to the Bureau. Under the limits of the maximum amount of the penalty the Council of the Bureau may prescribe the maximum and minimum amounts of the penalty subject to application for each violation of the rules and decisions of the Bureau.

67. While determining the amount of the penalty the Council of the Bureau shall take into account:

- (1) the nature of the violation (existence of intent, indifference or negligence);
- (2) the existence of damage caused to other persons by the violation and the size thereof;
- (3) the extent of unjust enrichment in view of the compensations given to other persons;
- (4) the fact of committing the same or another violation by the same company in the past and being subjected to a disciplinary sanction for that, as well as the nature and amount of the previous disciplinary sanction;
- (5) other circumstances considered as essential by the Council of the Bureau.

68. The sums of the penalty shall be subject to payment by the insurance company in full by submitting the document attesting the payment to the Bureau — within a period of 10 working days — upon receiving the relevant decision of the Council of the Bureau, unless deferment of payment of the penalty or payment by instalments is

prescribed by the decision. The sums of the penalty levied as a disciplinary sanction shall be allocated towards replenishment of the Guarantee fund.

69. The disciplinary sanction of deprivation of the Bureau membership shall be applied where a member insurance company of the Bureau:

(1) has failed to pay — three or more times during a year — the membership fees provided for by this Statute, the additional funds prescribed by the General Meeting of the Bureau members aimed at ensuring the normal functioning of the Bureau and/or regular or additional payments prescribed by the Law made to the Guarantee fund in the amount and/or time limits prescribed;

(1.1) has failed to pay the lump-sum membership fee, the entry fee for joining the Contract and/or the lump-sum fee paid to the Guarantee fund within the time limit prescribed;

(2) has had three or more absences — without a valid reason — from the sittings of the General Meeting of the Bureau members during a year;

(3) has regularly (three or more times during a year) or grossly violated the rules and decisions of the Bureau;

(4) has failed to meet the requirements provided for by point **19** of this Charter — one month on end or three or more times during a year — except for the requirement to have a license pursuant to the class provided by point 10 of part 2 of Article 7 of the Law of the Republic of Armenia “On insurance and insurance activities”.

69.1. The Council of the Bureau may give an assignment (assignments) — along with the application of disciplinary liability — of undertaking measures aimed at eliminating the committed violation within the time limit prescribed by the Bureau and/or not committing such a violation again in the future and/or of excluding such a violation in the future, the execution of whereof shall be binding for the person having been subjected to disciplinary liability.

69.2. The concluding part of the decision of the Council of the Bureau on applying a disciplinary sanction on a member insurance company of the Bureau (wherein the nature of the violation committed and the type and the amount of the disciplinary liability imposed is reflected) shall be subject to publication on the official website of the Bureau within a period of one month upon adoption of the decision, where within that period of time the Bureau has not been notified that the statement of claim against the decision concerned — filed by the company having been subjected to the penalty — is accepted for proceedings by the court.

CHAPTER 7

MANAGEMENT BODIES OF THE BUREAU

70. The management bodies of the Bureau shall be:

- (1) the General Meeting of the Bureau members (below referred to as the “Meeting”);
- (2) the Council of the Bureau (below referred to as the “Council”);
- (3) the executive director of the Bureau (below referred to as the “executive director”).

71. While performing activities and adopting decisions thereof the management bodies of the Bureau shall be governed by requirements prescribed by laws and other legal acts — based on the principle of record of lawful interests of the injured (other beneficiaries), the assured, the insured persons and the insurance companies, as well as other persons concerned, and on the principle of non-discriminative attitude towards them. The management bodies of the Bureau (the members thereof) and other officials shall bear responsibility — as prescribed by legislation for the damage caused to the Bureau as a result of actions (omission) thereof.

71.1. The relations pertaining to the adoption by the Bureau of legal acts aimed at ensuring the normal functioning thereof shall be regulated by the rules “On legal acts” that are deemed to be the Annex to this Statute.

72. In cases provided for by law, where — by the decision of the Board of the Central Bank — the activities of management bodies of the Bureau are suspended, the functions of the management bodies of the Bureau necessary to ensure the normal functioning of the CILUMV system shall be carried out by the Central Bank.

CHAPTER 8

THE MEETING

73. The highest management body of the Bureau shall be the Meeting.

74. The following shall fall within the competence of the Meeting:

- (1) making amendments and supplements to this Statute;
- (2) making amendments and supplements to the rules of the Guarantee fund;
- (3) pursuant to Article 34 of the Law election of the Council members being elected by the Meeting, the early termination of powers thereof, as well as defining the amount of and the procedure for compensation made to the Council members for participating in Council sittings;
- (4) approving the person conducting annual independent audit of the Bureau upon the recommendation of the Bureau;
- (5) granting Bureau membership and depriving of Bureau membership;
- (6) approving the financial statements on activities of the Bureau, as well as the audit opinion;
- (7) approving the annual cost estimate of operational, administrative and capital investment expenditures of the Bureau, and the performance thereof;
- (8) adopting a decision on charging additional funds from member insurance companies of the Bureau aimed at ensuring the normal functioning of the Bureau;

- (9) prescribing the types of transactions concluded by the Bureau the decision on adopting of which shall be taken by the Meeting, as well as the taking of decisions on concluding such transactions;
- (10) adopting a decision on transferring funds to the Guarantee fund in the case provided for by part 6 of Article 43 of the Law;
- (11) defining those financial instruments with high reliability of additional repayment and submitting them for the approval of the Board of the Central Bank, in which the funds of the Guarantee fund may be invested;
- (12) approving the procedure for conducting the Meeting;
- (13) determining the method of communicating by the Bureau of information and materials relating to the Meeting to the Bureau members;
- (14) establishing unions with the Bureaus of other states or involvement in those unions;
- (15) other powers provided for by the Law, as well as by this Statute.

75. The powers provided for by part **74** of this Article shall be the exclusive powers of the Meeting and may not be delegated to other management bodies of the Bureau or to other persons with the exception of cases provided for by law.

76. The Meeting shall carry out the management of the Bureau through convening annual or extraordinary meetings.

77. The annual meeting shall be convened within a period of six months after the end of each financial year. The first annual meeting shall be convened within a period of 10 days following the third insurance company becoming a member of the Bureau based on part 6 Article 29 of the Law, but no early than on the 15th day following the publication of the relevant announcement on registration of the Bureau by the Central Bank as prescribed by part 5 of Article 29 of the Law and the notification of all insurance companies operating in the territory of the Republic of Armenia. Before

convening the first annual meeting provided for by this point the powers of the Meeting shall be exercised by the Board of the Central Bank.

78. Each Bureau member shall be entitled to submit up to three proposals on the agenda of the annual meeting within a period of 30 days after the end of the financial year. Proposals on the agenda of the first annual meeting may be submitted before the second working day preceding the day of convening the meeting.

79. Proposals on the agenda of the annual meeting shall be submitted in writing — signed by the head of the executive body of the Bureau member having submitted the proposal — indicating the grounds for proposing the issue and the name of the Bureau member having submitted the proposal.

80. The Council shall consider the submitted proposals and adopt a decision on including or rejecting the inclusion thereof in the agenda of the annual meeting within a period of 15 working days after the expiry of the time limit prescribed by point **78** of this Statute. The decision on accepting or rejecting the submitted proposals on the agenda of the first annual meeting shall be adopted before the first working day preceding the day of convening the meeting. The decision of the Council on rejecting the inclusion of the proposal in the agenda of the annual meeting must be substantiated. In case of failure to adopt a decision within the time limit prescribed by this point the submitted proposal shall be deemed to be included in the agenda of the annual meeting.

81. The Council may adopt a decision on rejecting the inclusion of the submitted proposals in the agenda of the annual meeting only where:

- (1) the Bureau member having submitted the proposal has violated the time limit prescribed by point **78** of this Statute;
- (2) *(repealed by Decision of the General Meeting of members of “Armenian Motor Insurers’ Bureau” ULE No 4-A of 3 June 2011)*
- (3) the submitted proposal does not fall within the competence of the Meeting;

(4) the proposal does not comply with the requirements of the Law and other legal acts.

82. The decision provided for by point **80** of this Statute shall be forwarded to the Bureau member (members) having submitted the proposal within a period of three working days after adopting the decision, but no later than the first working day preceding the convening of the meeting.

83. The extraordinary meeting shall be convened upon necessity where there is a need to adopt decisions on urgent issues.

84. *(repealed by Decision of the General Meeting of members of “Armenian Motor Insurers’ Bureau” ULE No 4-L of 3 June 2011)*

85. The extraordinary meeting shall be convened by the decision of the Council, on its own initiative, upon the request of the executive director, the internal audit, the person conducting independent audit of the Bureau or a Bureau member.

86. *(repealed by Decision of the Board of the Central Bank of the Republic of Armenia No 2016-A of 19 August 2010)*

87. *(repealed by Decision of the Board of the Central Bank of the Republic of Armenia No 2016-A of 19 August 2010)*

88. In case a request for convening an extraordinary meeting is submitted by the executive director, the internal audit, the person conducting independent audit of the Bureau or a Bureau member, the Council must convene the extraordinary meeting within a period of 45 days upon submission of the request.

89. The request for convening an extraordinary meeting submitted by the executive director, the internal audit, the person conducting independent audit of the Bureau or a Bureau member must contain the statement of the issues proposed for inclusion in the meeting agenda, as well as the rationale for the consideration thereof.

90. The Council shall not be entitled to make amendments to the agenda proposed by the executive director, the internal audit and the person conducting independent

audit of the Bureau or a Bureau member, as well as to change the proposed statement of the issues under consideration, with the exception of the case when the issues on the proposed agenda does not fall within the competence of the Meeting and does not comply with the requirements of other legal acts.

91. Where the request for convening an extraordinary meeting is submitted by a Bureau member, it must contain the name of the member having submitted the request and be signed by the head of his executive body.

92. The decision of the Council on convening an extraordinary meeting or rejecting the convening of an extraordinary meeting shall be adopted within a period of 10 days following the day of submitting the relevant request by the executive director, the internal audit, the person conducting independent audit of the Bureau or a Bureau member. The decision of the Council on rejecting the convening of an extraordinary meeting must be substantiated.

93. The Council may adopt a decision on rejecting the convening of an extraordinary meeting only where:

- (1) the procedure for submitting a request for convening an extraordinary meeting as prescribed by this Statute has been violated;
- (2) none of the issues on the agenda of an extraordinary meeting falls within the competence of the Meeting or complies with the requirements of the Law or other legal acts.

94. The decision provided for by point **92** of this Statute shall be forwarded to the persons having submitted the request within a period of three working days after adopting the decision.

95. Where the Council fails to adopt a decision on convening an extraordinary meeting within the time limit prescribed by point **92** of this Statute or adopts a decision on rejecting the convening thereof, the extraordinary meeting may be convened by persons having submitted the request on convening the meeting. In such

cases, the extraordinary meeting may adopt a decision on reimbursing the expenditures incurred in connection with convening the meeting at the expense of the Bureau funds.

96. During preparation of the meeting the Council and persons convening the meeting — in cases provided for by point **95** of this Statute — shall decide on:

- (1) the year, month, day, time and place of holding the meeting;
- (2) the form of convening the meeting by joint attendance of the Bureau members or by absent voting (through survey). Where the request provided for by point **85** of this Statute specifies the form of convening the meeting, the Council may not define another form of convening the meeting by its decision;
- (3) the meeting agenda;
- (4) the list of materials and information to be provided to the persons entitled to participate in the meeting during the preparation of the meeting;
- (5) the form and the content of ballot papers — where the meeting is to be held by absent voting (through survey), as well as in cases where the voting is to be carried out by means of ballot papers at the meeting held by joint attendance of the Bureau members;
- (6) in case the meeting is held by absent voting (through survey) — also the year, month, day of the deadline for delivering the ballot papers to the Bureau members and the materials and information to be provided to the Bureau members and for accepting by the Bureau of the ballot papers filled in by the Bureau members.

97. Persons entitled to participate in the meeting — with the exception of the Bureau members — shall be notified of convening the meeting by forwarding the relevant written notification thereto by a registered letter, an electronic mail or through facsimile communication or handing it over thereto with a receipt. The Bureau members shall be notified of convening the meeting through the CBANet system

(ballot papers shall be provided) and — in case of its malfunctioning — by forwarding the relevant written notification (ballot papers) thereto by a registered letter or handing it over thereto with a receipt.

98. The notification on convening the meeting shall at least contain:

- (1) the name and place of location of the Bureau;
- (2) the year, month, day, time and place of convening the meeting;
- (2.1) the form of convening the meeting;
- (3) the issues included in the meeting agenda;
- (4) the procedure for becoming familiar with the information and materials relating to the issues to be considered at the meeting;
- (5) the procedure for nominating a candidate for a Council member (in case the issue relating to election of a Council member is included in the meeting agenda).

99. The notification on convening the meeting shall be forwarded to persons entitled to participate in the meeting at least 10 days and — in case the issue relating to election of a Bureau member — 30 days prior to the day of convening the meeting. In case of absent voting the ballot papers, as well as the materials and information to be submitted to the Bureau members during the preparation of the meeting shall be provided to the Bureau members at least three days prior to the deadline prescribed for accepting by the Bureau of the filled in ballot papers. The deadline for accepting the filled in ballot papers shall be deemed to be the working day preceding the date of convening the meeting.

100. *(repealed by Decision of the General Meeting of members of “Armenian Motor Insurers’ Bureau” ULE No 4-L of 3 June 2011)*

101. The following persons shall be entitled to participate in the meeting:

- (1) the Bureau members; Moreover, each Bureau member (members affiliated with each other) shall have only one vote in the Meeting;

- (2) the Council members and the executive director — in an advisory capacity;
- (3) the internal audit of the Bureau — as an observer;
- (4) the person conducting the independent audit of the Bureau (if the opinion thereof is included in the issues on the agenda of the meeting being convened);
- (5) the actuary of the Bureau — as an observer (if the opinion thereof is included in the issues on the agenda of the meeting being convened);
- (6) the representative of the Central Bank (the Central Bank is not a Bureau member);
- (6.1) the insurance company having submitted an application for becoming a member of the Bureau — represented by the head of its executive body or other person duly authorised;
- (7) other persons provided for by law or as authorised by the person chairing the meeting.

102. The Bureau members shall participate in the meeting through the authorised representatives thereof. Several members of the Bureau may authorise the same person to participate in the Meeting; The affiliated persons of the Bureau shall participate in the Meeting through one authorised representative.

