

On Compulsory Insurance in Plant Production

Invalidated Unofficial translation

The Law of the Republic of Kazakhstan dated 10 March 2004 № 533. It became invalid by the Law of the Republic of Kazakhstan dated 28.10.2019 № 268-VI (effective from 06.01.2020).

Unofficial translation

Footnote. It became invalid by the Law of the Republic of Kazakhstan dated 28.10.2019 № 268-VI (effective from 06.01.2020).

Footnote. Text after the words “local executive body” is supplemented by the words “of district (city)” – by the Law of the Republic of Kazakhstan dated 10 January 2006 No. 116 (the order of enforcement see Article 2 of the Law No. 116).

Footnote. Through the whole text after the word “city” are supplemented by the words “of oblast significance” – by the Law of the Republic of Kazakhstan dated 7 May 2007 No. 244.

This Law regulates public relations arising in the field of compulsory insurance in plant production and establishes legal, financial and organizational basis of its conducting.

Article 1. Basic definitions used in this Law

The following basic definitions shall be used:

1) agent – joint stock company created under decision of the Government of the Republic of Kazakhstan, being the part of national management holding in the scope of agroindustrial complex, a single shareholder of which is the state;

2) shall be excluded by the Law of the Republic of Kazakhstan dated 10.01.2018 № 134-VI (shall be enforced upon the expiration of six months after the date of its first official publication);

3) total loss of crops – consequence of an impact of adverse acts of nature on crops, upon which the expenses on further growing and harvesting exceeds estimated return of harvest;

4) partial loss of crops – consequence of an impact of adverse acts of nature on crops, upon which the estimated or actual income from one hectare of producing the type of plant production is less than standard expenses for one hectare of producing the type of plant production, established as from the date of concluding the compulsory insurance agreement;

5) adverse act of nature – act of nature (long-termed – dryness, frost injury, lack of heat, excessive soil, waterlogging, overflowing, lack of water, dry hotwind; short-termed – glazed rain, rain storm, freezing, strong wind, earth flow) in the result of which the loss or damage to plant production are occurred;

6) inspection report on the fact of adverse act of nature (hereinafter – inspection report) – the document, confirming cause and effect relationship between partial or total loss of crops and impact of adverse act (acts) of nature, requirements for which are provided by this Law in the form, established by the Government of the Republic of Kazakhstan;

7) estimated return of harvest – the income, determined by commission in accordance with methods of determining the area of crop loss, approved by the authorized body in the field of plant production;

8) plant production – the set of producing the branch of farm economy, including producers of agricultural production – individuals and legal entities, engaged in producing the plant production;

9) compulsory insurance agreement in plant production (hereinafter – compulsory insurance agreement) – the agreement concluded between insurer and insured on conditions, determined by this Law;

10) mutual insurance association in plant production (hereinafter – association) – a legal entity, created in legal organizational form of consumer cooperative for the purposes of carrying out mutual insurance of property interests of own members in the field of compulsory insurance in plant production;

11) plant products – products, received in the course of cultivating agricultural plants (grain, oil-producing, sugar beet, cotton);

12) authorized state body in the field of plant production – state body determined by the Government of the Republic of Kazakhstan, carrying out state regulation in the scope of development of plant production;

13) insured accident – event with occurrence of which the compulsory insurance agreement provides carrying out of insurance payment;

13-1) insurance ombudsman - an independent in its activities individual who carries out the settlement of disputes between the participants of the insurance market in accordance with the Law of the Republic of Kazakhstan "On Insurance Activities";

14) insured amount – sum of money on which the object of compulsory insurance is insured and that represents limiting volume of responsibility of an insurer upon occurrence of insured accident;

15) insurance premium – the sum of money that shall be paid by an insured to an insurer for assuming the obligations by the latter to perform insurance payment to an insured (beneficiary) in amount, determined by compulsory insurance agreement;

16) insurance payment – the sum of money, paid by an insurer to an insurant (gain acquirer) within insured amount upon occurrence of insured accident;

17) an insurer – a legal entity received a license for the right to carry out compulsory insurance in plant production in the manner established by the legislation of the Republic of Kazakhstan, obliged to make insurance payment to an insurant or other person, in favour of which the agreement is concluded (gain acquirer) upon occurrence of insured accident within the sum (insured amount) determined by agreement;

18) an insurant – a person, carrying out the activity on producing the plant production and concluded the compulsory insurance agreement with an insurer;

19) franchise – release of an insurer from compensation for damage, not exceeding determined amount;

20) standard expenses – the expenses on separate technological processes, types of works and expense items in the calculation for one hectare of producing the type of plant products denominated in tenge.

Footnote. Article 1 is in the wording of the Law of the Republic of Kazakhstan dated 20.12.2009 No. 234-IV; as amended by the Law of the Republic of Kazakhstan dated 17.01.2014 No. 165-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated 02.07.2018 № 166-VI (shall be enforced upon the expiration of ten calendar days after the day of its first official publication); dated 10.01.2018 № 134-VI (shall be enforced upon the expiration of six months after the day of its first official publication).

