



On approval of the Rules for Development and Approval of Insurance Products

Unofficial translation

Order No. 170 of the Minister of Agriculture of the Republic of Kazakhstan dated May 14, 2020. Registered with the Ministry of Justice of the Republic of Kazakhstan on 15 May 2020 under No. 20641

Unofficial translation

In obedience to sub-paragraph 41-10) of paragraph 1 of Article 6 of the Law of the Republic of Kazakhstan dated July 8, 2005 “On State Regulation of Development of Agro-Industrial Complex and Rural Areas” **I HEREBY ORDER:**

1. That the attached Rules for Development and Approval of Insurance Products shall be approved.

2. That pursuant to the procedure set by the legislation, the Department of Financial Instruments and Microlending of the Ministry of Agriculture of the Republic of Kazakhstan shall:

- 1) state registration hereof with the Ministry of Justice of the Republic of Kazakhstan;
- 2) place this order on the website of the Ministry of Agriculture of the Republic of Kazakhstan after its official publication.

3. That the supervising Vice-Minister of Agriculture of the Republic of Kazakhstan shall be in charge of the execution hereof.

4. That this order shall be put into effect after ten calendar days from the date of its first official publication.

*Minister of Agriculture
of the Republic of Kazakhstan*

S. Omarov

	“ A G R E E D B Y ”
Ministry	of
of the Republic of Kazakhstan	Finance

	“ A G R E E D B Y ”
Agency	of
on the	the
of the Financial Market	Republic of Kazakhstan
	Regulation and Development

	“ A G R E E D B Y ”
Ministry	of
of the Republic of Kazakhstan	National Economy

	“ A G R E E D B Y ”
Ministry	of
	Digital Development,

Rules for the Development and Approval of Insurance Products

Chapter 1. General provisions

1. These Rules for the Development and Approval of Insurance Products (hereinafter - Rules) have been drawn up in obedience to sub-paragraph 41-10) of paragraph 1 of Article 6 of the Law of the Republic of Kazakhstan dated July 8, 2005 “On State Regulation of Development of Agricultural Complex and Rural Areas” and determine the procedure for development and approval of insurance products to be subsidized in the agribusiness industry (hereinafter - AI).

2. The following terms and definitions shall be used in these Rules:

1) agribusiness industry insurance operator (hereinafter the operator) is a joint-stock company established by the decision of the Government of the Republic of Kazakhstan, which is part of the national management holding in the agribusiness, whose sole shareholder is the state;

2) an authorised body in the field of agribusiness industry development (hereinafter referred to as the authorised body) - a state body carrying out state regulation in the field of agribusiness development;

3) an authorised body for regulation, control and supervision of financial market and financial organisations (hereinafter referred to as ARCSFM) - a state body performing state regulation, control and supervision of financial market and financial organisations;

4) insured event - an event upon the occurrence of which an insurance contract provides for the payment of an insurance benefit;

5) insurance product - a financial product developed by the operator or insurer, agreed with the ARCSFM and approved by the operator, to be subsidised within the framework of state support of the agribusiness entities in insurance;

6) insurance premium - amount of money that the policyholder pays to the insurer for the insurer's undertaking to make insurance payments to the policyholder (beneficiary) in the amount defined in the insurance contract;

7) subsidy of a part of the insurance premium - a form of state support aimed at reimbursement of a part of the insurance premium paid by the AI entities to the insurers;

8) insurance underwriter - a legal entity engaged in conclusion and execution of insurance contracts on the basis of an appropriate license of the ARCSFM;

9) insurant - a natural person or a legal entity, including a peasant or a farmer household, who has concluded an insurance contract with the insurance underwriter;

10) expert council - a collegial body established at the operator whose purpose and activities are the examination of insurance products and which consists of representatives of insurance organisations, the authorised body, the operator, independent experts and other persons;

11) feasibility study - a documented result of the calculation of the economic feasibility of an insurance product.

Chapter 2. Procedure for developing and approving subsidised insurance products

3. Insurance products shall be developed by the operator or insurance underwriters licensed to carry out insurance activities in the field of "general insurance".