103. The representative of the Bureau member may participate in the meeting only upon availability of a power of attorney with the exception of the case, where he or she is the head of the executive body of the Bureau member.

104. The meeting shall be chaired by the chairperson of the Council and, in case of absence of the latter — the eldest member of the Council and, in case of the absence of the latter — the eldest representative of the Bureau members. The sitting of the first annual meeting shall be chaired by the chairperson of the Central Bank.

104.1. The person chairing the meeting shall:

- (1) open, preside over, suspend and close the sitting;
- (2) invite rapporteurs in accordance with the sequence of issues;
- (3) call on for questions addressed to the rapporteur and speeches in accordance with the order;
- (4) arrange the exchange of ideas at the meeting;
- (5) arrange the registration, holding of the voting and publication of the results thereof;
- (6) interrupt the speeches with a view to resume the smooth running of the meeting;
- (7) remove disruptive invitees from the venue of the meeting;
- (8) exercise other powers provided for by this Statute.

104.2. Registration of the participants of the meeting shall be conducted before convening the meeting.

105. The meeting shall be eligible (have quorum) where — upon completion of the registration of the participants of the meeting — more than half of the Bureau members have been registered. Moreover, where the meeting lasts more than one day, the registration of the participants of the meeting shall be conducted for each day.

106. In the absence of a quorum, the year, month, day of a new meeting shall be announced. When convening a new meeting changes in the agenda shall not be allowed. The notification of the persons entitled to participate in the meeting shall be carried out pursuant to the provisions prescribed by points **97-99** of this Statute.

106.1. If there is a quorum, the person chairing the meeting shall announce the meeting open and nominate a candidate for the secretary of the meeting unless the latter has been elected beforehand. As a rule, the secretary of the meeting shall be elected from among the employees of the Bureau.

106.2. After the secretary of the meeting is elected, the person chairing the meeting shall publicise the issues included in the meeting agenda and propose to consider them in the in the order established thereby. In case there are other proposals concerning the order for considering the issues included in the agenda or the procedure for conducting the meeting the relevant issue shall be put to the vote of the meeting.

107. The Meeting shall not be entitled to change the meeting agenda, as well as adopt decisions on issues not included in the agenda.

107.1. Unless there are other proposals concerning the order for considering the issues included in the agenda or the procedure for conducting the meeting or after adopting a decision thereon, the meeting shall proceed to the consideration of issues on the agenda.

107.2. Unless other procedure for conducting the meeting is adopted, the issues on the agenda shall be considered and decisions thereon shall be adopted according to the procedure as follows:

- (1) the rapporteur shall make a speech on the successive issue on the agenda. The representative of the Bureau member having submitted the relevant issue or — upon the motion of the latter — other employee thereof or other person provided for by point **89** of this Statute and — upon necessity — other competent person shall act as a rapporteur. While reporting on the issue of election of the Council members the information on each candidate provided by the Bureau members pursuant to point **79** of this Statute shall be submitted;
- (2) the participants of the meeting shall ask the rapporteur questions relating to the issue on the agenda under consideration;
- (3) the rapporteur shall answer the questions;
- (4) the participants of the meeting shall consider the issue on the agenda, make proposals, objections or comments;

- (5) the person chairing the meeting shall summarise the results of the consideration (with the help of the questions addressed to the rapporteur or the concluding speech) and put the issue to the vote;
- (6) the secretary of the meeting shall explain the voting procedure for the current issue on the agenda to the meeting participants;
- (7) the Bureau members shall vote;
- (8) in case of voting by ballot papers the secretary of the meeting shall count the votes and inform the person chairing the meeting on the results thereof;
- (9) the person chairing the meeting shall announce about adopting or not adopting the relevant decision and about starting the consideration of the next issue on the agenda;
- (10) after taking decisions on all the issues on the agenda the person chairing the meeting shall inform the Bureau members present at the meeting of the procedure for becoming familiar with the content of the minutes of the meeting; afterwards, the meeting shall be announced closed.

108. The Meeting shall be eligible to adopt decisions, where at least more than half of the Bureau members participate therein (in the voting).

109. The decisions of the Meeting may be adopted by absent voting (through survey). The annual meeting, as well as the extraordinary meeting called concerning the issues provided for by subpoints 5, 6 or 7 of point **74** of this Statute may not be held by absent voting (through survey). The decisions of the Meeting may be adopted at a sitting, during which the participants of the meeting may communicate with each other through telephone, telecommunication or other means of communication in the real-time mode. Such sitting shall not be deemed to be a sitting held by absent voting.

110. Absent voting shall be carried out by using ballot papers. Voting may also be carried out by means of ballot papers during the meetings held by joint attendance of

the Bureau members. The ballot papers provided for by this point shall contain the following information:

- (1) the name and place of location of the Bureau;
- (2) the statement of each issue being put to the vote;
- (3) voting options “for”, “against” and “abstain” for each issue put to the vote, with the exception of ballot papers for election of a Council member;
- (4) the year, month, day, time and place of accepting by the Bureau the filled in ballot papers (in case of absent voting);
- (5) an instruction that a ballot paper must be signed by a Bureau member if it is not a closed voting by secret ballot;
- (6) the clarification on the procedure for filling in a ballot paper;
- (7) in case of election of a Council member — also the surname, name, birth date of the candidates, information on educational background and employment (occupation) thereof, as well as the name (names) of the Bureau member (members) having nominated the candidate.

111. The decisions on issues falling within the competence of the Meeting shall be adopted by simple majority of votes of members participating in the meeting. In case of election of Council members the relevant number of candidates having received the maximum number of votes shall be deemed elected. A repeat voting shall be carried out — upon necessity — for candidates having received an equal number of votes.

112. At the meeting the voting shall be carried out on the “one Bureau member (affiliated members) — one vote” principle, with the exception of the cases of simultaneous election of several members of the Council, where — pursuant to this charter — several Bureau members may nominate candidates for the same Council member, during which each Bureau member (affiliated members) shall have a vote equal to the number of the Council members to be elected; moreover, each candidate

may receive only one vote. The Bureau member and members affiliated therewith shall not participate in the voting of the Meeting on the issues relating to the deprivation of the Bureau member concerned of the Bureau membership.

113. In case of voting by means of ballot papers a voter must vote only on one voting option concerning each issue, whereas in the case of election of Council members where several Bureau members may be nominated as candidates for the same Council member, candidates equal in number with the Council members to be elected must be indicated. Ballot papers filled in by a violation of this requirement, as well as ballot papers containing any unnecessary note shall be deemed invalid. Where a ballot paper contains several issues put to the vote, the violation of the requirement of voting on one voting option concerning one or several issues shall not invalidate the ballot paper in full.

114. The results of absent voting shall be summarised and the Bureau members shall be informed about the results of the voting within a period of five working days following the deadline for accepting by the Bureau of the filled in ballot papers as prescribed by point 97 of this Statute.

115. The minutes of the meetings shall be taken. The minutes of the meeting shall be drawn up within a period of five working days after the end of the meeting in at least one copy, which is signed by the chairperson and the secretary of the meeting. The chairperson of the meeting shall bear responsibility for the reliability of information contained in the minutes of the meeting.

116. The following shall be specified in the minutes:

- (1) the year, month, day and place of convening the meeting;
- (2) the number of the Bureau members having participated in the meeting;
- (3) the chairperson and the secretary of the meeting;
- (4) the meeting agenda;

- (5) the summary of the report concerning each issue on the agenda, the main provisions of the questions and answers, as well as the speeches made at the meeting;
- (6) the issues put to the vote and the voting results thereon;
- (7) the decisions adopted by the Meeting.

117. The Bureau members shall be entitled to become familiar with the minutes of the meeting.

CHAPTER 9

THE COUNCIL

118. The Council shall carry out the overall management of the activities of the Bureau with the exception of issues falling within exclusive competence of the Meeting under this Statute.

119. The Council shall have seven members.

120. The Council members shall be elected (appointed) in the following manner:

- (1) three members shall be elected by the Meeting as prescribed by points **121** and **121.1** of this Statute;
- (2) one member shall be appointed and dismissed by the Board of the Central Bank; moreover, in case of taking a decision by the Central Bank on termination of its membership of the Bureau, the competence of appointing the Council member provided for by this subpoint shall be delegated to the Meeting;
- (3) one member shall be appointed and dismissed by the authorized body of public administration in charge of ensuring road traffic safety;
- (4) one member shall be elected by the organisations having state registration of at least three years — protecting the rights of drivers — in the manner and for the term provided for by the Law;

(5) one member shall be elected by the organisations having state registration of at least three years — protecting the rights of consumers — in the manner and for the term provided for by the Law.

121. The Council members being elected by the Meeting shall be elected for a term of three years and hold office until the election of a new Council member based on the results of the meeting convened during the third year following the election, with the exception of the members of the first composition of the Council and the Council members elected in place of the member the powers whereof have been early terminated. The members of the first composition of the Council being elected by the Meeting shall comprise the three candidates having received the majority of votes during the first sitting of the Meeting; one candidate — for a term of one year, one candidate — for a term of two years, one candidate — for a term of three years, in accordance with the number of votes received. A repeat voting shall be carried out for candidates having received an equal number of votes. In case of early termination of powers of a Council member the new Council member shall be elected for the remaining term of office of the relevant member the powers whereof have been early terminated, and where that term is less than one year — for a term of three years in addition to the remaining term of office.

121.1. A candidate for a Council member may be nominated only by the Bureau members (each member — one candidate), which have not had (do not have) any representative within any former composition of the Council (including within the current composition), and — in case of its impossibility — the Bureau member (where there is a need for simultaneous election of several members of the Council — the relevant number of the Bureau members) the term of office of the representative whereof have terminated earlier, and — in case of its impossibility — the Bureau member (members) the term of office of the representative whereof terminates earlier. Proposal (proposals) concerning the candidate (candidates) for membership of the Council shall be submitted to the Bureau at least 10 days before convening the relevant meeting indicating the name, surname of the candidate, information on his or her educational background and work

experience, affiliation with the Bureau members (in case of its absence — a note on absence of affiliation), the name (names) of the Bureau member (members) nominating him or her and the latter's assurance that the nominated candidate (candidates) — due to the professional abilities thereof — is (are) able to ensure the proper execution of powers of the Council prescribed by the Law and other legal acts adopted based thereon, and that the restrictions prescribed by point **123** of this Statute are not available. In case the nominated candidacy does not meet the requirements prescribed by this point (also in case the submitted information is false or untrustworthy) the Council may decide not to present it to the Meeting (not to include it in the list of candidates). The data relating to candidates (the final list of candidates) shall be forwarded to the persons entitled to participate in the Meeting at least three days prior to convening the Meeting in the manner prescribed by point **97** of this Statute.

122. A Council member may be the person, who — due to the professional abilities and high moral character — is able to ensure the proper execution of powers of the Council prescribed by the Law and other legal acts adopted based thereon.

123. A Council member may not be the person, who:

- (1) has been recognized as having no or limited legal capacity by an effective court judgement;
- (2) has been declared bankrupt or has overdue liabilities;
- (3) has been involved in the criminal case as a suspect, accused or defendant or has been convicted for an intentionally committed crime, and the conviction has not been expired (expunged) as prescribed by law;
- (4) has been deprived of a right to hold a position or to carry out activities in the financial sector by an effective court judgement.

124. The Bureau shall maintain a registry of Council members, which is open to inspection of Bureau members and contains the following information on Council members:

- (1) the name, surname and the year, month, day of birth;
- (2) the place of work and/or residence and the telephone number;
- (3) the occupation, profession and educational background;
- (4) the year, month, day of being elected in the composition of the Council and the year, month, day of being deprived of the Council membership (if any);
- (5) the number of cases of being re-elected in the composition of the Council;
- (6) information on other legal entities, wherein the mentioned person holds managerial positions (a chairperson of a Council or a member thereof, a director, a general director or a member of the administration or directorate, etc.);
- (7) other data, if necessary.

125. The Council members may not hold other position in the Bureau.

126. While performing the responsibilities thereof the Council members shall be obliged to act proceeding from the interests of as effective implementation of objectives of the Bureau as possible, exercise the rights thereof and perform responsibilities thereof in good faith and in a reasonable manner (fiduciary responsibility), and shall incur joint and several responsibility for the Bureau for the actual damage caused to the Bureau as a result of the Council decision (omission) in accordance with the legislation of the Republic of Armenia. Moreover, the dismissal of Council members from office shall not discharge them from the liability provided for by this point.

127. Those members of the Council shall be discharged from the liability for the damage caused to the Bureau, who have voted against the adoption of a decision having caused damage to the Bureau or have not been present at the sitting, or have acted in good faith according to convictions thereof, that their actions (not taking the relevant decision) proceed from the interests of the Bureau.

127.1. The Council members shall be prohibited (including after dismissal from the office) to disclose any information constituting insurance, commercial or any other

secret protected by law, which is got known thereto in the course of performing the responsibilities thereof, including providing them to third persons — with the exception of the cases provided for by law — as well as use this information for their own benefit or for the benefit of third persons or to afford the third persons — directly or indirectly — an opportunity of such use. The Council members shall sign a document attesting the fact of being informed of this obligation.

128. The Meeting shall early terminate the powers of the Council member elected thereby upon the application thereof or if the latter:

- (1) no longer meets the requirements (restrictions) for the Council members envisaged by point **122** or **123** of this Statute by virtue of circumstances having emerged during the term of office thereof;
- (2) has been absent from at least 1/4 of Council sittings without a valid reason or at least half of the sittings altogether (including absences with or without valid reasons);
 - (2.1) has rescinded the employment or service contract concluded with the Bureau member having nominated him or her (upon the request of the member concerned);
- (3) has died.

128.1. In case there are grounds provided for by point **128** of this Statute the Meeting may apply to the body having appointed (elected) the relevant Council member filing a motion on early termination of powers of the Council member concerned.