Article 2. Legislation of the Republic of Kazakhstan on compulsory insurance in plant production

1. Legislation of the Republic of Kazakhstan on compulsory insurance in plant production is based on the Constitution of the Republic of Kazakhstan and consists of the Civil Code of the Republic of Kazakhstan, the Law of the Republic of Kazakhstan “On insurance activity”, the Law of the Republic of Kazakhstan “On mutual insurance”, this Law and other regulatory legal acts of the Republic of Kazakhstan.

2. If international treaty ratified by the Republic of Kazakhstan establishes other rules than those contained in this Law, the rules of international treaty shall be applied.

3. Force of this Law shall not apply to the activity on growing the plant products on non-agricultural lands and storage of plant products.

Footnote. Article 2 as amended by the Law of the Republic of Kazakhstan dated 7 May 2007 No. 244.

Article 3. Object of compulsory insurance in plant production

Object of compulsory insurance in plant production are property interests of an insurant, linked with partial or full compensation of losses of an insurant upon occurrence of insured accident, the amount of which shall be established in accordance with this Law.

Footnote. Article 3 is in the wording – by the Law of the Republic of Kazakhstan dated 7 July 2006 No. 179 (shall be enforced from the date of its official publication).

Article 4. Aims of compulsory insurance in plant production

Aims of compulsory insurance in plant production are:

1) ensuring of protection of property interests of plant products producer from consequences of adverse acts of nature by carrying out of insurance payments in cases, amount and procedure, provided by this Law;

2) creation of conditions for crediting of plant products producers on bail of insured crops;

3) assistance in improvement of the effectiveness by the state support of plant production.

Footnote. Article 4 is in the wording of the Law of the Republic of Kazakhstan dated 07.07.2006 No. 179 (shall be enforced from the date of its official publication); as amended by the Law of the Republic of Kazakhstan dated 03.07.2013 No. 124-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 4-1. Competence of the Government of the Republic of Kazakhstan

Footnote. Article 4-1 is excluded by the Law of the Republic of Kazakhstan dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 5. State control and supervision in the scope of compulsory insurance in plant production

1. State control of performing the obligation on conclusion of compulsory insurance agreement by producers of plant products, established by this Law shall be carried out by the authorized state body in the field of plant production and its territorial bodies.

2. Authorized body in the field of plant production shall:

1) implement state policy in the field of plant production;

2) is excluded by the Law of the Republic of Kazakhstan dated 03.07.2013 No. 124 -V (shall be enforced upon expiry of ten calendar days after its first official publication);

3) is excluded by the Law of the Republic of Kazakhstan dated 29.09.2014 No. 239

-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

4) improve legal and economic conditions for development of plant production;

5) study situation of condition of the plant production's branch in the republic and abroad;

6-9) are excluded by the Law of the Republic of Kazakhstan dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

10) develop and approve the methods of determining the areas of loss of crops;

11) is excluded by the Law of the Republic of Kazakhstan dated 29.12.2014 No. 269-V (shall be enforced from 01.01.2015);

12) represent register of associations to the National bank of the Republic of Kazakhstan (hereinafter – the National Bank) with specification of its name and location area;

12-1) develop and approve the standard form of compulsory insurance agreement in plant production and agreement on procedure and conditions of partial compensation of insurance payments;

12-2) develop and approve the standards of expenses for production of the types of products of plant production being subject to compulsory insurance for one hectare of sown area;

12-3) develop and approve the procedure for using money allocated for support of compulsory insurance in plant production and amount of paying the service of an agent ;

12-4) develop and approve criteria and characteristics of determining the adverse acts of nature upon the recommendation of the authorized state body in the field of environmental protection and authorized body in the scope of civil protection;

12-5) develop and approve the order of creating and organizing of the work of commission by local executive body of a district (city of oblast significance) for determination of the size of crop acres being subject to influence of adverse act of nature and form of the inspection report;

12-6) develop and approve the standard form of certificate of body of hydro-meteorological services and (or) authorized body in the scope of civil protection confirming the fact of adverse act of nature;

12-7) develops and approves the rules of provision by the policyholder, insurer, agent and society of the information and documents required for implementation of control functions by the local executive body of the region, the cities of republican importance and the capital;

13) carry out other powers, provided by this Law, other Laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

2-1. Local executive body of oblast, city of republican significance and the capital shall: 1) carry out state control of compliance with the legislation of the Republic of Kazakhstan in the field of plant production;

2) carry out control of the activity of an agent, association, their compliance with the legislation of the Republic of Kazakhstan on compulsory insurance in plant production;

3) consider cases on evasion from conclusion of compulsory insurance agreements by insurants and non-compliance with requirements of the legislation of the Republic of Kazakhstan on mutual insurance and this Law by the association;

4) request and receive information and documents required for carrying out of its control functions from an insurant, insurer, agent and association;

5) shall be excluded by the Law of the Republic of Kazakhstan dated 24.05.2018 № 156-VI (shall be enforced upon the expiration of ten calendar days after the day of its first official publication).

