



**ARMENIA
INSURANCE FINANCIAL REPORTING,
DRAFTING AND CAPACITY BUILDING (C226)**

**REGULATION ON REINSURANCE AND
MAXIMUM AND MINIMUM RETENTIONS**

Submitted to:

Ministry of Finance and Economy
Head of Insurance Department
Republic of Armenia

Submitted by:

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Section 1

Every licensed company must have in place a reinsurance program approved by the Insurance Department. The Insurance Department may suspend or revoke the license of an insurance company if the company is conducting its insurance business without an approved reinsurance program for any consecutive period of thirty days (30).

Section 2

In order for the reinsurance program of an insurer to be approved by the insurance department reinsurance agreements must meet the following conditions:

- A. The agreement must be in writing and it must provided for a transfer of risk under the original policy of insurance in form and in fact;
- B. It must provide for the payment of reinsurance obligations without diminution in the event that the ceding insurance company becomes insolvent; and
- C. The assuming reinsurer must be licensed by at least one jurisdiction with whom the Government of the Republic of Armenia has a reciprocal insurance supervision agreement; or
- D. Must have funds on deposit in Armenia equal to its liabilities under the reinsurance agreement; or
- E. The Armenian insurance company must produce a letter from the chief insurance supervisory official of the reinsurer's jurisdiction of incorporation or legalization together with certified financial statements stating that the reinsurer possesses minimum capital of US\$ 10,000,000 or its equivalent and is in compliance with all of the laws and regulations of its jurisdiction of incorporation or legalization; or
- F. The reinsurer is rated A- or higher by Standard and Poors/Fitch, or A3 or higher by Moody's, or A- or higher by A.M. Best

Section 3

An insurer shall retain for its own risk at least 10% of gross premium earned. Insurers shall have one year from the effective date of this regulation to conform to the requirements of this section. An insurers may petition the Insurance Department for exclusion of certain lines of business from the requirements of this section.

Section 4

No insurer shall retain exposure on any one risk in excess of 10% of its total capital and surplus

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EMERGING MARKETS

Section 5

No insurer may retain for its own risk written premium in excess of 200% of its total capital and surplus.