129. The following shall fall within the competence of the Council:

- (1) convening of annual and extraordinary meetings, approving agendas of meetings and settling issues concerning the preparation and convening of meetings falling within the competence of the Council in accordance with Chapter 8 of this Statute, with the exception of cases provided for by point **95** of this Statute;
- (2) preliminarily approving the financial statements on activities of the Bureau, as well as audit opinion and submitting them to the Meeting;

- (3) preliminarily approving the annual cost estimate of operational, administrative and capital investment expenditures of the Bureau, and the performance thereof and submitting them to the Meeting;
- (4) appointing of the executive director, the internal audit, the chief accountant and the chief actuary and terminating the powers thereof, approving the internal regulations thereof;
- (5) defining the amount of and procedure for paying remuneration and reward for work of the executive director, the chief accountant, the internal audit, the person conducting annual independent audit, the chief actuary and the staff of the Bureau, approving the internal work regulation of the Bureau, the regulations of its separated subdivisions, the internal structure of the staff of the Bureau and its staff list, as well as the personnel policy. Moreover, the average amount of the remuneration for work of the executive director, the chief accountant, the internal audit, the person conducting independent audit, the chief actuary and the staff of the Bureau must comply with the average amount of remuneration within the scope of insurance system of the Republic of Armenia;
- (6) prescribing the standards for the internal control of the Bureau;
- (7) presenting the person conducting the annual independent audit of the Bureau for the approval of the Meeting;
- (8) approving the form of the CILUMV contracts, the procedure of unified record-registration of forms thereof and the issuing thereof to the member insurance companies of the Bureau;
- (9) prescribing the manners, directions and limits for allocation of funds of the Bureau and the Guarantee fund;
- (10) adopting a decision on insufficiency of funds of the Guarantee fund and obtaining necessary funds for making compensations provided for by Article 49 of the Law or payments for the expenditures related to the medical aid provided for by part 3 of Article 23 of the Law;

- (11) supervising the maintenance of insurance compensation payment procedures within the scope of the CILUMV by member insurance companies of the Bureau;
- (12) prescribing a system of discounts and surcharges of insurance premiums (Bonus-Malus system) and the application procedure thereof;
- (13) qualifying the experts, prescribing the procedure, standards and terms for qualification of experts and the procedure and grounds for disqualification thereof, approving the procedure and methodology for estimation and expert examination of damages resulting from an insured accident and assisting the development thereof;
- (14) prescribing the list of documents to be submitted to an insurance company or the Bureau for receiving insurance compensation within the scope of the CILUMV, as well as the procedure for payment of insurance compensations and for the expenditures related to the medical aid provided for by part 3 of Article 23 of the Law by insurance companies and the Bureau, as well as the cases of rejecting an application on receiving insurance compensation;
- (15) prescribing training, educational and professional requirements for member insurance companies of the Bureau to meet the technical and specialised activity standards;
- (16) setting — pursuant to part 2 of Article 7 of the Law — maximum limits of main and basic insurance premiums, the allowable values of risk factors and values of Bonus-Malus ratings, as well as the rules of application of the methodology for calculation of maximum limits of insurance premiums applied within the scope of the CILUMV;
- (16.1) adopting other rules — for the purposes prescribed by subpoint 2 of point 15 of this Statute — the adoption whereof does not fall within the competence of the Meeting pursuant to the Law and this Statute;
- (17) prescribing restrictions on expenditures or on individual types thereof made within the scope of the CILUMV by member insurance companies of the Bureau;

(18) applying sanctions — prescribed by the Statute — to member insurance companies of the Bureau for violation of the requirements of rules and decisions of the Bureau;

(19) establishing territorial subdivisions, approving the statutes thereof and terminating the activities of territorial subdivisions;

(20) exercising other powers reserved thereto by the Law, this Statute or the rules of the Guarantee fund.

130. The powers provided for by point **129** of this Statute may not be delegated to other management bodies of the Bureau or to other persons, with the exception of cases provided for by law.

131. The Council shall adopt decisions on issues falling within the competence thereof by the Law and this Statute.

132. The Council decisions shall be adopted through sittings — by open vote.

133. The sittings of the Council shall be convened at least once a month. Before election (appointment) of Council members provided for by part 10 of Article 54 of the Law the powers of the Council shall be exercised by the Board of the Central Bank. The member appointed by the Board of the Central Bank shall carry out the preparatory works of the first sitting of the Council, convene the first sitting of the Council and arrange the keeping of the minutes of that sitting.

134. The chairperson of the Council shall convene the Council sittings on his or her own initiative or upon the request of the Council member, the internal audit, the person conducting independent audit, the executive director or a Bureau member and — in cases provided for by point **60** of this Statute — also based on the application of the head of the service.

135. The notification on the Council sitting shall be forwarded by electronic mail, post or facsimile communication to the Council members, the executive director, the

internal audit and the chief actuary, as well as to persons having made the request for convening a Council sitting at least seven days before to the sitting. In case it is necessary to take decisions on urgent issues the notification on the Council sitting may be forwarded within a shorter time period, but no later than three days before to the sitting. The notification provided for by this point shall contain the year, month, day, time, place of convening the sitting and the initial agenda of the sitting; the materials relating to the issues included in the agenda shall also be attached to the notification. The decision of the Disciplinary Commission on the issue of applying a disciplinary sanction on an insurance company shall be attached to the notification.

136. Each member of the Council shall be entitled to submit proposals on the agenda of the Council sitting, participate in discussions and vote in the manner prescribed. The proposals on the sitting agenda must be submitted no later than three days before convening the sitting. In exceptional cases the proposals on the sitting agenda may be submitted before the day of convening the sitting.

137. The issues being submitted for the consideration of the Council must be complete, accurate, and the proposals — clearly stated and justified by the persons having submitted them or together with the opinions of the subdivisions of the Bureau. The secretary of the Council sittings shall forward the issues relating to the field of activities of any commission attached to the Council to the chairperson of the relevant commission for the purpose of providing the opinion of the Commission before convening the sitting.

138. The senior secretary of the sittings shall be entitled to return the materials not complying with the requirements mentioned above to the person having submitted them aimed at its further improvement.

139. The executive director may, in an advisory capacity, participate in the Council sittings, with the exception of the sittings at which issues relating to the termination of powers of the executive director or the amount of and the procedure for paying

remuneration and reward thereto shall be considered. The internal audit and the members of the Bureau, as well as the chief actuary may participate in Council sittings as observers. The head of the service (the person substituting him or her) shall also participate in the sittings at which the work plan of the service or the reports of the head of the service shall be considered. Persons having submitted the request on convening a Council sitting may also participate in the Council sittings in an advisory capacity.

140. A chairperson of the Council shall be elected from the composition of the Council during the first sitting of the Council. The Council may elect a new chairperson at any time.

141. The chairperson of the Council shall:

- (1) arrange the activities of the Council;
- (2) convene and chair the Council sittings, including the sittings being held in the real-time mode provided for by point **154** of this Statute;
- (3) arrange the keeping of the minutes of Council sittings;
- (4) chair the Council sittings;
- (5) arrange the activities of the commissions attached to the Council.

142. In case of absence of the chairperson of the Council or impossibility to perform the official responsibilities thereof, the eldest member of the Council present at the sitting shall chair the sitting and exercise the powers of the person chairing the sitting, whereas other competences of the chairperson of the Council not relating to the sitting shall be carried out by the eldest member of the Council if the Council has not adopted other decision.

143. Persons concerned may be invited to Council sittings upon the decision of the Council.

144. *(repealed by Decision of the Board of the Central Bank of the Republic of Armenia No 2016-A of 19 August 2010)*

145. The secretary of Council sittings shall be any employee of the Bureau, appointed beforehand by the Council, upon the recommendation of the chairperson of the Council.

145.1. The secretary of the Council sitting shall — at least 10 minutes before the beginning of the sitting — register the members having appeared at the sitting and inform the person chairing the sitting on the results thereof.

145.2. The Council shall be eligible (shall have quorum) if at least five members of the Bureau participate in the sitting.

145.3. In the absence of a quorum, the person chairing the sitting shall announce the year, month, day, time and place of convening a new sitting.

145.4. In case the quorum is secured, the person chairing the sitting shall announce the sitting open at the time prescribed.

146. The agenda of the Council sitting shall be approved at the beginning of the Council sitting.

147. The person chairing the sitting shall introduce the issues included in the agenda in the successive order. The senior secretary of the sitting shall invite the rapporteur on each issue. The Council member having introduced the relevant issue, the executive director or — upon the motion of the latter — other person or other employee of the Bureau present at the sitting shall act as a rapporteur.

147.1. In case the decision of the Disciplinary Commission is reviewed by the Council, the Council members elected by the Meeting shall not participate in the consideration of the issue on applying a disciplinary sanction on a member insurance company of the Bureau with the exception of cases, when they have received the written consent of the competent body of the relevant company for participating in the consideration of the given issue or they ex officio have the right to be introduced to the information relating to the given company and comprising a commercial secret.

148. After listening to the rapporteur the participants of the Council sitting may ask questions thereto, make speeches.

149. For the purpose of taking a decision on each issue considered the person chairing the sitting shall put the proposal formulated as a result of the consideration to the vote.

150. The Council member shall be entitled to request from the person chairing the sitting to put the proposal thereof under consideration, including those on sending of any issue on the agenda for further improvement or considering it at the next sitting of the Council.

151. The secretary of the sitting shall record the votes based on the results of each voting and inform the person chairing the sitting of the results thereof, who shall publicise the decision taken by the Council.

152. After taking decisions on all the issues on the agenda of the Council sitting the person chairing the sitting shall inform the Council members having participated in the sitting of the procedure for becoming familiar with the content of the minutes of the sitting and signing the minutes; afterwards the sitting shall be announced closed.

153. The issues left out of the agenda may be carried over — upon the proposal of the person chairing the sitting — to the next sitting under the condition of primary consideration.

153.1. For consideration of certain types of issues the Council may establish separate procedures for conducting the sittings. The peculiarities of the Council sittings as for the issues of applying a disciplinary sanction on a member insurance company of the Bureau shall be prescribed by Chapter 6, as well as points **147.1** and **158** of this Statute.

154. The Council may adopt decisions at a sitting, during which all the participants may communicate with each other through telephone, telecommunications or other means of communication in the real-time mode. Such sitting shall not be deemed to be held in absentia. The notification on the Council sitting being held through telephone,

telecommunications or other means of communication shall be made in the manner and within the time limits prescribed by point **135** of this Statute. The position (positions) of the participant (participants) of the sitting expressed through communication facilities shall be audio- or video-recorded and kept until the minutes of the sitting is signed. The position (positions) of the Council member (members) not attending the sitting — expressed through communication facilities — shall be deemed a full vote and be taken into account while calculating the votes.

154.1. The Council may adopt decisions by absent voting (through survey). Absent voting shall be carried out with the use of ballot papers complying with the requirements of Article **110** of this Statute. The ballot papers shall be forwarded to the Council members by electronic mail or post, which is also deemed a notification on the Council sitting. The decision of the Council adopted by absent voting shall have legal force where at least five members of the Council have participated in the voting. During absent voting, the ballot papers shall be provided to the Council members at least three days before the moment, when the Bureau has completed the receipt of the filled in ballot papers. The Council members shall forward the filled in and signed ballot papers to the Bureau through facsimile communication or by post or hand them over personally. A ballot paper shall be deemed valid, if it has been voted on only one voting option and has been returned to the Bureau within the time period indicated on the ballot paper. Where a ballot paper contains several issues put to the vote, the violation of the requirement of voting on one voting option concerning one or several issues shall not invalidate the ballot paper in full. The secretary of the Council sitting shall summarise the voting results (record the votes) within a period of five working days, draw up the minutes of the sitting held in absentia based thereon and submit them through facsimile communication or by post or hand them over to the Council members having participated in the sitting for signing. The issues specified in subpoints (2)-(7) of point **129** of this Statute, as well as the issues on election of the chairperson of the Council may not be resolved during the Council sittings held in absentia.

155. The Council shall — at least once a year — consider, at its sitting, the report (the letter to the management) of the person conducting independent audit, as well as consider and — upon necessity — review the rules of the Bureau approved thereby.

156. The report (the letter to the management) of the person conducting independent audit of the Bureau shall be considered at the forthcoming sitting of the Council following the submission to the Bureau. The representatives of the person conducting independent audit of the Bureau shall be invited to the Council sitting to participate in the consideration of the mentioned issue.

157. The Council shall — at least once a quarter — consider, at its sitting, the reports of the internal audit, the executive director, the chief accountant, the head of the service and the chief actuary. The internal audit, the executive director, the chief accountant, the head of the service and the chief actuary shall submit their reports to the Council at least seven days before the relevant sitting of the Council in the form, content and manner approved by the Council. As a result of consideration of the reports the Council may give relevant assignments to the internal audit, the executive director, the chief accountant, the head of the service and the chief actuary respectively.

157.1. The Council shall — at least once in five years — consider, at its sitting, the issue of the necessity to apply to the Central Bank filing a motion on initiating a legislative process for changing the size of insured sum within the scope of the CILUMV.

158. Decisions of the Council shall be adopted by the majority of votes of members present at the sitting. During the voting, each Council member shall have one vote. Transfer of the right to vote to another person (including to another Council member) shall not be permitted. In case of tie votes, the chairperson of the Council (in cases provided for by point **142** of this Statute — the person substituting him or her) shall have the right of casting vote right and shall vote the last. In case of reviewing the

decision of the Disciplinary Commission the Council members elected by the Meeting, as well as the Council members affiliated with the Bureau member concerned shall not participate in the voting on the issues of applying a disciplinary sanction on that Bureau member. The chairperson-in-office of the Council shall not participate in the voting on the issue of electing a new chairperson of the Council.

159. The minutes of the Council sittings shall be taken. The minutes of the sitting shall be drawn up within a period of five working days after the end of the sitting.

160. The following shall be specified in the minutes of the Council sitting:

- (1) the year, month, day, time and place of convening the sitting;
- (2) the data on persons present at the sitting;
- (3) the sitting agenda;
- (4) the summary of the report concerning each issue on the agenda (with the exception of the issue on applying a disciplinary sanction on a member insurance company of the Bureau, unless even one of the Council members elected by the Meeting has participated in the consideration of that issue on the ground prescribed by point 147.1 of this Statute), the main provisions of the questions and answers, as well as the speeches made at the Council sitting;
- (5) the issues put to the vote and the results of the voting;
- (6) the decisions adopted at the sitting.

161. The minutes of the Council sitting shall be signed by all the members participating in the sitting, who shall bear responsible for the reliability of information contained in the minutes. On the ground prescribed by point 147.1 of this Statute, in case even one Bureau member elected by the Meeting is absent at the consideration of the issue on applying a disciplinary sanction on a member insurance company of the Bureau, separate minutes of the Council sitting on that issue shall be drawn up which shall be signed by the Council members present at the consideration of that issue.

161.1. The carbon copies of the decisions of the Council or the excerpts therefrom — signed by the secretary of the Council sittings and bearing “True copy” endorsement — shall be provided to the addressees, within a period of two working days upon the signing of minutes, according to the content of a decision — for execution or for information. Where a Bureau member (members) act as an addressee the decisions provided for by this point (the excerpts therefrom) shall be forwarded via the CBANet system. Moreover, where the rules prescribed by the decisions being forwarded are subject to registration at the Central Bank, the registration shall include a note containing a reservation on the time limits for the entry into force of the relevant provisions.