3. Local executive body of district (city of republican significance) shall:

1) organize compulsory insurance by economic entities;

2) request and receive information and documents from an insurant, insurer and agent, required for carrying out of its functions, in the form established by the authorized body in the field of plant production;

3) determine optimal terms of beginning and termination of sowing works in the relevant territory in section of natural and climatic zones by type of plant products, subject to compulsory insurance in plant production;

3-1) provide the list of producers of plant products, subject to insurance in current year to the authorized state body in the field of plant production;

4) create committees in accordance with Article 9 of this Law;

5) carry out other powers, imposed on local executive bodies by the legislation of the Republic of Kazakhstan in the interests of local state government.

4. State supervision of the activity of insurance organizations shall be carried out by the National Bank in accordance with the legislation of the Republic of Kazakhstan.

Footnote. Article 5 as amended by the Laws of the Republic of Kazakhstan date 10.01.2006 No. 116 (the order of enforcement see Article 2 of the Law No. 116); dated 31.01.2006 No. 125; dated 07.07.2006 No. 179 (shall be enforced from the date of its official publication); dated 07.05.2007 No. 244; dated 17.07.2009 No. 188-IV (the order of enforcement see Article 2); dated 30.12.2009 No. 234-IV; dated 19.03.2010 No. 258-IV; dated 06.01.2011 No. 378-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.07.2011 No. 452-IV (shall be

enforced from 13.10.2011); dated 05.07.2012 No. 30-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 10.07.2012 No. 36-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 03.07.2013 No. 124-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated 29. 12. 2014 No. 269-V (shall be enforced from 01.01.2015); dated 24.05.2018 № 156-VI (shall be enforced upon the expiration of ten calendar days after the day of its first official publication).

Article 5-1. Procedure for carrying out of state control in the field of compulsory insurance in plant production

For the purpose of carrying out of state control, the territorial body of the authorized state body in the field of plant production shall:

1) request the list of insurants, concluded compulsory insurance agreement in plant production from an agent, with specification of insured types of plant products in the relevant territory;

2) is excluded by the Law of the Republic of Kazakhstan dated 30.12.2009 No. 234 -IV;

3) is excluded by the Law of the Republic of Kazakhstan dated 17.07.2009 No. 188 -IV (the order of enforcement see Article 2);

4) draw up protocols on administrative violations and impose administrative penalties in accordance with the Code of the Republic of Kazakhstan on Administrative Offenses.

State control in the field of compulsory crop production insurance is carried out in the form of inspection and preventive control.

Inspection and preventive control is carried out in accordance with the Entrepreneurial Code of the Republic of Kazakhstan.

Footnote. The Law is supplemented by Article 5-1 in accordance with the Law of the Republic of Kazakhstan dated 31.01.2006 No. 125; dated 07.07.2006 No. 179 (shall be enforced from the date of its official publication); as amended by the Laws of the Republic of Kazakhstan dated 17.07.2009 No. 188-IV (the order of enforcement see Article 2); dated 30.12.2009 No. 234-IV; dated 06.01.2011 No. 378-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated 29.10.2015 No.376-V (shall be enforced from 01.01.2016); dated 24.05.2018 № 156-VI (shall be enforced upon the expiration of ten calendar days after the day of its first official publication).

Article 5-2. Special aspects of carrying out of compulsory insurance in plant production

1. Provisions contained in this Law shall apply to associations in recognition of special aspects, established by the legislative acts of the Republic of Kazakhstan, regulating their activity.

Insurance of property interests of association members shall be carried out in accordance with the rules of mutual insurance.

2. Producers of plant products being members of association shall not be subject to compulsory insurance of an insurer.

3. Is excluded by the Law of the Republic of Kazakhstan dated 27.04.2015 No. 311 -V (shall be enforced upon expiry of ten calendar days after its first official publication).

4. Activity oriented to restriction or elimination of business competition, provision or receipt of unreasonable privileges on concluding the compulsory insurance agreements in the plant production by some insurers before others, impairment of rights and legal interests of insurants.

Footnote. The Law is supplemented by Article 5-2 in accordance with the Law of the Republic of Kazakhstan dated 07.05.2007 No. 244; as amended by the Law of the Republic of Kazakhstan dated 30.12.2009 No. 234-IV; dated 27.04.2015 No.311-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 5-3. Information interaction

Local executive bodies, the authorized state body in the field of crop production, other state bodies and organizations that have information about adverse natural phenomena and their consequences, are obliged to provide this information to the insurer and insurance ombudsman at their request.

Footnote. The Law is supplemented by Article 5-3 in accordance with the Law of the Republic of Kazakhstan dated 02.07.2018 № 166-VI (shall be enforced upon the expiration of ten calendar days after the day of its first official publication).

Article 6. Types of insured accidents upon compulsory insurance in plant production

Loss or damage of plant products in the result of adverse acts of nature or their assembly, recorded in the inspection report due to which the losses of an insurant are occurred shall refer to insured accidents upon compulsory insurance in plant production.

Footnote. Article 6 as amended by the Law of the Republic of Kazakhstan dated 30.12.2009 No. 234-IV.

Article 7. Determination of size of insured amount and types of standard expenses

1. Size of insured amount shall be established by agreement, concluded in recognition of special aspects of compulsory insurance, determined by this Law, separately on each type of plant products in accordance with the standard expenses for one hectare, multiplied by all the area on which an insurant carries out expenses on growing of this type of plant products.