4. Insurance products to be subsidised shall comply with the following requirements:

1) availability of second-tier bank recommendations;

2) realization of insurance payment not later than 30 (thirty) calendar days from the moment of submission of a full package of documents on an insured event;

3) application of cost rate not lower than scientifically grounded parameters of "National Agrarian Scientific and Educational Centre Non-Commercial Joint-Stock Company (for insurance products where the cost standard is applied);

4) coverage of especially dangerous animal diseases included in the list of especially dangerous animal diseases subject to mandatory withdrawal and elimination of animals, products and raw materials of animal origin posing danger to animal and human health, approved by Order No. 7-1/559 of the Minister of Agriculture of the Republic of Kazakhstan dated October 30, 2014 "On Approval of Regulatory Legal Acts in the Veterinary Sphere" (registered with the Register of State Registration of Regulatory Legal Acts under No. 9891);

5) availability of reinsurance of at least fifty percent of one hundred percent of risks in a reinsurance company with a financial stability rating (credit rating) not lower than "B+" on the scale of Standars&Poor's international rating agency, or not lower than an equivalent rating on the scale of other international rating agencies.

The requirements specified in sub-paragraphs 2), 3) and 4) of this paragraph shall apply to insurance products in which it is possible to use them.

5. After the development of insurance products, the insurance underwriter shall apply to the operator for approval of the insurance product in order to subsidise part of the insurance premiums for it.

The following documents shall be attached to the application of the insurance underwriter:

a standard insurance contract;

a standard application for adhesion to the insurance contract;

terms and conditions of the insurance product in the form pursuant to the annex to these Rules;

insurance regulations;
a feasibility study;
information materials for insurants, which the insurance underwriter shall use to organise the sale of the insurance product;
a protocol of the insurance underwriter's authorised body on approval of the insurance product.

6. Within 5 (five) working days from the day of receipt of the application with the package of documents for the approval of the insurance product from the insurance underwriter, the operator shall verify its completeness and compliance with paragraphs 3, 4, 5 of these Rules, and in case the package of documents is not complete, shall return it in writing within 2 (two) working days, indicating the reasons for return.

Once the reasons for the return have been rectified, the insurance underwriter shall re-submit the application with the full set of documents.

7. The operator shall send the application with the complete set of documents to the second-tier banks for approval within 2 (two) working days as of the receipt of the application from the insurance underwriter.

8. Within 5 (five) working days from the date of receipt of an application from a second-tier bank, the operator shall prepare a conclusion regarding the compliance of an insurance product with these Rules, its relevance and applicability, feasibility of insurance rates therein and analysis as to the scope of protection provided to the insurant.

9. Within 10 (ten) working days after preparation of the opinion, the operator shall hold a meeting of the Council of Experts during which a decision shall be taken whether to approve or not to approve the insurance product in compliance with the criteria stipulated in paragraph 8 of these Rules.

10. If the Expert Council refuses to approve an insurance product, the operator shall send a written response to the insurance underwriter within 2 (two) working days after receiving the decision of the Expert Council on the refusal to approve the insurance product with an appropriate justification.

11. If the Expert Council approves the insurance product developed, the operator shall send the insurance product to ARCSFM for approval within 2 (two) working days after receiving the decision of the Expert Council.

12. Within 10 (ten) working days, the ARCSFM shall send a decision on approval or refusal to approve the insurance product to the operator.

The basis for refusal shall be a finding of unreliability of the insurance product documents submitted for approval and (or) data (information) contained therein.

13. In the event of refusal to approve an insurance product, the operator shall notify the insurance underwriter in writing within 5 (five) working days.

14. Within 10 (ten) working days of receipt of the ARCSFM's decision, the operator shall approve the insurance product agreed with the ARCSFM and notify the insurance underwriter in writing thereof.

Annex
to the Rules
for the Development and
Approval of Insurance Products

Terms and conditions of the insurance product " _____ "

Insurance underwriter	
Insurant	
Type of crop/type of farm animal	
Risks covered by the insurance product	
Period of insurance	
Insured value	
Insurance premium	
Insurance indemnity	
Beneficiary	
Limitations on insurance coverage	
Events not recognised as an insured event (exclusions from insurance cover)	
List of documents required to claim the insurance benefit	
Territory of insurance cover	
Insurance tariff	
Franchise	
Special conditions	
Estimated loss ratio and expense ratio	

First Head or authorised person

(signature, first name, surname and patronymic (if any))