162. The Bureau members shall be entitled to become familiar with the minutes of the Council sitting. The carbon copies of the minutes of the Council sitting shall be forwarded to the internal audit, the person conducting independent audit and the chief actuary within a period of three working days following the drawing up of the minutes.

163. For the purpose of effective arrangement of its work, the Council may establish commissions defining the scope of competencies and the procedure for the activities thereof. Decisions of the commissions attached to the Council shall be of consultative nature. The Council members, as well as other heads and employees of the Bureau appointed by the Council, and — upon necessity — also other specialists not deemed employees of the Bureau may be included in the commissions attached to the Council. The internal audit or other member of the Bureau shall be invited to the sittings of the commissions attached to the Council.

CHAPTER 10

THE EXECUTIVE DIRECTOR

164. The executive director shall manage the current activities of the Bureau. Before election (appointment) of Council members provided for by part 10 of Article 54 of the

Law, the powers of the executive director shall be exercised by the chairperson of the Central Bank. No directorate shall be established in the Bureau.

165. The executive director of the Bureau shall be appointed by the Council for a term of five years and shall be accountable thereto. The chairperson of the Council shall conclude an employment contract with the executive director on behalf of the Bureau. To be eligible for the position of the executive director a person shall have higher education, high reputation, at least three years of work experience in a managerial position in the area of insurance and shall not be affiliated with any insurance company. The executive director of the Bureau must comply with the requirements of professional competence, qualification and registration at the Central Bank prescribed by law and other legal acts for the executive director of an insurance company.

166. The executive director may not be the person, who:

- (1) has been recognised as having no or limited legal capacity by an effective court judgement;
- (2) has been declared bankrupt or has overdue liabilities;
- (3) has been involved in a criminal case as a suspect, an accused or an accused on trial, or has been convicted for an intentionally committed crime, and the conviction has not been quashed (expunged) in the manner prescribed by law;
- (4) has been deprived of a right to hold a position or to carry out activities in the financial sector by an effective court judgement.

167. The executive director may not engage in entrepreneurial activity, be a member of a management body of any party, hold a position in state and local self-government bodies, in commercial organisations, perform paid work, other than scientific, pedagogical and creative work.

168. The executive director shall:

- (1) ensure the execution of decisions of the management bodies of the Bureau and the normal functioning of the Bureau;
- (2) adopt decisions on scheduling an expert examination (including also additional and repeat);
- (3) ensure the management of the Guarantee fund, particularly ensure the collection of funds for the Guarantee fund, the normal functioning thereof, adopt decisions on making compensations provided for by Article 49 of the Law, making payments for expenditures or rejecting the compensation (payment) related to medical aid provided for by part 3 of Article 23 of the Law at the expense of the Guarantee fund; and arrange the compensation (payment) process;
- (4) dispose of the Bureau property, including the financial assets and conclude transactions on behalf of the Bureau;
- (5) arrange the registration and issuance of the CILUMV contracts and the forms thereof to the member insurance companies of the Bureau in the prescribed manner;
- (6) ensure the normal functioning of the Information system, arrange the management of a unified Information System, ensure timely and complete information input into the Information system, as well as ensure the confidentiality of information constituting insurance, banking, commercial or other secret protected by law;
- (7) in cases prescribed by law, provide information — upon request of the injured persons — available in the Information system on the name and the place of location of the insurance company having insured the liability arising from the use of the motor vehicle having caused the damage;
- (8) examine — upon consent of the parties — disputes arising among member insurance companies of the Bureau, the assured, the insured persons and the injured; the decisions taken as a result thereof shall have consultative nature and shall not be binding for the parties. Where no decision is taken by the executive director on the issue provided for by this point, the examination of the issue shall be conducted by the Council;

(9) submit the internal work regulation of the Bureau, the regulations of its separated subdivisions, the internal structure of the staff of the Bureau and its staff list, as well as personnel policy for the approval of the Council;

(10) issue orders, directions within the scope of the competences thereof, give binding instructions and supervise the fulfilment thereof;

(11) recruit and dismiss — in the prescribed manner — the employees of the Bureau, apply incentives and disciplinary sanctions with respect thereto, with the exception of cases provided for by this Statute;

(12) represent the Bureau without a power of attorney in relations involving third parties, in court and other state bodies, issue powers of attorney to act on behalf of the Bureau;

(13) exercise other powers reserved thereto by the Law, as well as the Statute of the Bureau.

169. The issues not falling within the competence of the Meeting, the Council, the internal audit, the chief accountant or the chief actuary pursuant to law or this Statute, shall be carried out by the executive director. The issues falling within the competence of the executive director may not be transferred to other management bodies of the Bureau or to other persons, except for cases prescribed by law. The executive director may — at its discretion — submit any issue falling under the competence thereof for the approval of the Council. Moreover, decisions approved by the Council in cases provided for by this point may be amended exclusively by the approval of the Council.

170. In the absence of the executive director the responsibilities shall be carried out by the deputy executive director, and in the absence of the latter — by another official of the Bureau (with the exception of the internal audit, chief accountant and the chief actuary), who shall comply with the requirements prescribed for the executive director by law and this Statute and the transfer of powers to whom has been duly formulated.

171. The executive director shall submit reports to the Council — in the manner and with a frequency prescribed by the Council — on activities of the Guarantee fund and the Information system, as well as on adopting decisions on making compensations provided for by Article 49 of the Law, making payments for expenditures or rejecting the compensation (payment) related to medical aid provided for by part 3 of Article 23 of the Law at the expense of the Guarantee fund; Furthermore, the executive director shall regularly — but no less than once a quarter — submit to the Council reports on its activities as prescribed by the Council.

172. While adopting decisions related to the exercise of the powers thereof, the executive director shall be obliged to be guided by the requirements prescribed by law and other legal acts, based on the opinion of relevant responsible subdivision of the Bureau.

173. The powers of the executive director shall be early terminated upon the application thereof or if he or she:

- (1) no longer meets the requirements (restrictions) for the executive director envisaged by this Statute by virtue of circumstances that emerged during the term of office thereof;
- (2) fails to properly perform his or her official responsibilities;
- (3) has died.

CHAPTER 11

THE INVESTMENT COMMISSION OF THE BUREAU

174. A collegial consultative body — an investment commission shall be established by the Council within the composition of the Bureau with the view of examining issues related to investments made at the expense of funds of the Guarantee fund and the analyses and assessments thereon, as well as proposals and rationale for investment

decisions, and submitting an opinion to the executive director. The investment commission shall function based on this Statute and relevant work procedure, which is approved by the Council.

175. The chief accountant of the Bureau and the chief actuary of the Bureau shall be the members of the investment commission. The chairperson of the investment commission shall be the executive director of the Bureau. By the decision of the Council other members may also be included in the composition of the investment commission (maximum two), who may be both the Council members and the representatives of member insurance companies of the Bureau.

176. The decisions (proposals) of the investment commission shall be adopted by the majority of votes of the participants of the Council sitting. The decisions of the investment commission shall be in a documentary form.

177. *(repealed by Decision of the General Meeting of members of “Armenian Motor Insurers’ Bureau” ULE No 4-L of 27 December 2010)*

178. *(repealed by Decision of the General Meeting of members of “Armenian Motor Insurers’ Bureau” ULE No 4-L of 27 December 2010)*

179. *(repealed by Decision of the General Meeting of members of “Armenian Motor Insurers’ Bureau” ULE No 4-L of 27 December 2010)*

180. *(repealed by Decision of the General Meeting of members of “Armenian Motor Insurers’ Bureau” ULE No 4-L of 27 December 2010)*

CHAPTER 12

THE INTERNAL AUDIT AND THE CHIEF ACCOUNTANT OF THE BUREAU

181. Internal audit shall be established in the composition of the Bureau. Internal audit shall comprise one member — the internal auditor.

182. The internal auditor shall be appointed and dismissed by the Council.

183. The internal auditor must comply with the requirements of professional competence, qualification and registration at the Central Bank prescribed by law and other legal acts for the head of internal audit of an insurance company. A member of the management body, other manager or employee of the Bureau or its member, as well as a person affiliated with the Bureau, its member or Bureau management or other employees may not be the internal auditor.

184. The internal audit shall carry out independent, objective assurance and consulting activities aimed at generation of surplus value for the Bureau and improvement of operations of the Bureau.

185. Pursuant to the regulation approved by the Council, the internal audit shall:

- (1) assess the internal risks of the Bureau;
- (2) provide opinions and proposals on issues provided for in its annual plan of activities and other issues.

186. Issues falling under the competence of the internal audit may not be transferred to the management bodies of the Bureau or to other persons.

187. The internal audit shall operate in accordance with law, other legal acts — including the annual plan of internal audit approved by the Council and decisions of the Council of the Bureau. In the course of performing its functions the internal audit shall be independent and accountable only to the Council.

188. Each year the Council shall approve the annual plan of internal audit, which shall cover at least the following:

- (1) the areas wherein audit examination and observation must be conducted the terms for the implementation thereof and the description of objectives of audit examination and observation;

(2) the competence to submit proposals and opinions as a result of audit examination and observation;

(3) the competence to conduct examinations and observation at its own initiative.

189. The need to conduct examinations and observations at its own initiative must be justified by the internal audit.

190. The executive director shall be obliged to provide sufficient conditions for effective exercise of internal audit competencies.

191. The internal audit shall be accountable to the Council of the Bureau — in terms of its operations and to the executive director of the Bureau — in terms of its administrative issues.

192. The internal audit shall submit the following reports to the Council (the copies — to the executive director):

(1) regular reports — on the results of examinations and observations prescribed by the annual plan and violations detected at its own initiative;

(2) urgent reports — if in the justified opinion of the internal audit substantial violations have been detected. In this case, the internal audit justifies the motives for considering the violations as substantial.

193. The internal audit report must at least contain the following information:

(1) the description and conditions of audit examination and observation;

(2) violations and irregularities detected as a result of the audit examination and observation and the measures proposed for the elimination thereof;

(3) the opinion and proposals of the internal audit on detected violations and irregularities;

(4) the rationale for the motives for examinations and observations conducted at its own initiative.

194. The urgent reports shall be submitted to the Council (a copy — to the executive director) within a period of five working days after detecting the violations.

195. The Bureau shall have a chief accountant, who shall be appointed by the Council. The chief accountant must comply with the requirements of professional competence, qualification and registration at the Central Bank prescribed by law and other legal acts for the chief accountant of an insurance company.

196. The chief accountant of the Bureau shall exercise the rights and responsibilities prescribed for the chief accountant by the legislation of the Republic of Armenia and other legal acts.

197. The chief accountant of the Bureau shall — at least once a quarter — submit financial statements to the Council and the executive director in the form and content approved by the Council.

198. The chief accountant of the Bureau shall — as prescribed by the legislation of the Republic of Armenia be liable for maintaining accounting records, its status and reliability, for timely submission of the annual report, the financial statements and statistical reports to competent bodies, as well as for the reliability of financial information on the Bureau presented by the Bureau to its members, creditors and press and other means of mass media. The responsibility of the chief accountant of the Bureau for preparation, submission and publication of reports referred to in this point shall not apply to the reports being prepared, submitted and published by the chief actuary of the Bureau. The reports of the Bureau containing different information — the responsibility for the preparation, submission or publication whereof lies on both the chief accountant and the chief actuary — shall be signed by both officials.

199. Where disagreements between the executive director and the chief accountant of the Bureau occur with respect to carrying out certain economic operations, the chief accountant of the Bureau shall take on documents for execution upon the written

administrative order (assignment) of the executive director, and the responsibility for the consequences of carrying out such operations shall be borne by the executive director.

200. The fulfilment of the requirements of the chief accountant of the Bureau related to the presentation of the information and documents necessary for accounting shall be binding for all the employees of the Bureau.

CHAPTER 13

THE CHIEF ACTUARY OF THE BUREAU

201. The Bureau shall have a chief actuary who shall be appointed by the Council. The chief actuary must comply with the requirements of professional competence, qualification and registration at the Central Bank prescribed by law and other legal acts for the chief actuary of an insurance company.

202. The chief actuary of the Bureau shall:

- (1) give opinion on insufficiency of funds of the Guarantee fund and obtaining necessary funds for making compensations provided for by Article 49 of the Law or payments for the expenditures related to the medical aid provided for by part 3 of Article 23 of this Law;
- (2) give opinion on the rules of the Bureau prescribing standards for insufficiency of funds of the Guarantee Fund and the procedure for taking a decision thereon;
- (3) provide opinion on the rules of the Bureau prescribing maximum limits for main and basic insurance premiums, as well as the allowable values of risk factors and the values of Bonus-Malus ratings;
- (4) give opinion on the necessity to establish new maximum limits for main and basic insurance premiums, new allowable values of risk factors and (or) new values of Bonus-Malus ratings;

- (5) draw up and submit to the Central Bank and publish the information and reports substantiating the calculations of maximum limits of main and basic insurance premiums, risk factors and Bonus-Malus ratings, the information and reports with reference to those calculations;
- (6) exercise control over compliance of insurance premiums of member insurance companies of the Bureau — calculated within the scope of the CILUM — with the requirements provided for by the Law;
- (7) carry out verification and analysis of trustworthiness of monthly, quarterly and annual reports and information on the CILUMV insurance premiums being submitted to the Bureau by the member insurance companies of the Bureau;
- (8) submit a proposal — based on the analysis of the insurance market — on the necessity to take the initiative of establishing new minimum insured sums within the scope of the CILUMV;
- (9) study the internal rules and regulations concerning insurance premiums submitted by the member insurance companies of the Bureau, assess the compliance thereof with the requirements of the Law and other legal acts, record violations.

203. The executive director shall be obliged to submit to the chief actuary the information necessary for exercising the powers thereof.

204. The chief actuary of the Bureau shall be obliged — at least once a quarter — to submit a report to the Council.

205. Where the chief actuary of the Bureau has detected — while exercising the powers thereof — that the CILUMV insurance premiums have not been calculated by a member insurance company of the Bureau in accordance with the internal rules of that company, or those rules do not comply with the requirements prescribed by the Law or the rules of the Bureau, he or she must immediately — but within a period not exceeding five days — inform the Council and the executive director about it in writing.