2. Calculation of insured amount shall be carried out by standard expenses on one of the following types:

- 1) scientifically grounded agrotechnologies;
- 2) simplified agrotechnologies;
- 3) on three types of expenses:
fuel and lubrication materials;
seeds;
salary.

Footnote. Article 7 as amended by the Laws of the Republic of Kazakhstan dated 07.07.2006 No. 179 (shall be enforced from the date of its official publication); dated 30.12.2009 No. 234-IV.

Article 8. Determination of amount of insurance premium and procedure for its payment

1. Amount of insurance premium on each type of plant products shall be established by the compulsory insurance agreement, but may not be less than amount of insurance rate, established by this Law and multiplied by the relevant insured amount.

Establish the following minimal and maximal amounts of insurance rates, calculated in percent from insured amount on the type of plant products, established by compulsory insurance agreement in recognition of the state subsidiary of insurance payments:

- 1) grain (on groups of oblasts):

No.	Name of oblasts	Insurance rate in %	
		Minimal	Maximal
1.	Akmolinsk, Almaty, East Kazakhstan, Zhambyl, Kostanai, North Kazakhstan	1,78	3,48
2.	Karaganda, Kyzylorda, Pavlodar, Turkestan	3,17	5,83
3.	Aktyubinsk, West Kazakhstan	5,21	9,15

- 2) oil-producing (over the whole republic) minimal – 2,01%, maximal – 3,44

3) sugar beet (over the whole republic) minimal – 5,76%, maximal 8,39%;

4) cotton (over the whole republic) minimal – 0,92%, maximal 1,33%.

2. Payment of insurance premiums shall be made by an insurant and refer to the prime cost of insured type of plant products.

3. Insurance premium on compulsory insurance in plant production shall be paid in coordination with an insurer by installment in the manner and terms, determined by the compulsory insurance agreement.

In case of non-payment of insurance premium by an insurant on conditions of its lump-sum payment, established in compulsory insurance agreement, the compulsory insurance agreement shall be considered as non-concluded.

Upon undue payment of regular amount of insurance premium on conditions of paying the insurance premium by installment, established by compulsory insurance agreement, an insurant shall be obliged to pay penalty to an insurer in the manner and amount, established by civil legislation of the Republic of Kazakhstan.

If insured accident occurred before payment of regular insurance premium or payment of which is in arrears, an insurer shall have the right to offset the amount of unpaid insurance premium, reducing the insurance payment.

Footnote. Article 8 as amended by the Laws of the Republic of Kazakhstan dated 07.07.2006 No. 179 (shall be enforced from the date of its official publication); dated 30.12.2009 No. 234-IV; dated 28.12.2018 No. 210-VI (shall be enforced upon the expiration of ten calendar days after the day of its first official publication).

Article 9. Determination of amount of insurance payment and procedure of its carrying out

1. Insurance payment shall be carried out in amount of loss of an insurant within the insured amount without a franchise applying.

Establishment of a franchise (conditional or unconditional) by an insurer shall not be allowed upon compulsory insuring, and in case of its establishment it shall be considered invalid.

2. Amount of loss shall be determined as positive difference between the amount of standard expenses for one hectare of producing the plant products, established as from the date of concluding the compulsory insurance agreement, and income from one hectare of producing the type of plant products on the area, affected by adverse acts of nature, multiplied by area of production of this type of production, affected by adverse acts of nature.

Sizes of areas, affected by adverse acts of nature shall be established by committee that shall be created by local executive body of district (city of oblast significance) upon application of an insurant within five business days from the date of receipt of the insurant's application.

Composition of a committee shall include representatives of local executive body of district (city of oblast significance), authorized state body in the field of plant production, agent, insurer or association and insurant.

A committee shall inspect sown areas applied by an insurant by methods of determining the areas of loss of crops, approved by the authorized state body in the field of plant production, and in the results of inspecting shall determine the level of loss of plant products: total or partial.

Following the results of inspecting, a committee shall draw up inspection report on the date of inspection in three copies, separately on each fact of adverse act of nature or their combination and type of plant products. Inspection report shall be signed by all committee members whereupon shall be represented to representatives of an agent, insurer or association and insurant. In case if one of committee member is not agree with adopted decision and doesn't sign the inspection report, he (she) shall be obliged to represent the reasons of his (her) refusal to committee in written form and attach them to the inspection report. Inspection report shall be considered as accepted upon existence of two-thirds signatures of committee members.

Volume of products, gathered from areas affected by impact of adverse act of nature, in case of partial loss of crops shall be subject to compulsory evaluation upon harvesting. In case of total loss of crops, the amount of loss shall be determined as amount of standard expenses for one hectare of producing the type of plant products, established as from the date of concluding the compulsory insurance agreement in plant production multiplied by production area of this type of production, affected by the impact of adverse act of nature.

3. Income may be actual, id est calculated after selling all the volume of the type of plant products on receipt of which the adverse acts of nature affected.

4. Income may be estimated, id est calculated after harvesting and until selling all the volume of type of plant products, on receipt of which the adverse acts of nature affected.