206. *(repealed by Decision of the General Meeting of members of “Armenian Motor Insurers’ Bureau” ULE No 5-L of 11 August 2014)*

CHAPTER 14

THE INDEPENDENT AUDIT OF THE BUREAU

207. With a view to check the financial and economic activities of the Bureau, every year the Bureau shall engage a person conducting independent audit entitled — by laws and other legal acts — to carry out auditing services.

208. An independent audit of the Bureau may be invited at any time by the Meeting or the Council — at the expense of the Bureau funds, or at the initiative of a Bureau member — at the expense of the funds thereof. Moreover, in case the independent audit is invited by a Bureau member, the member having requested the independent audit — that may request from the Bureau a compensation, at the expense of the Bureau funds, for the expenses incurred thereby — shall select the person conducting independent audit and conclude a contract therewith, if that audit has been justified for the Bureau.

209. The person conducting the independent audit of the Bureau must comply with the standards envisaged by law and other legal acts for a person conducting an audit of financial and economic activity of an insurance company. A member of the management body, other manager or employee of the Bureau, the member and the manager of the internal audit of the Bureau, as well as a person affiliated with the Bureau, its management or other employees may not be a member (manager) of the person conducting the independent audit of the Bureau.

210. In addition to drawing up of an audit opinion, the contract being concluded with the person conducting independent audit shall also provide for drawing up of an audit report (letter to the management of the Bureau).

211. In the contract being concluded with the person conducting the external audit, the Bureau shall also provide for submission of an opinion by the person conducting the independent audit concerning:

- (1) the compliance of internal audit activities, internal control systems of the Bureau with the requirements prescribed by law and other legal acts;
- (2) the availability of the internal information system of the Bureau and the quality thereof.

212. The contract being concluded with the person conducting the independent audit of the Bureau must provide, that where — in the course of audit examination — facts, as well as irregularities of internal systems (including the internal control system) are detected by the independent audit, which, in its opinion, prove the significant worsening of the financial standing of the Bureau, the person conducting the independent audit shall be obliged to immediately — but within a period not exceeding five working days — inform the Council and the Central Bank about it.

CHAPTER 15

BUREAU FUNDS. OPERATIONAL, ADMINISTRATIVE AND CAPITAL INVESTMENT EXPENDITURES OF THE BUREAU

213. Bureau funds shall be generated from membership fees paid by member insurance companies of the Bureau in accordance with this Statute, from credits, loans received and from other means not prohibited by law. Bureau funds may be used exclusively for the goals provided for by the Law and this Statute.

214. The operational, administrative and capital investment expenditures of the Bureau shall comprise:

- (1) the operational expenditures of the Bureau, namely:

- a. expenditures related to payment of compensations made at the expense of the funds of the Guarantee fund and expenditures related to the medical aid provided for by part 3 of Article 23 of the Law;
 - b. interests accrued on credits, loans received;
 - c. commission fees related to the management of the Bureau funds;
 - d. losses incurred from re-evaluation of assets and sale thereof at a cost lower than the balance value;
 - e. charges for consulting or other services rendered to the Bureau;
 - f. expenditures related to coverage of processes implemented within the scope of the CILUMV;
 - g. expenditures related to fulfilment of the function provided for by part 3 Article 20 of the Law;
 - h. other expenditures related to the fulfilment of functions of the Bureau;
- (2) the administrative expenditures of the Bureau, namely:
- a. staff maintenance expenditures, including salary of employees, reward, social security payments, staff education and training, travel and entertainment expenses, operation costs of service vehicles;
 - b. expenditures related to means of communication for official use;
 - c. expenditures for acquiring press information and professional literature;
 - d. expenditures related to write-off of utility supplies, and perishable goods;
 - e. expenditures related to maintenance, janitorial service, upkeep and insurance of buildings, constructions, other fixed assets and reserves;
 - f. other expenditures related to the implementation of objectives set before the Bureau;

- (3) the expenditures on capital investments of the Bureau, namely:
- a. expenditures on capital investments aimed at ensuring the principal activity of the Bureau;
 - b. expenditures on capital investments for administrative purposes.

215. The administrative, operational and capital investment expenditures of the Bureau shall be made at the expense of the funds generated pursuant to point **213** of this Statute. To make the expenditures referred to in this point the Bureau shall have the right to open accounts in banks operating within the territory of the Republic of Armenia.

216. The administrative, operational and capital investment expenditures of the Bureau for the current year may not exceed one percent of insurance premiums collected by all member insurance companies of the Bureau during the preceding year with respect to the CILUMV, unless that limit has been changed by the decision of the Board of the Central Bank to insure the normal functioning of the Bureau.

217. Aimed at ensuring the normal functioning of the Bureau, fulfilment, by the Bureau, of functions prescribed by the Law and this Statute, the Meeting shall approve the annual cost estimate of operational, administrative and capital investment expenditures in accordance with forecasts on generation of Bureau funds. Within a period of three working days following the approval of the cost estimate by the Meeting, it shall be submitted for the approval of the Board of the Central Bank. The Bureau may not incur any operational, administrative and capital investment expenditures not provided for in the cost estimate approved by the Board of the Central Bank. The changes in the cost estimate of operational, administrative and capital investment expenditures shall be subject to approval by the Board of the Central Bank, and in case of disapproval the Bureau shall be obliged to be guided by the cost estimate already approved by the Central Bank. In the course of execution of the cost estimate approved by the Board of the Central Bank, the executive director of the Bureau shall be entitled to make internal reallocations — where necessary — in an amount not exceeding 10

percent of the total amount of operational, administrative and capital investment expenditures accordingly provided for by that cost estimate (and upon preliminary consent of the Council of the Bureau — in the amount up to 20 percent).

218. Where — in the current year — the operational, administrative and capital investment expenditures of the Bureau are less than the actual funds collected — in accordance with point **213** of this Statute — during the current year, the difference generated as of results of the year shall be transferred to the next year and shall be taken into account in forecasts being made on generation of Bureau funds for the next year or shall be transferred to the Guarantee fund by the decision of the Meeting.

219. The Bureau shall be entitled to receive credits and loans — aimed at ensuring the normal functioning thereof — that shall be directed exclusively to replenishment of the Bureau funds. The credits, loans and the calculated interests (default interests) for the use thereof shall be repaid exceptionally at the expense of Bureau funds.

CHAPTER 16

LIQUIDATION OF THE BUREAU

220. The Bureau shall be liquidated in cases and in the manner provided for by law.

221. In case of liquidation of the Bureau the entire property thereof — including the Guarantee fund — shall be transferred to the management of the Central Bank to be used for the goals set before the Bureau by the Law and this Statute.

CHAPTER 17

TRANSITIONAL PROVISIONS

(repealed by Decision of the General Meeting of members of “Armenian Motor Insurers’ Bureau” ULE No 4-L of 03 June 2011)

CHAPTER 18

TRANSITIONAL PROVISIONS

222. The insurance companies that are deemed to be members of the Bureau as of 11 August 2014 shall be obliged to conclude the Contract by 30 September 2014 inclusive. The membership of the member insurance company of the Bureau not having concluded the Contract within the time period prescribed by this point shall be deemed terminated from 1 October 2014.

Of the Statute of “Armenian Motor Insurers’ Bureau” ULE

CONTRACT

Yerevan

_____, 2014

“Armenian Motor Insurers’ Bureau” union of legal entities (hereinafter referred to as “Bureau”), represented by the executive director _____,
(name, surname)

who shall act based on the Statute;

* “_____”, represented by the general director
name of the insurance company

_____, who shall act based on the Statute of the company
name, surname

*** This paragraph shall be filled for each insurance company that is a party to the Contract**

Collectively referred to as “**Parties**”, all the Parties, except for the Bureau, insurance companies and separately referred to as a “**Party**”, aimed at improvement of the processes of concluding CILUMV contracts and regulation of compensations for CILUMV accidents, including the processes of conducting expert examinations, concluded this Contract on the following:

1. Subject of this Contract

1.1. Under this Contract the Parties decide to delegate — as prescribed by the Law of the Republic of Armenia “On compulsory insurance against liability arising from the

use of motor vehicles” — the technical and information services of the Information system provided for by that Law to Bureau Veritas assessment and control service (BUREAU VERITAS INSPECTION, VALUATION, ASSESSMENT AND CONTROL, headquarters: Vissersdijk 223-241-3011 GW Rotterdam, the Netherlands), and after conclusion of the Renewal contract — to the company established thereby specifically for that purpose and registered in the territory of the Republic of Armenia; and acquire from the latter the “Vehicle Single Window” (“VSW”) service (hereinafter referred to as “Service”) in respect whereof they shall authorise the Bureau on its behalf and on behalf of insurance companies and at the expense of insurance companies to conclude the “Concession contract for introduction and operation of the Vehicle Single Window in Armenia” and the documents forming the integral part thereof (hereinafter referred to as “Contract”), in accordance with the Annex approved by Decision of the Council of the Bureau No 16-A of 10 April 2012, as well as shall undertake other necessary actions aimed at execution of the contract.

2. Conditions for using the Service

2.1. Using the mandatory part of the Service in the process of concluding CILUMV contracts and regulating compensations for CILUMV accidents shall be binding for the Parties. The mandatory part of the Service shall be established by the Contract and (or) the rules of the Bureau.

2.2. Conditions for using the Service, including the procedure and conditions for making payments for the Service, shall be established — in as much as they are not regulated by the Contract — by the rules of the Bureau.

3. Procedure for joining this Contract and withdrawal from the contract

3.1. Solely the insurance companies entitled to carry out the CILUMV within the territory of the Republic of Armenia may join this Contract. Furthermore, a

precondition for becoming a member of the Bureau must be the joining of this Contract in full and without any reservations.

3.2. The insurance companies newly joining this Contract following the conclusion thereof shall be obliged to pay an entry fee in a manner and amount prescribed by the rules of the Bureau, which will proportionally reduce the price payable for the mandatory part of Service acquired by the Parties during the current year.

3.3. The insurance company, which is a Party to this Contract may withdraw from this Contract solely in case of termination of its membership of the Bureau.

4. Other provisions

4.1. This Contract shall enter into force from the date of its signing and shall be effective with no time limit. This Contract shall be rescinded solely upon mutual written consent of the Parties by concluding an agreement on rescission of a contract.

4.2. This Contract shall cover the entire agreement reached between the Parties and any other agreement, statement or promise that has been made on the date or before the date of entry into force of the Contract, shall not be binding for the Parties.

4.3. This Contract may be amended or supplemented upon the consent of the Parties by drawing up a single document. No writing made by the Parties unilaterally or a response or a non-response thereto may be qualified as an amendment or supplement to this Contract.

4.4. The Parties shall promise to act in good faith while exercising their rights and responsibilities prescribed under this Contract — including in cases, where the relevant relations are not regulated by the Contract and the rules of Bureau in the process of acquiring the Service — take all reasonable measures to attain the goals under this Contract. The responsibility provided for by this point shall also imply the responsibility of the Parties to ensure that a relevant treatment, in good faith, is

demonstrated by the contracting parties, including insurance agents and experts thereof.

4.5. The Parties acknowledge that it is impossible to incorporate all the unforeseen circumstances — that may arise while acquiring the Service — in this Contract and the rules of the Bureau and hereby agree that their intention shall be to execute this contract fairly, without prejudice to the interest of either Party.

4.6. In relations arising from, however not regulated by this Contract, the Parties shall be guided by the legislation of the Republic of Armenia.

4.7. The Parties shall endeavour to settle all the disputes that will arise from this Contract in the spirit of good will through negotiations. Where the dispute is not settled through negotiations it will be settled as prescribed by the legislation of the Republic of Armenia and by the rules of the Bureau.

4.8. This Contract is concluded in Armenian in a number of copies equal to the number of Parties the copies having equal legal effect. Each Party — including the newly joining Party — shall be given one copy of this Contract.

5. Requisites and signature of the Parties

Party 1

Party 2

“Armenian Motor Insurers’ Bureau” ULE

_____ name of the insurance company

Address:

Address:

Telephone:

Telephone:

TIN:

TIN:

Email address: _____

Email address: _____

Executive director

position of the signatory

name, surname

name, surname

signature

signature

Of the Statute of “Armenian Motor Insurers’ Bureau” ULE

RULES

ON LEGAL ACTS

SECTION 1. THE GOAL AND THE SUBJECT MATTER

1. The goal of these Rules shall be to ensure the smooth and normal functioning of the Bureau (bodies thereof) through clear regulation of relations pertaining to the rule-making activities of the Bureau.
2. These Rules shall establish the types and hierarchy of legal acts of the Bureau, the competent authorities who adopt them, regulate the procedures for elaboration of the draft legal acts, expert examination, discussion, adoption, promulgation, registration, entry into force, effect, amendment, supplement, termination, interpretation, clarification and coordination thereof. The provisions established for legal acts by these Rules shall extend to the internal legal acts of the Bureau, unless the content of a certain provision stipulates or it follows from the meaning thereof that it shall also (only) apply to individual acts.

SECTION 2. SCOPE OF APPLICATION AND EXTENT

3. The requirements established by these Rules shall be subject to application by the employees of the Bureau, who participate in elaboration, amendment, approval of the legal acts of the Bureau and other activities related thereto.
4. The requirements established by these Rules shall extend to the employees of the Bureau, who participate in activities of elaboration, content verification, editing, approval and introduction of the legal acts of the Bureau.

SECTION 3. RELATED DOCUMENTS

- ISO 9001:2008

SECTION 4. DEFINITIONS AND ABBREVIATIONS

5. The main concepts and abbreviations used in these Rules shall have the following meaning:

- (1) **Law** — the Law of the Republic of Armenia “On compulsory insurance against liability arising from the use of motor vehicles”;
- (2) **Bureau** — “Armenian Motor Insurers’ Bureau” ULE;
- (3) **Central Bank** — the Central Bank of the Republic of Armenia;
- (4) **Medical Commission** — a commission established within the Bureau pursuant to Article 12 of the Law;
- (5) **Initiating authority** — the Central Bank, a member insurance company of the Bureau, the management body of the Bureau, a structural subdivision or an employee of the Bureau, having demonstrated the initiative in respect of elaboration or amendment of a legal act;
- (6) **Interested subdivision** — a structural subdivision or an employee of the Bureau directly applying the provisions of the relevant legal act.