The estimated income is determined by the insurer upon application of the policyholder or his or her representative. In case of disagreement, the estimated income is determined by the valuer. In case of disagreement with the assessment results, the parties shall have the right to prove otherwise.

In case of total loss of crops, determination of assessed income by an insurant shall not be performed.

5. In case of partial loss of crops of plant products, the insurance payment shall be made no sooner than one month, but no later than three months from the date of ending of harvesting.

By this, income shall be calculated in the following manner:

1) in accordance with paragraph 3 of this Article, if received harvest was sold;

2) in accordance with paragraph 4 of this Article, if received harvest was not sold;
3) in accordance with paragraph 3 of this Article, if received harvest was sold partially, and shall be calculated for unsold part of harvest in accordance with paragraph 4 of this Article.

6. In case of total loss of crops, an insurer shall carry out insurance payments to an insurant in full measure within ten business days from the date of receiving documents by an insurer, provided by paragraph 2 of Article 10 of this Law.

7. Is excluded by the Law of the Republic of Kazakhstan dated 07.07.2006 No. 179 (shall be enforced from the date of its official publication).

Footnote. Article 9 as amended by the Laws of the Republic of Kazakhstan dated 07.07.2006 No. 179 (shall be enforced from the date of its official publication); dated 07.05.2007 No. 244; dated 30.12.2009 No. 234-IV; dated 19.03.2010 No. 258-IV; dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated 10.01.2018 No. 134-VI (shall be enforced upon the expiration of six months after the date of its first official publication)

Article 10. General conditions of carrying out of insurance payment

1. Requirement on insurance payment to an insurer shall be submitted by an insurant in written form with attachment of documents, required for carrying out of insurance payment.

2. Application on insurance payment shall be enclosed by the following documents:
copy of compulsory insurance agreement;
copy of fields placement map (scheme);
certificate of body of hydro-meteorological service and (or) authorized body in the scope of civil protection, confirming the fact of adverse act of nature;
copy of application of an insurant to local executive body of district (city of oblast significance) on creation of a committee on establishment of areas, affected by adverse act of nature with the mark on acceptance of the application;
documents confirming the receipt of actual income, the list of which is established by the contract of compulsory insurance, and in their absence - the report of the appraiser on the assessment of income from partial loss of crops.

Additional requisitioning of other documents by an insurer from an insurant shall not be allowed.

3. An insurer accepted the documents shall be obliged to draw up certificate in duplicate with specification of full list of documents and date of their acceptance. One copy of certificate shall be issued to an applicant, the second copy with mark of the applicant on its acceptance shall remain with the insurer.

Footnote. Article 10 as amended by the Laws of the Republic of Kazakhstan dated 31.01.2006 No. 125; dated 07.07.2006 No. 179 (shall be enforced from the date of its official publication); dated 30.12.2009 No. 234-IV; dated 11.04.2014 No. 189-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); № 134-VI dated 10.01.2018 (shall be enforced upon the expiration of six months after the date of its first official publication).

Article 11. Grounds for release an insurer from carrying out of insurance payment

1. An insurer shall have the right to refuse an insurant in insurance payment in full or in part, if insured accident occurred due to:

intended actions of an insurant, oriented to occurrence of insured accident or enabling its occurrence, with the exception of actions, committed in condition of necessary defence and extreme necessity;

actions of the insured, recognized in accordance with the procedure established by legislative acts of the Republic of Kazakhstan, as intentional criminal or administrative offenses that are in causal relationship with the insured event.

2. Ground for refusal of an insurer in carrying out of insurance payment may be as follows as well:

statement of knowingly false information by an insurant to an insurer on the object of insurance, insured risk, insured accident and its consequences;

intended non-taking of measures by an insurant on reduction of losses from insured accident;

impediment in investigation of circumstances of occurring insured accident by an insurant to an insurer and establishment of amount of loss inflicted to him (her);

non-notification of an insurer on occurrence of insured accident, unless it is proved that an insurer came to knowledge on occurrence of insured accident in due time, or absence of details of an insurer on this might not have an impact on its obligation to carry out insurance payment;

filing the application to local executive body of district (city of oblast significance) on creation of commission on determination of sizes of areas, affected by adverse act of nature with the violation of terms, established by item six of paragraph 2 of Article 15 of this Law;

other cases, provided by civil legislation of the Republic of Kazakhstan.

3. Decision on refusal in insurance payment shall be adopted by an insurer and shall be informed to an insurant in written form with substantiated explanation of reasons for refusal within seven calendar days from the date of representing all the documents, provided by paragraph 2 of Article 10 of this Law.

4. The insurer's refusal to make an insurance indemnity may be appealed by the policyholder in court.

Footnote. Article 11 as amended by the Law of the Republic of Kazakhstan dated 03.07.2014 No. 227-V (shall be enforced from 01.01.2015); dated 02.07.2018 No. 166-VI (shall be enforced upon the expiration of ten calendar days after the day of its first official publication).

Article 12. State support of compulsory insurance in plant production

1. State support of compulsory insurance in plant production shall be carried out by appropriation of budget funds, determined by the Law on republican budget for the relevant financial year to the authorized state body in the field of plant production for compensation of fifty percent of insurance payments to insurants and associations on insured accidents, arising in the result of adverse acts of nature, and for paying the services of an agent.