SECTION 5. ANNEXES

| | | |
|----|--|--------|
| 1. | Form of the summary page of the proposals received on a draft legal act | Form 1 |
| 2. | Form of the title page (for legal acts being registered at the Central Bank) | Form 2 |

| | | |
|------|--|----------|
| 2.1. | Form of the title page (for publishing on the official website of the Bureau and conducting records-registration in the electronic register of legal acts) | Form 2.1 |
| 3. | Form of the title page (for legal acts being approved by the Council of the Bureau) | Form 3 |
| 4. | Form of the title page (for legal acts being approved by the executive director of the Bureau) | Form 4 |
| 5. | Form of the header of internal legal acts | Form 5 |
| 6. | Principles of coding | Form 6 |

SECTION 6. DESCRIPTION

CHAPTER 1. LEGAL ACTS, TYPES AND HIERARCHY THEREOF

6. The legal acts of the Bureau shall be the official written documents adopted by management bodies, as well as the Medical Commission of the Bureau within the scope of the powers thereof prescribed by the Law or the Statute of the Bureau, of temporary or permanent nature, provided for single or multiple application, which prescribe the rights, obligations, liabilities, restrictions or other rules of conduct subject to compulsory recognition, observance, protection, execution or application.

7. The legal acts of the Bureau shall be classified, by nature thereof, into two types — individual and internal (local).

8. The individual legal acts of the Bureau shall be those prescribing the rules of conduct only for persons directly and individually referred to (provided for) therein.

9. The internal legal acts of the Bureau shall be those the rules of conduct prescribed whereby extend (but not individually) only to non-specified or specified persons, who:

(1) are in employment or civil law relations with the Bureau; or

(2) make use of the services or works of the Bureau; or

(3) are the Bureau members.

10. The Bureau shall adopt internal legal acts falling under two groups:

(1) rules of the Bureau;

(2) other internal legal acts of the Bureau.

11. The rules of the Bureau, in their turn, shall be divided into the following types:

(1) general rules of the Bureau;

(2) internal rules of the Bureau.

12. **The general rules of the Bureau** shall be the internal legal acts of the Bureau, which are adopted by the Bureau as a regulatory body of the CILUMV system or a union of legal entities, and whereby requirements concerning the relations between the participants of the CILUMV system, the Bureau and (or) the member insurance companies of the Bureau are prescribed. Any legal act adopted by the Bureau shall be considered as a general rule of the Bureau in case it contains at least one provision concerning the relations between the participants of the Bureau, the member insurance companies of the Bureau and (or) the CILUMV system. The legal acts providing for amendments or supplements to the general rules of the Bureau, as well terminating the general rules of the Bureau or a part thereof shall also be considered as general rules of the Bureau, even where they do not contain provisions regulating the relations pertaining to the amendments or supplements provided for by this point. The general rules of the Bureau shall be approved by the Council of the Bureau, and in cases provided for by the Law or the Statute of the Bureau — by the General Meeting of the Bureau members or the Medical Commission.

13. **The internal rules of the Bureau** shall be the internal legal acts of the Bureau, which regulate the functional, infrastructural and financial bases of the activity of the

Bureau as a legal entity exercising direct influence on the capacity of the Bureau to effectively implement the objective of ensuring the stability of the CILUMV system (the Statute of the Bureau, the internal structure of the staff, the staff list, the internal legal acts defining the procedure and the amount of remuneration for work, the cost estimate of operational, administrative and capital investment expenditures of the Bureau). The internal rules of the Bureau shall be approved by the General Meeting of the Bureau members, and in cases provided for by the Law or the Statute of the Bureau — by the Council of the Bureau.

14. Other internal legal acts of the Bureau shall be divided into the following types:

- (1) policy;
- (2) work regulation;
- (3) procedure.

15. **The policy** shall be the internal legal act of the Bureau whereby the directions and principles arising from the core strategy of the Bureau to fulfil any activities or a group of functions of the Bureau are prescribed. The policy reflects the integrity of basic and primary provisions, wherefrom other internal legal acts of the Bureau — concerning the given activities or a group of functions — derive or based on the logic thereof those internal legal acts are formed and ranked in hierarchy. The policies shall be approved by the Council of the Bureau. The Bureau shall have at least policies concerning the accounting, security of the Bureau — including on information security — publication of information and staff management.

16. **The work regulation** shall be another internal legal act of the Bureau, whereby the procedures for formation and functioning of the management bodies, structural or separated subdivisions of the Bureau, as well as the collegial bodies (including committees, commissions etc.) are regulated, the scope of the competences of the latter, the rights, responsibilities, liability of the members thereof, the procedure and terms for adoption of decisions are prescribed, as well as other issues concerning the

area of regulation of the Bureau management are settled. The work regulations shall be approved by the Council of the Bureau. The job descriptions or the descriptions of the official responsibilities of a certain employee or a person — drawn up within the scope of requirements of the work regulations — shall be approved by the executive director of the Bureau. Apart from the work regulation, annual working plans for individual bodies or subdivisions of the Bureau may be approved.

17. **The procedure** shall be another internal legal act of the Bureau, whereby the key conditions, principles, main stages for implementation of a certain operation or activity or for provision (acquisition) of a service falling under any activities or a group of functions of the Bureau are regulated — giving the description of the whole chain of the internal processes of implementation of a certain operation or activity or provision of a service and the detailed sequence of the interrelated actions. The procedures shall relate only to the internal activities of the Bureau and shall be approved by the executive director of the Bureau.

18. The internal legal acts of the Bureau shall be ranked in the hierarchy in the following sequence:

- (1) general and internal rules;
- (2) policy;
- (3) work regulation;
- (4) procedure.

19. A legal act adopted by a higher management body of the Bureau shall be of higher legal effect.

20. In case of contradiction between legal acts of different legal effect, the act of higher legal effect or the norms prescribed thereby shall apply.

21. A newly adopted legal act of the same management body of the Bureau shall not contradict the previously adopted legal acts of equal legal effect having entered into

force. In case of contradictions between the legal acts of equal legal effect adopted by the same body, the norms of the legal act having entered into force earlier shall apply.

22. In case of contradictions between different parts of the same legal act, the provisions of those parts shall apply, which arise from the essence of the legal act concerned or from the principles of the law regulating the legal relations concerned. In case of contradiction between the general and special parts of the same legal act, the provisions of the general part shall apply. Establishing an exception to the general norm shall not be considered as a contradiction in the legal act.

CHAPTER 2. NECESSITY OF ELABORATION OF LEGAL ACTS

23. The executive director of the Bureau shall annually approve, pursuant to the current plans, the work plan for drawing up internal legal acts, which comprises the preliminary names, types and time limits of the drafts to be adopted, as well as the list of persons responsible for the elaboration thereof. The work plan on the internal legal acts may be included in the annual work plan of the subdivisions (employees) of the Bureau.

24. The work plan on elaboration of legal acts shall be developed based on the proposals made by the executive director of the Bureau, the interested subdivisions and the members of the Council of the Bureau.

25. The approval of the work plans on legal acts shall not exclude the elaboration and adoption of the out-of-plan drafts.

26. The necessity of elaboration of new legal acts or making amendments and (or) supplements to an already adopted legal act, or termination of a legal act (hereinafter referred to as “elaboration of legal acts”) in the Bureau shall arise:

(1) by the direct requirement of the laws or other regulatory legal acts of the Republic of Armenia, or from the necessity of bringing them into compliance with the

amendments and (or) supplements made to the laws or other regulatory legal acts of the Republic of Armenia;

- (2) from the necessity of ensuring the stability and continuity of the CILUMV system;
- (3) from the relevant decisions adopted by the management bodies of the Bureau;
- (4) from the proposals of the Initiating authority;
- (5) from the examination acts, opinions, protocols of internal or external audit, the relevant authorised body of the Bureau, as well as the proposals set forth therein — including the assignments made by the Central Bank.

CHAPTER 3. SUBMISSION OF PROPOSALS ON ELABORATION OF LEGAL ACTS

27. The executive director of the Bureau shall carry out the overall coordination of activities of elaboration of legal acts.

28. In case any of the requirements referred to in point **26** of these Rules arise, the interested subdivision shall submit the written proposal on the necessity of elaboration of a legal act to the executive director of the Bureau.

29. The Bureau members, the internal audit, as well as the person conducting the independent audit, and in case of the Council of the Bureau — also the Council member shall be free to independently elaborate legal acts and submit them for the approval of the General Meeting of the Bureau members or the Council of the Bureau.

30. The subdivision or the employee having drafted the legal act of the Bureau shall revise the legal act — by considering the given legal act with the interested subdivision (subdivisions), with the exception of the legal acts of single application, no less than once a year and no later than by the end of the third quarter of the year concerned — through delivering reporting notices on submitting drafts on making amendments, supplements to the legal act concerned or terminating the legal act concerned, or on

the lack of necessity of submitting such drafts to the executive director to the executive director of the Bureau.

31. The executive director of the Bureau shall carry out — within a period of five working days — a review of the proposal and take a decision on appropriateness or inappropriateness of elaboration of a legal act.

32. Where the proposal on elaboration of a legal act is considered inappropriate by the decision of the executive director of the Bureau, the latter shall inform the interested subdivisions about it indicating the substantial grounds for rejecting the proposal or considering the initiative inappropriate.

33. The executive director of the Bureau shall not consider the issues of appropriateness of elaboration of the legal acts assigned by the General Meeting of the Bureau members, the Council or the Central Bank. Such initiatives shall be binding.

34. Where clear time limits are defined for elaboration of legal acts by the General Meeting of the Bureau members or the Council, and the executive director of the Bureau considers the time limits unrealistic, he or she shall submit a proposal to the relevant management body for revising the time limits for elaboration of the legal act justifying the reasons for revision.

35. In case the executive director of the Bureau takes a favourable decision on appropriateness of elaboration of a legal act, he or she may establish a working group for elaboration of a legal act. Both the executive director of the Bureau and any employee of the Bureau may be the head of the working group. At least one representative from each interested subdivision shall be necessarily involved in the working group.

36. The employees and (or) the heads of the Initiating authority, as well as the representatives, specialists of scientific organisations, interested authorities and organisations may also be invited to take part in the activities of the working group.

37. Legal acts may also be elaborated by the relevant employee of the Bureau within the time limits defined under the working plan.

38. The word “DRAFT” must be indicated at the top right corner of the first page of draft legal acts.

CHAPTER 4. EXPERT EXAMINATION AND CONCORDANCE OF DRAFT LEGAL ACTS

39. The expert examination of draft general rules of the Bureau shall be carried out by the subdivision of regulation and development and the legal subdivision of the Bureau, and the expert examination of draft internal rules and other internal legal acts of the Bureau — by the corporate manager and the legal subdivision of the Bureau, in specific cases — also by the chief actuary of the Bureau, interested authorities and the organisations delegated by the Bureau as prescribed by these Rules.

40. Within a period of five working days from the day of receiving of the draft legal act from the working group (the responsible employee), the subdivision of regulation and development of the Bureau (the corporate manager of the Bureau) shall standardise it and send it, by electronic means, to the legal subdivision of the Bureau.

41. The legal subdivision of the Bureau shall ensure — within a period of five working days from the day of receiving the draft legal acts from the subdivision of regulation and development of the Bureau (the corporate manager of the Bureau) — the compliance of the content of the legal act with the requirements of the regulatory legal acts of the Central Bank, these Rules, as well as the mutual concordance with other legal acts of the Bureau.

42. After completion of the stage of expert examination, the draft rules of the Bureau (with the exception of internal rules) shall also be sent, by electronic means, to the member insurance companies of the Bureau and posted in the section “Drafts” of the official website of the Bureau for submitting proposals and (or) comments. The member insurance companies of the Bureau shall submit — within a period of seven days from the day of receiving the drafts — their written opinions on the draft legal

act to the Bureau, with the exception of drafts marked as “Urgent”, the views on which shall be submitted within a period of three days. In case the insurance companies fail to deliver their position within the mentioned time limits, it shall be considered that they agree to the draft legal act and do not have any comment and (or) proposal thereon.

43. After summing up the opinions the subdivision of regulation and development of the Bureau shall draw up a summary page (**Form 1**) of all the proposals and comments received on the draft rules of the Bureau and submit them for the consideration of the approving authority.

44. The draft rules of the Bureau, whereby the allowable amounts, the cases of application of the unreimbursed amount within the scope of the CILUMV, the cases of early termination of the CILUMV contract, the standards of necessity, substantiation and actual proof of expenditures subject to insurance compensation, the list of documents being filed for receiving a compensation, the cases of rejecting an application for receiving insurance compensation, the limits of the compensation of expenditures incurred due to the injuries inflicted to the health of the injured, the maximum limits of main and basic insurance premiums, the minimum limits of main and basic insurance premiums, the allowable values of the risk factors or the values of Bonus-Malus ratings, the list of the injuries inflicted to the health of the injured, in case of which the medical aid or recovery of health thereof is not possible to implement effectively within the territory of the Republic of Armenia, as well as the lists of medical institutions operating outside the territory of the Republic of Armenia, shall be posted in the section “Drafts” of the official website of the Bureau at least one week before convening the sitting for adoption of the rules (decisions) by the competent authority of the Bureau.

45. The draft rules not referred to in point **44** of these Rules may be posted in the section “Drafts” of the official website of the Bureau at least three days before convening the sitting of the competent authority adopting those rules.

CHAPTER 5. INCLUDING DRAFT LEGAL ACTS IN THE AGENDA OF THE COUNCIL SITTING

46. The subdivision of regulation and development of the Bureau shall submit the electronic versions of the draft legal act, as well as the draft decisions being included in the agenda of the regular sitting — as a proposal of the executive director of the Bureau — to the secretary of the sittings of the Council of the Bureau with the view of including them in the preliminary agenda of the Council of the Bureau.

47. While submitting draft legal acts for consideration the documents, calculations, statistical data, summary pages (**Form 1**) — having served as bases for drafting the act concerned — as well as other information for justification of the necessity of the draft being submitted may be attached thereto.

48. The secretary of the sittings of the Council of the Bureau shall forward the draft legal act to the members of the Council of the Bureau, the executive director, the internal audit and the chief actuary, as well as to the persons having filed a request for convening a sitting of the Council, together with the notice on the sitting of the Council, in the manner and within the time limits prescribed by this Statute.

CHAPTER 6. APPROVAL OF LEGAL ACTS

49. The rules of the Bureau, the termination thereof and the supplements and amendments thereto shall be approved by the Council of the Bureau or the General Meeting of the Bureau members pursuant to these Rules, and shall be subject to registration at the Central Bank.

50. The policies and the work regulations of the Bureau, the termination thereof and the supplements and amendments thereto shall be approved by the Council of the Bureau and shall not be subject to registration at the Central Bank.

51. The procedures of the Bureau, the termination thereof and the supplements and amendments thereto shall be approved by the executive director of the Bureau and shall not be subject to registration at the Central Bank.