Funds provided for paying the services of an agent may be transferred on current account of the agent in second-tier bank in accordance with agreement, concluded between the authorized body in the field of plant production and the agent.

2. Current account in the National bank shall be opened for an agent for carrying out of fund management, transferred by the authorized state body in the field of plant production on the basis of agreement, concluded between the authorized state body in the field of plant production and the agent.

Temporary available funds from the current account in the National Bank may be placed on deposits in the National Bank and in state securities.

Revenue side of current account in the National Bank shall be formed at the expense of budget funds, transferred by the authorized state body in the field of plant production on the basis of agreement, and incomes from placing the temporary available funds on deposits in the National and in state securities.

Expenditure side of current account in the National bank includes the sums of placing on deposits in the National banks and in state securities, expense for compensation of the part of insurance payment to insurer and associations.

Fund balance on current account in the National Bank being at the end of financial year shall not be subject to return to the authorized state body in the field of plant production and respectively in budget.

Footnote. Article 12 is in the wording of the Law of the Republic of Kazakhstan dated 07.07.2006 No. 179 (shall be enforced from the date of its official publication); as amended by the Laws of the Republic of Kazakhstan dated 07.05.2007 No. 244; dated 30.12.2009 No. 234-IV; dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 13. Procedure for submitting requirement on compensation of the part of made insurance payment

1. Requirements on compensation of part of made insurance payment to an agent shall be submitted by an insurer or association in the form of written application with attachment of the documents, provided by paragraph 2 of this Article.

2. Application on compensation of part of made insurance payment shall be attached by the following documents:

notarized copy of compulsory insurance agreement in plant production;

documents confirming the insurance payment made (payment order - original, copy of the expenditure order or original of the collection order);

in case of carrying out of insurance payment under court decision, copy of enforced court decision shall be attached;

copy of document on estimation of assessed income, verified by an insurer or association in case of partial loss of crops.

In case of detecting non-compliance of documents provided by the part one of paragraph 2 of this Article with requirements established by the legislation of the Republic of Kazakhstan, the mentioned documents shall be returned to an insurer or association for elimination of comments. By this the term of returning the part of made insurance payment to an insurer or association shall be calculated from the date of repeated receipt of documents, but may not exceed seven business days.

2-1. Agent shall carry out compensation of made insurance payment on the basis of agreement on procedure and conditions of partial compensation of insurance payments, concluded with an insurer in accordance with this Law.

3. An agent shall have the right to refuse an insurer or association in compensation of part of made insurance payment in case of informing and (or) representation of knowingly false information by an insurer to an agent.

4. An insurer or association shall bear responsibility for credibility of determining the amount of insurance payment.

Footnote. Article 12 is in the wording of the Law of the Republic of Kazakhstan dated 07.07.2006 No. 179 (shall be enforced from the date of its official publication); as amended by the Laws of the Republic of Kazakhstan dated 07.05.2007 No. 244; dated 30.12.2009 No. 234-IV; dated 24.05.2018 No. 156-VI (shall be enforced upon the expiration of ten calendar days after the day of its first official publication).

Article 14. Rights and obligations of an insurer

1. The insurer has the right:

in case of occurrence of the insured event, together with the policyholder and the assessor, to carry out work on determination of actual and (or) estimated income of crop production, which was exposed to the adverse natural phenomenon;

request from competent organizations documents confirming the fact of occurrence of the insured event;

use the evaluation report of the appraiser in case of its involvement to determine the amount of insurance payment as a result of the occurrence of the insured event;

receive reimbursement of a part of the insurance payment from the agent from the budget funds;

develop proposals on improvement of compulsory crop production insurance and submit them to the agent;

determine the estimated income independently or with the involvement of the appraiser;

refuse to conclude a contract of compulsory insurance in case of violation by the policyholder of the term of its conclusion provided for by paragraph 3 of Article 17 of this Law.

2. The insurer shall be obliged:

in case of non-submission of documents by the policyholder provided for by paragraph 2 of Article 10 of this Law, immediately, but not later than within three working days, to notify the policyholder in writing of missing documents;

in the event of occurrence of an insured event, which resulted in the occurrence of loss for the policyholder, to make an insurance payment by types of crop production produced by the policyholder, in the amount, manner and within the time limits established by this Law and the contract of compulsory insurance;

to receive compensation of a part of insurance payments on the insured events arisen as a result of unfavorable natural phenomena, to conclude the contract with the agent on an order, conditions and terms of partial compensation of insurance payments under condition of conclusion of the contract of obligatory insurance with the policyholder within the term provided by point 3 of article 17 of the present Law;

to maintain and accumulate data on the mandatory crop production insurance and provide it to the agent upon his request;

in the manner provided for by the standard contract concluded between the insurer and the agent, to provide the agent with information on the effective contracts of compulsory insurance not later than the fifth day of the month following the month of conclusion of the contract of compulsory insurance;

familiarize the policyholder with the rules of compulsory crop production insurance ;

upon receipt of the application from the policyholder (beneficiary) to consider the claims of the policyholder (beneficiary) and provide a written response indicating the further procedure of dispute settlement within five working days;

upon receipt of the application from the policyholder (beneficiary), sent to the insurance ombudsman, to redirect this application, as well as the attached documents to the insurance ombudsman within three working days from the date of receipt;

ensure the secrecy of insurance;

pay for the services of the appraiser engaged by him.

inform the agent of all court decisions and (or) judgments regarding the insurance payment and its amount within three days from the date of their issuance;

at approach of the adverse natural phenomenon to direct the representative in the commission created on the statement of the insured by local executive body of a district (city of regional value), for carrying out of survey on definition of the areas which have been exposed to the adverse natural phenomena.