52. The rules of the Bureau approved by the Council, the decisions thereof or the excerpts therefrom shall be provided — as prescribed by this Statute — to the addressees according to the content of a decision, for execution or for information.

53. After the legal acts have been approved by the competent authority of the Bureau the secretary of the relevant sitting (the administrative assistant of the Bureau) shall provide them to the corporate manager of the Bureau with the view of records-registration and keeping thereof in the manner prescribed.

CHAPTER 7. REGISTRATION OF THE RULES OF THE BUREAU AT THE CENTRAL BANK

54. The rules of the Bureau, the termination thereof and the supplements and amendments thereto, together with the application for registration, shall be submitted — as prescribed by the Board of the Central Bank — to the Central Bank for registration within a period of 15 working days upon adoption thereof by the relevant management body of the Bureau.

55. The annual cost estimate of operational, administrative and capital investment expenditures of the Bureau, the supplements and amendments thereto shall be submitted — within a period of three working days upon adoption thereof by the General Meeting of the of the Bureau members — for the approval of the Board of the Central Bank.

56. The rules of the Bureau, the adoption whereof is conditioned by adoption of other rules of the Bureau, shall be submitted to the Central Bank for registration in one package.

57. To register its rules, the Bureau shall submit the following to the Central Bank:

(1) the motion on registration of the rules, which is also comprised of the justification for adoption of the rules and information concerning the non-submission or submission of proposals on the draft rules. Moreover, the statistical analyses underlying the approved rules, the relevant calculations and the assessment of the impact thereby, as well as the information on the available means (guidelines, schemes) for making the public aware of the relevant amendments — in case they refer to public at large — must be included or attached to (if applicable) the justification;

(2) *(repealed by Decision of the General Meeting of members of “Armenian Motor Insurers’ Bureau” ULE No 5-L of 11 August 2014);*

(3) the rules (the amendments and (or) supplements thereto) being submitted for registration signed by the head of the body having adopted them, approved by the electronic-digital signature of the executive director of the Bureau and the decision of the competent authority on adoption of the rules being submitted for registration (the amendments and (or) supplements thereto), signed by the head of the body having adopted them, as well as the complete rules (incorporated) including the relevant amendments and (or) supplements thereto. In case the termination of the rules of the Bureau is submitted for registration, the decision of the competent authority on termination shall be submitted;

(4) *(repealed by Decision of the General Meeting of members of “Armenian Motor Insurers’ Bureau” ULE No 5-L of 11 August 2014);*

(5) *(repealed by Decision of the General Meeting of members of “Armenian Motor Insurers’ Bureau” ULE No 5-L of 11 August 2014);*

(6) the opinion of the chief actuary of the Bureau signed by the chief actuary:

a. on the impact of the rules on the increase in expenditures (including those being made at the expense of the funds of the Guarantee fund) or decline in revenues of the Bureau;

b. on inclusion of the maximum and (or) minimum limits for main and basic insurance premiums, the allowable values of the risk factors, other risk factors prescribed by point 3.4 of the Annex to the Law of the Republic of Armenia “On compulsory insurance against liability arising from the use of motor vehicles” in case a motion of registration thereof is filed;

(7) the drawn up summary page of the proposals submitted in relation to the draft rules (**Form 1**) approved by the electronic-digital signature of the executive director. Moreover, the summary page provided for by this subpoint shall contain at least the means through which the proposal has been received, the content of the proposal and the point in the rules, in which the proposal has been reflected, and in case a proposal has not been adopted — the justification for non-adoption thereof.

58. The documents provided for by point **57** of these Rules shall be submitted to the Central Bank electronically, in PDF format, via the CBANet system and in case it is impossible — on an electronic medium.

CHAPTER 8. ENTRY INTO EFFECT OF LEGAL ACTS

59. The rules of the Bureau (the amendments, supplements thereto and the termination thereof) — with the exception of rules provided for by point **44** — shall enter into force upon the relevant registration thereof at the Central Bank, unless a later time period is provided for therein. Moreover, the rules of the Bureau (the supplements, amendments thereto and the termination thereof), containing provisions subject to inclusion in the CILUMV contract, must prescribe that the relevant provisions shall enter into force — as prescribed by the Law — after 10 days following the publication thereof on the official website of the Bureau or within a later time period. The rules of the Bureau provided for by point **44** shall enter into force after 10 days following publication thereof — as prescribed by point **60** of these Rules — unless a later time period is provided for therein.

60. The rules of the Bureau prescribed by point **44** of these Rules shall be subject to publication on the website of the Bureau within a period of three working days following the registration thereof by the Central Bank. The Bureau shall also publish — on its website — other legal acts prescribed by the regulatory legal acts of the Central Bank, as well as, at its discretion, other legal acts.

61. The policy and the work regulations of the Bureau (the amendments, supplements thereto and the termination thereof) shall enter into force from the moment the giving a due notice to the relevant persons of the act concerned, unless a later time period is provided for therein. The application of the policy and the work regulations of the Bureau (the amendments, supplements thereto and the termination thereof) shall be ensured by the order of the executive director of the Bureau.

62. The procedures of the Bureau shall enter into force from the moment of giving due notice to the relevant persons of the act concerned, unless a later time period is provided for therein.

63. The corporate manager of the Bureau shall ensure — within a period of one day — the posting of the approved legal act in the electronic register of legal acts placed in the local network of the Bureau, which is available to all the employees of the Bureau. The legal acts having undergone amendments and (or) supplements shall be placed in the section set forth in this point in the form that includes the amendments and (or) supplements (incorporated).

CHAPTER 9. MAKING AMENDMENTS AND SUPPLEMENTS TO LEGAL ACTS

64. The amendments or supplements to legal acts shall be made by the body having adopted the legal act.

65. The amendments or supplements to legal acts shall be made in compliance with the general rules established for adoption of legal acts.

66. Where large-scale amendments or supplements are made to legal acts, the legal acts may be approved by a new edition.

CHAPTER 10. TERMINATION OF LEGAL ACTS

67. A legal act shall terminate:

- (1) where a legal act is repealed;
- (2) where a legal act is suspended.

68. Following the termination of a legal act, the legal acts of lower legal effect having been adopted based thereon shall also be terminated by the bodies adopting them.

69. A legal act shall be repealed where:

- (1) there is no further need to regulate the legal relations being regulated by the legal act;
- (2) the legal relations regulated by the legal act are regulated or will be regulated by other legal acts;
- (3) a legal act of higher legal effect has entered into force, and the provisions of that legal act contradict it;
- (4) the time limit provided for a fixed-term legal act has expired.

70. A decision on suspension of the legal act must prescribe:

- (1) the reason for or the purpose of, as well as the time limit for suspending the legal act;
- (2) the procedure and conditions for regulation of relations having arisen within the period from suspension to restoration of the legal act.

CHAPTER 11. KEY TECHNICAL REQUIREMENTS FOR LEGAL ACTS

71. The legal acts of the Bureau shall have a name (title) which complies with the content of the legal act and contains brief information on the subject matter thereof.

72. The legal acts of the Bureau shall consist of sections and chapters.

73. The legal acts must be complete, finalised and must fully regulate all the peculiarities of the relations provided for by the act. Where it is impossible or inappropriate to regulate all the peculiarities of the relations being regulated by the legal act concerned, the legal act shall prescribe — in the references or separate parts thereof — the types of legal acts whereby the non-regulated relations shall be regulated.

74. The provisions of a legal act must be understood unambiguously and ensure emotional neutrality.

75. When defining the same concept or expressing the same idea in legal acts, the same words, terms or word combinations — in specific succession — must be used. In legal acts the same term may not be used for different concepts.

76. The style of a legal act shall be imperative and official. Concepts or terms, which are defined by legal acts or are widely-known must be used in legal acts.

77. Where new or polysemantic concepts or terms or such concepts or terms that are not understood unambiguously without clarification are used in a legal act, the legal act concerned shall also provide definitions and interpretations thereto.

78. It shall not be allowed to define a concept or a term in a legal act that will not be used in the legal act concerned or that is widely-known.

79. The legal acts shall be stated in the official language of the Republic of Armenia — the literary Armenian, by following the rules of the Armenian language.

80. The language of legal acts must be clear, distinct, and comprehensible, and the provisions of a legal act must be understood unambiguously.

81. The inappropriate use of polysemantic words and expressions, metaphoric words or expressions, hidden subtexts or ambiguous words and expressions, as well as foreign terms shall not be allowed in a legal act. Where a polysemantic word and a word combination are used in a legal act, the relevant section of the legal act shall define the specific meaning of the use of the given word or a word combination in the legal act concerned.

82. When stating a legal act, references to the points of the legal act concerned or of another act, or to the certain provisions thereof shall be used where it is necessary to emphasise the interrelation of those provisions or to avoid repetition.

83. In dates used in legal acts, the year and day shall be indicated in numbers, whereas the month — in letters.

84. In legal acts, provisions shall be stated in the form of points with a reference number. The points may be divided only into numbered subpoints and the subpoints — only into numbered paragraphs. The points, subpoints and paragraphs shall have no titles.

85. In legal acts, the points and subpoints shall be numbered in Arabic numerals, and the paragraphs — in small letters of the Armenian alphabet.

86. The numbers of points of legal acts shall be separated from the text by a dot, the subpoints — by parentheses, and the paragraphs — by a dot.

87. The points that are homogeneous in content shall be combined under the same chapters. Chapters shall have titles. The content of the chapters must comply with the titles.

88. If necessary, the chapters shall be combined under sections.

89. The titles of chapters and sections of a legal act shall be written in capital letters.

90. There shall be no punctuation mark at the end of the titles of chapters or sections of a legal act.

91. Legal acts shall have their relevant title pages (**Form 2, Form 2.1, Form 3, Form 4**), which are drawn up depending on the body approving and registering the legal act.

92. All the legal acts of the Bureau shall be numbered and subject to records-registration.

93. The numbering and records-registration of the general rules, internal rules and other internal legal acts of the Bureau shall be conducted separately.

94. The code “RL 2” in Latin letters and a numeral, shall be put at the beginning of the numbering of the internal rules of the Bureau; subsequently, the sequential coding shall be carried out based on the principle of coding of segments with numeral combination referred to in point **110** of these Rules. The code “RL 1” shall be put at the beginning of the numbering of the general rules; subsequently, the reference number consisting of three characters shall be put. The code of the internal and general rules of the Bureau shall be separated from the reference numbers by a dash. (for example: RL 1-001, RL 2-82-01,).

95. The coding of other internal legal acts of the Bureau shall be carried out based on the principle referred to in points **108-110** of these Rules.

96. The electronic versions of legal acts shall be drawn up in xxxxx.doc format (be compatible with “MS Office Word 97-2003” editor), and the annexes to the legal act — also in xxxxx.xls format (be compatible with “MS Office Excel 97-2003” editor). Moreover, the code of the legal act (annex) (for example: PR 42-01.doc, FO 42-01-01.xls, RL 1-001.doc, RL 2-82-01.doc) shall be filled in instead of “xxxxx”; where the code is lacking, the number of the relevant decision (order) of the body approving the legal act and a word (words) distinguishing the legal act from other legal acts shall be filled in (for example: 2L-APPA deductible.doc, 11L-ktron hayt.xls). While publishing the legal acts of the Bureau, notifying thereof or providing them to other interested parties, the electronic versions thereof shall be drawn up in “PDF” (xxxxx.pdf) format.

97. While editing the legal acts, blank spaces from the edges of the paper shall be left, as per the following margins:

- (1) the upper section — 2 cm;
- (2) the lower section — 2 cm;
- (3) the left side part — 2 cm;
- (4) the right side part — 2 cm.

98. The text of legal acts shall be typed on a computer using exclusively “Unicode” font.

99. The text in the working papers of the legal act, as well as the titles of chapters and sections shall be typed on a computer using the font size of 12 point. The titles of sections and chapters of legal acts shall be written in bold (“Bold”).

100. Blank lines on the pages of a legal act (with the exception of the title page) shall not be permitted. The distance between the lines of the text of the legal act must be “1.0”, and the distance following and preceding each line must be “0pt” (with the exception of the lines of the titles of sections and chapters, the following and preceding distances of which must be “6pt” and “3pt” respectively).

101. The final version of draft legal acts shall be printed using one-sided printing, on papers of “A4” size.

CHAPTER 12. ADDITIONAL TECHNICAL REQUIREMENTS FOR OTHER INTERNAL LEGAL ACTS

102. Other internal legal acts of the Bureau shall at least contain the following sections:

- (1) **The goal and the subject matter** — this section shall prescribe the objectives to be achieved, the issues to be addressed through the other internal legal act

concerned and the scope of relations constituting the subject matter of regulation of the other internal legal act concerned;

(2) **Scope of application and extent** — this section shall stipulate the scope of persons (subdivisions) of the Bureau that apply — in their activities — the provisions prescribed by the other internal legal act concerned and the scope of persons thereon the provisions prescribed by the other internal legal act or a part thereof extend to;

(3) **Related documents** — this section shall indicate the document of ISO 9001:2008 standard and the names of documents that directly relate to the other internal legal act concerned;

(4) **Definitions and abbreviations** — this section shall contain the key concepts and interpretations thereof used in the other internal legal act concerned, as well as shall introduce the expanded conventional abbreviations being used;

(5) **Annexes** — this section shall prescribe the list of individual components (forms, lists, schemes, applications, statements, contracts, opinions, etc.) being approved by the other internal legal act concerned; moreover, the standard forms of all the documents being used in the process being regulated (applications, statements, contracts, opinions, etc.) shall be attached to the policies, work regulations, the procedures, and shall be adopted simultaneously with the annexes;

(6) **Description** — the issues referred to in points **103-106** of these Rules shall be regulated under this section — based on the peculiarities of the type of the other internal legal act.

103. The section “Description” of the **policy** shall consist of at least the chapters “Goals and objectives of the policy”, “Key principles of the policy” and “Competences and liabilities of authorities, heads, employees ensuring the implementation of the policy”, wherein at least the following provisions shall be included:

(1) Key goals and objectives of the policy — this chapter shall prescribe the key goals and objectives of the area being regulated by the policy;

(2) Key principles of the policy — this chapter shall prescribe the key principles of methods (means, measures) being applied for attaining the policy goals and implementing the policy objectives;

(3) Competences and liabilities of authorities, heads, employees of the subdivisions ensuring the implementation of the policy — this chapter shall prescribe the rights and responsibilities of subdivisions (authorities, employees) involved in the processes prescribed by the policy and ensuring the implementation of the policy.