2-1. An insurer shall not have the right to submit requirements on compliance with agrotechnologies of cultivating agricultural plants.

3. An insurer shall have other rights and obligations as well, provided by the legislative acts of the Republic of Kazakhstan and compulsory insurance agreement.

Footnote. Article 14 as amended by the Laws of the Republic of Kazakhstan dated 07.07.2006 No. 179 (shall be enforced from the date of its official publication); dated 07.05.2007 No. 244; dated 30.12.2009 No. 234-IV; dated 19.03.2010 No. 258-IV; dated 05.07.2012 No. 30-V (shall be enforced upon expiry of ten calendar days after its first official publication) ; dated 02.07.2018 № 166-VI (shall be enforced upon the expiration of ten calendar days after the day of its first official publication); dated 10.01.2018 № 134-VI (shall be enforced upon the expiration of six months after the day of its first official publication)

Article 15. Rights and obligations of an insurant

1. The insured has the right to do so:

receive the insurance payment within the terms established by the contract of compulsory insurance;

demand from the insurer an explanation of the terms and conditions of the compulsory insurance, its rights and obligations under the contract of compulsory insurance;

familiarize oneself with the results of the assessment of the loss incurred;

apply to the insurer taking into account the peculiarities provided for by Article 17-1 of this Law, or to the insurance ombudsman or the court to settle issues arising from the contract of compulsory insurance;

send the application and attached documents to the insurance ombudsman (directly to the insurance ombudsman, including through his Internet resource, or through the insurer, including its branch, representative office);

challenge, in accordance with the procedure stipulated by the legislation of the Republic of Kazakhstan and the contract of compulsory insurance, the insurer's decision to refuse to make insurance payment or reduce its amount;

apply to the court in case of disagreement with the result of assessment of actual or estimated income received from each type of crop production grown on the area of sowing exposed to unfavorable natural phenomena;

choose one of the types of cost standards specified in Article 7 of this Law for calculating the sum insured when concluding the contract of compulsory insurance.

2. The insured shall be obliged:

conclude a contract of compulsory insurance with the insurer within the time limits established by Clause 3 of Article 17 of this Law;

pay insurance premiums in the amount, procedure and terms established by the contract of compulsory insurance;

immediately, but not later than within five working days, as it became aware of the fact of the occurrence of an unfavorable natural phenomenon that may lead to the occurrence of the insured event, to notify the insurer thereof in an accessible manner (verbally, in writing). The notification in oral form shall be confirmed in writing (within seventy-two hours) at a later date. If the policyholder was unable to perform the above actions for valid reasons, he or she shall confirm it by documents;

ensure that the representatives of the agent, insurer and appraiser have the opportunity to inspect the area where the natural hazard has occurred, and that they are not prevented from observing the condition of crops and plantations until the harvesting operations are completed;

submit an application to the local executive body of the rayon (city of oblast significance) for the establishment of a commission to determine the areas affected by the adverse natural phenomenon:

in case of short-term - within three working days from the date of its occurrence;

at long-term - within ten working days after detection of its influence on crops at presence of the certificate of body of hydrometeorological service and (or) the authorized body in the sphere of civil protection confirming the fact of such phenomenon according to their competence;

insure their property interests on each separate field of crop rotation;

take measures to reduce losses from an insured event;

submit to the insurer the documents listed in paragraph 2 of Article 10 of this Law, necessary to receive the insurance payment.

Footnote. Article 15 as amended by the Laws of the Republic of Kazakhstan dated 07.07.2006 No. 179 (shall be enforced from the date of its official publication); dated 11.04.2014 No. 189-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated 02.07.2018 № 166-VI (shall be enforced

upon the expiration of ten calendar days after the day of its first official publication); dated 10.01.2018 № 134-VI (shall be enforced upon the expiration of six months after the day of its first official publication)

Article 16. Rights and obligations of an agent

1. An agent shall have the right to:
develop proposals on improvement of compulsory insurance in plant production;
generalize experience of conducting compulsory insurance in plant production;
request required information from participants of compulsory insurance for implementation of own rights and obligations imposed on it, as well as details containing insurance secrecy.

2. An agent shall be obliged to:
bring information to insurers and insurants on approved standard expenses for producing particular type of plant products;
conduct work on determination of sizes of areas for producing plant products, affected by adverse acts of nature upon occurrence of adverse act of nature in composition of a committee, created upon application of an insurant by local executive body of district (city of oblast significance);

compensate the part of made insurance to an insurer within ten business days from the date of receipt of documents according to paragraph 2 of Article 13 of this Law in amount established by this Law;

conclude agreement with an insurer, association on procedure and conditions of partial compensation of insurance payments on the basis of standard form for compensation of part of insurance payments in the result of adverse act of nature.