104. The section “Description” of the **work regulation** — which regulates **the actions of the consultative bodies being formed within the commissions, committees, the Bureau** — shall at least consist of the chapters “Key goals of the body”, “Key objectives and functions (directions of the activity) of the body”, “Competences of the body”, “Composition of the body”, “Arrangement of sittings” and “Holding a sitting and taking decisions”, wherein at least the following provisions shall be included:

(1) Key goals — this chapter shall describe the key goals for the establishment and activity of the body concerned;

(2) Key objectives and functions (directions of the activity) of the body — this chapter shall describe the key objectives of the body concerned and list the functions (directions of the activity) assigned to the body for implementing the objectives and attaining the goals;

(3) Competences of the body — this chapter shall describe the scope of the competences of the body concerned, as well as the powers of the head of the body and the rights and responsibilities of each person involved in the body;

(4) Composition of the body — this chapter shall describe the procedure for the establishment of the body concerned, prescribe the composition, quantity of the body members, the requirements set, the person (authority) appointing them, the term of activity, etc.;

(5) Arrangement of sittings — this chapter shall prescribe the procedure for arrangement of sittings of the collegial body, the scope of persons having the competence to participate in the sittings, the frequency of and the place for holding the sittings;

(6) Holding a sitting and taking decisions — this chapter shall prescribe the whole process of preparation and consideration of issues being included in the agenda of the sittings of the collegial body and the procedure for taking decisions on the issues under consideration.

105. The section “Description” of the **work regulation**, which regulates **the actions of the structural subdivision**, shall at least consist of the chapters “Key objectives and functions (directions of the activity) of the subdivision”, “Arrangement and management of the activity of the subdivision”, wherein at least the following provisions shall be included:

(1) Key objectives and functions (directions of the activity) of the subdivision — this chapter shall describe the key objectives of the subdivision and the list the functions (directions of the activity) assigned to the subdivision for implementing those objectives;

(2) Arrangement and management of the activity of the subdivision — this chapter shall prescribe the structure of the subdivision, the procedure for arrangement of the activity and the form of management thereof, the jobs (staff lists) of the subdivision according to positions, etc.

106. In the section “Description” of the **procedure**, the general provisions, as well as the detailed steps, stages, the sequence for the provisions regulating the processes shall be described, whereby the specific persons responsible for the implementation of each step, the clear time limits, methods for implementation, etc. shall be prescribed.

107. A **Flowchart** may also be envisaged in the procedures of the Bureau, wherein the steps of the process, the sequence and interaction thereof shall be diagrammed

using the algorithmic method, the persons responsible for implementation and the documents being used at each step shall be indicated. The issue of the need for a flowchart (flowcharts) in the procedures of the Bureau shall be decided by the working group (the responsible employee) of the Bureau — based on the volume of problems being settled within the procedure, the complexity thereof, as well as the need for the schematic introduction thereof with the view of being more visible and comprehensible. The flowchart shall be drawn up for a group of processes or for any process reflecting the sequence of steps from the beginning to the end.

108. Other internal legal acts and the annexes attached thereto shall be subject to compulsory coding at the Bureau, during which the Bureau shall be guided by the method and the principles of coding prescribed by this Chapter **(Form 6)**.

109. The code of other internal legal acts (of an annex) shall consist of two parts separated from each other with a space.

110. The first part shall be a Latin abbreviation and the second part — the coding consisting of numerical segments. The segments of the numeral part shall be separated from each other with dashes.

111. In the electronic text of other internal legal acts and the annexes of the Bureau (with the exception of the title page), the tool “Header” shall be applied according to the “Header” **(Form 5)**.

112. The titles of the sections of other internal legal acts of the Bureau, the numbers of and references to the points and subpoints shall be marked in orange, the references to the rules — in red.

113. The codes of all the other internal legal acts shall end with a mark “L” as an act adopted for the internal (local) use of the Bureau.

114. Where other internal legal acts are of temporary nature, the letter “T” shall be placed before the mark referred to in point **113** of these Rules.

115. The internal rules of the Bureau may also be drawn up in compliance with the requirements for other internal legal acts in case they regulate the key conditions, principles, key stages for implementation of a certain operation or activity or provision of a service falling under any activity or a group of functions of the Bureau, the rights and responsibilities, the liability of relevant subdivisions of the Bureau, as well as other necessary main provisions.

CHAPTER 13. PROCEDURE FOR DRAWING UP A FLOWCHART IN PROCEDURES

116. The flowchart (in case it is drawn up) shall be presented in a table consisting of the following columns:

117. **N** — the reference number of actions being regulated under the procedure shall be indicated under this column;

118. **Used documents** — the documents used at the given stage of the process shall be indicated under this column;

119. **Action** — the chart consisting of graphic images shall be diagrammed in this table;

120. **Liability** — the subdivision (employee) responsible for the given stage of the process shall be indicated in under this column.

121. Charts shall be made using the following graphic images:



Beginning or end of the whole process



Action



Decision



End of the process when the process also ends



One-way direction (passage from one action to another)



Two-way direction (passage between two actions)



One-way non-compulsory direction (passage from one action to another)



Two-way non-compulsory direction (passage between two actions)

CHAPTER 14. RECORDS-REGISTRATION OF LEGAL ACTS

122. Legal acts shall be subject to records-registration at the Bureau within a period of one working day from the date of entry into effect of the legal act.

123. The corporate manager of the Bureau shall maintain an electronic register of legal acts and be responsible for timely recording of the information on legal acts in the electronic register.

124. The corporate manager of the Bureau shall maintain individual electronic registers for records-registration of the rules of the Bureau and other internal legal acts of the Bureau.

125. The form of the electronic register of legal acts under records-registration at in the Bureau shall be approved by the executive director of the Bureau and shall at least contain the name of the legal act, the name of the body approving it, the information on the date of approval and entry into force and the date of the amendments made to legal acts.

126. *(repealed by Decision of the General Meeting of members of “Armenian Motor Insurers’ Bureau” ULE No 5-L of 11 August 2014).*

SUMMARY PAGE

OF PROPOSALS RECEIVED ON A DRAFT LEGAL ACT

| No | <i>Content of the proposal</i> | <i>Means for receiving the proposal</i> | <i>Standpoint of the Bureau on the proposal</i> |
|-----------|---------------------------------------|--|--|
| 1. | | | |
| 2. | | | |
| 3. | | | |
| ... | | | |

Of the rules on legal acts

APPROVED

by Decision of the General Meeting (Council) of
members of “Armenian Motor Insurers’ Bureau” ULE
No — A of —/—/20—

Chairperson of the General Meeting (Council) of
members of “Armenian Motor Insurers’ Bureau” ULE

REGISTERED

at the Central Bank of the Republic of Armenia
_____ 20--

Chairperson of the Central Bank
of the Republic of Armenia

STATUTE (RULES) (AMENDMENT, SUPPLEMENT)

ON “ARMENIAN MOTOR INSURERS’ BUREAU” UNION OF LEGAL ENTITIES

(NAME OF THE RULE)

YEREVAN - 20--

Of the rules on legal acts

APPROVED

by Decision of the General Meeting (Council) of
members of “Armenian Motor Insurers’ Bureau” ULE
No — A of —/—/20—

Amended by Decision No — L of —/—/20—

No — L of —/—/20—

No — L of —/—/20—

No — L of —/—/20—

Chairperson of the General Meeting (Council) of
members of “Armenian Motor Insurers’ Bureau” ULE

REGISTERED

(the last amendment is registered)
at the Central Bank of the Republic of Armenia
_____ 20--

Chairperson of the Central Bank of the
Republic of Armenia

STATUTE (RULES)

ON “ARMENIAN MOTOR INSURERS’ BUREAU” UNION OF LEGAL ENTITIES

(NAME OF THE RULE)

YEREVAN - 20--

Of the rules on legal acts



ARMENIAN

MOTOR INSURERS'

BUREAU

I HEREBY APPROVE

*Chairperson of the Council of “Armenian
Motor Insurers’ Bureau” ULE*

Name, surname _____

Seal

Number and date of the decision on
approval

Code of the legal act: *code/number*

“ARMENIAN MOTOR INSURERS’ BUREAU” ULE

(Name of the legal act)

YEREVAN - 20--

Of the rules on legal acts



ARMENIAN
MOTOR INSURERS'
BUREAU

I HEREBY APPROVE

*Executive Director of “Armenian Motor
Insurers’ Bureau” ULE*

Name, surname _____

Seal

Number and date of the order on
approval

Code of the legal act: *code/number*

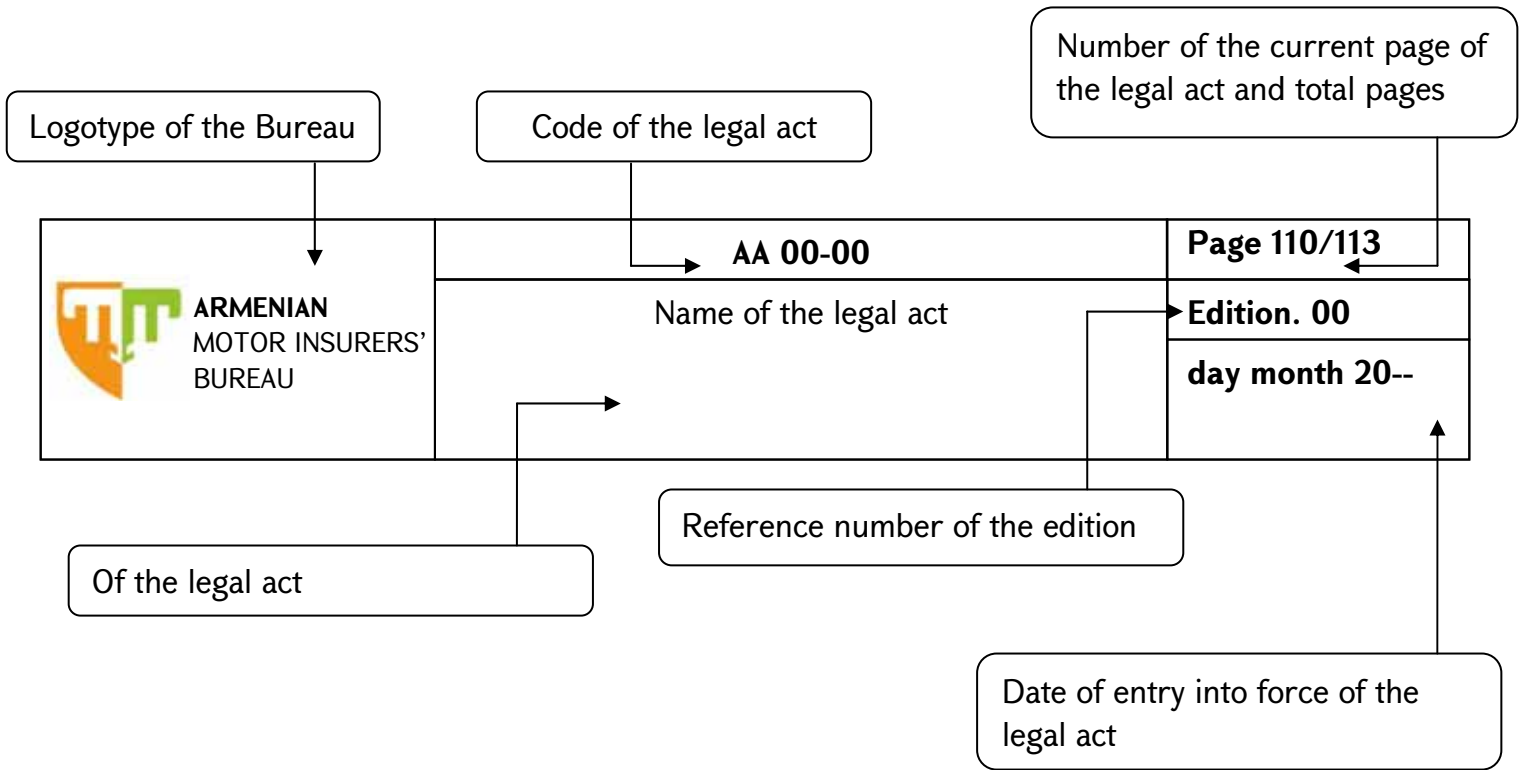
“ARMENIAN MOTOR INSURERS’ BUREAU” ULE

(Name of the legal act)

YEREVAN - 20--

Form 5

Of the rules on legal acts



Of the rules on legal acts

| # | Type of the Legal Act (Annex) | Code of the Legal Act | | | |
|----|-------------------------------|-----------------------|--|-------------|-------------|
| | | 1st part | 2nd part | | |
| | | | 1st segment | 2nd segment | 3rd segment |
| 1. | procedure | PR | PR code — based on the logic of the international standard ISO 9001:2008* | NN** | - |
| 2. | policy | PL | | NN** | |
| 3. | work regulation | RG | | NN** | - |
| 4. | position (job) description | JD | | NN** | - |
| 5. | list | LI | | NN** | NN*** |
| 6. | form | FO | | NN** | NN*** |
| 7. | electronic form | eFO | | NN** | NN*** |

* the 1st segment shall be coded based on the requirements established under ISO 9001:2008 standard, according to the following areas being regulated:

| # | Area being regulated | Code |
|----|--|-----------|
| 1. | Requirements for documents | 42 |
| 2. | Responsibilities of the management | 51 |
| 3. | Quality policy | 53 |
| 4. | Planning | 54 |
| 5. | Competences, responsibilities and information exchange | 55 |

| | | |
|-----|---|-----------|
| 6. | Analysis made by the management | 56 |
| 7. | Supplying/providing resources | 61 |
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** the 2nd segment shall be coded based on the principle of sequential numbering of the 1st segment code (for example: **PR 42-01**, **PR 42-02**). According to the principle of the 1st segment coding, the coding of the 2nd segment — irrespective of the type of a legal act — shall be carried out based on the principle of sequential numbering.

*** the 3rd segment shall be coded based on the principle of sequential numbering of the 2nd segment code.

Coding example:

| | |
|---|--------------------|
| Personnel policy | PL62-01 |
| Competences for adopting decisions on personnel selection | FO 62-01-01 |

| | |
|--|---------------------|
| Procedure for ethics rules and business custom | PR 62-02 |
| Standards for the appearance of the employee | FO 62-02-01 |
| Standards for holding the telephone conversation | FO 62-02-02 |
| ... | FO 62-02-03 |
| ... | LI 62-02-04 |
| Electronic register | eFO 62-62-05 |