3. An agent shall have other obligations imposed on it by the legislation of the Republic of Kazakhstan.

4. Money shall be allocated to insurers, associations by an agent within the term established by paragraph 2 of this Article only after complete fulfillment of own obligations by an insurer, association on insurance payment with obligatory condition of compliance with conditions of agreement with the agent by the insurer, association.

5. Control of the activity of an agent shall be carried out by the authorized state bodies in accordance with the legislation of the Republic of Kazakhstan.

Footnote. Article 16 as amended by the Laws of the Republic of Kazakhstan dated 07.07.2006 No. 179 (shall be enforced from the date of its official publication); dated 07.05.2007 No. 244; dated 30.12.2009 No. 234-IV; dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 16-1. Rights and obligations of body of hydro-meteorological service and (or) authorized body in the scope of civil protection

Footnote. Title of Article 16-1 as amended by the Law of the Republic of Kazakhstan dated 11.04.2014 No. 189-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

1. Body of hydro-meteorological service and (or) authorized body in the scope of civil protection shall have the right to conduct inspection with departure to the place, supposedly affected by adverse act of nature in case of occurrence of disputable matters upon preparation of certificate confirming the fact of adverse act of nature.

2. Body of hydro-meteorological service and (or) authorized body in the scope of civil protection shall be obliged to issue a certificate confirming or not confirming the fact of adverse act of nature:

1) to an insurant - without payment in duplicate, upon short-termed – within three calendar days, upon long-termed – within five calendar days;

2) other interested persons – upon official written request in established manner.

Footnote. Chapter is supplemented by Article 16-1 in accordance with the Law of the Republic of Kazakhstan dated 07.07.2006 No. 179 (shall be enforced from the date of its official publication); as amended by the Law of the Republic of Kazakhstan dated 11.04.2014 No. 189-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 17. Compulsory insurance agreement

1. Conclusion of compulsory insurance agreement shall be compulsory for producers of plant products and insurers.

2. Compulsory insurance agreement shall be concluded in written form for the term no less than five and no more than twelve months in duplicate.

Ground for conclusion of compulsory insurance agreement is application of an insurant, requirements to content of which shall be established by the regulatory legal acts of the National Bank.

3. Term for conclusion of compulsory insurance agreement for all types of plant products – no later than fifteen calendar days after the term of ending of sowing determined by local executive body of district (city of oblast significance) in accordance with subparagraph 3) of paragraph 3 of Article 5 of this Law.

4. Compulsory insurance agreement shall be terminated in cases of:

1) expiration of validity term of agreement;

2) carrying out of insurance payment for all types of insured accidents taken place within the validity term of agreement.

5. Compulsory insurance agreement may be dissolved in advance in cases established by Civil Code of the Republic of Kazakhstan.

6. Gain acquirers under the compulsory insurance agreement in plant production are an insurant or other person in favour of which the agreement is concluded.

Footnote. Article 17 as amended by the Laws of the Republic of Kazakhstan dated 07.07.2006 No. 179 (shall be enforced from the date of its official publication); dated 07.05.2007 No. 244; dated 30.12.2009 No. 234-IV; dated 05.07.2012 No. 30-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 17-1. Specifics of compulsory crop insurance dispute settlement

1. In the event of a dispute arising out of the compulsory insurance contract, the policyholder (beneficiary) has the right to do so:

send a written application to the insurer (including through a branch, representative office, Internet resources of the insurer) indicating the requirements and attaching documents confirming its requirements, or

send an application to the insurance ombudsman (directly to the insurance ombudsman, including through his Internet resource, or through the insurer, including his branch, representative office) or to the court to settle disputes arising from the contract of compulsory insurance.

2. The insurer, upon receipt of the application from the policyholder (beneficiary), shall consider and provide a written response indicating the further procedure for dispute settlement within five working days.

3. In case of application of the policyholder (beneficiary) to the insurance ombudsman, the insurer shall be obliged, upon request of the policyholder (beneficiary), insurance ombudsman, to submit documents related to consideration and resolution of the dispute within three working days from the date of receipt of the request.

Footnote. The Law is supplemented by Article 17-1 in accordance with the Law of the Republic of Kazakhstan dated 02.07.2018 № 166-VI (shall be enforced upon the expiration of ten calendar days after the day of its first official publication).

Article 18. Procedure for considering disputes

Disputes arising from relations under compulsory insurance in plant production shall be considered in the manner established by the legislation of the Republic of Kazakhstan.

Article 19. Responsibility for violation of the legislation of the Republic of Kazakhstan on compulsory insurance in plant production

Persons guilty in violation of the legislation of the Republic of Kazakhstan on compulsory insurance in plant production shall bear responsibility in accordance with the Laws of the Republic of Kazakhstan.

Article 20. Procedure for enforcement of this Law

This Law enters into force from 1 April 2004.

The President
of the Republic of Kazakhstan

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Justice of the Republic of Kazakhstan