

(unofficial translation)

THE RESOLUTION OF FRC OF MONGOLIA

27th August, 2014

NO 303

Ulaanbaatar City

THE AMENDMENTS MADE IN 2013 TO THE REGULATION APPROVED BY RESOLUTION NO 198.

Referring and on the basis of the Paragraph of 6.1.2 , 6.2.3. of the Law of Authority of The FRC and the Paragraph 13.1.3 of the Insurance Law have the announcement that:

I. The Resolution No198 which was approved on 22nd of May,2013 by FRC, there should be added the following amendments to the Paragraph 2 of 2.1 and Paragraph 3 of 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9, 3.10 of the Regulation "The requirements put in front of the Insurers and the Resolution for defining the indicators to be followed by The Insurers".

1/ The Paragraph 2 of part 2.1 of 2.1.4 announces:

"2.1.4. "The Inclusive insurance" means type of products of voluntary insurance which are intended to provide insurance coverage for every individual and an insurance contract's wordings, terms and conditions should have easily understandable for individuals and the insurance premium should be affordable, with few exclusions."

2/ The Paragraph 3 of part of 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9, 3.10 announces that:

3.2. The Insurer should submit the following documents for the registration at FRC before to launch and sell of insurance products in the insurance market.

3.2.1. Request for registration of an insurance product according the attachment No 1 of this Regulation

3.2.2. Specimen of insurance product and which terms and conditions should be in line with paragraph of 431.4 of Civil Law of Mongolia

3.2.3. Specimen of the insurance certificate

3.2.4 The introduction of the insurance product along with calculation method of insurance premium and the product details /as regards credit linked insurance, insurance premiums should be possible to pay annually, half yearly, quarterly or monthly in installments. As regards collateral assets they should be covered and calculated against such risks as natural disasters and fire risks, as regards life insurance should be made on the basis of mortality table and the factors of interest rate such papers should be submitted separately/.

3.3. For the registration of a long term mortgage insurance the FRC put the following requirements:

3.3.1. The insurer who got the license to handle general insurance is obliged to sell "Mortgage Collateral insurance", Life Insurer who licensed to write a long term business to sell life insurance products is obliged to write creditors life insurance / Mortgage creditors insurance/ and the definition of words are not allowed to use in the other ways and in case if

above-mentioned insurance products are to be sold on the market as bundled insurance products it should be named and defined as "Mortgage insurance agreement"

3.3.2. The Insurer has no right to sell a long term mortgage insurance product to the creditor who does not meet the requirements put in the Regulation for Mortgage Insurance / Housing loan Insurance/ approved by the Bank of Mongolia and not obliged to write Insurance for life of creditor.

3.3.3. Insurance contract for life of creditor should not be short period i.e. the period of mortgage loan period.

3.3.4. For life insurance of creditor, the life Insurer should establish technical reserves.

3.3.5. The Insurer is obliged to acknowledge if any changes have been taken in the terms and conditions of mortgage loan and it's requirements.

3.3.6. Mortgage /housing loan/ insurance products for collateral asset /property/ for a long period should take attention on the accumulation of the risks and if it exceeds one Insurer's financial capacity, the risks should be distributed among the other Insurers.

3.4. For the registration of personal accident insurance for children riding on horses the FRC put the following requirements:

3.4.1. Should be carried out deep study on the all cases of accidents happened and bodily injuries may occur during the National Holidays "Naadam" and the other competitions to be held on all levels of horse racings competitions during the preparation periods, all accident cases may occur in duration of insurance contract.

3.5. For the registration of an inclusive insurance, the FRC put the following requirements:

3.5.1. The insurance products should be aimed to be sold to low and medium -income peoples. Covered risks should reflect needs and insurance premiums are required to be affordable and reasonably low.

3.5.2. Exclusions stated in the insurance contract should not exceed 5;

3.5.3. Insurance contract should be easy to understand without amphibology meanings.

3.5.4. Claims payments should be made within working 10 days /claim's settlement can be done from an insurance intermediary or legal established insurance agent.

3.5.5. For the registration of an inclusive insurance product , FRC should register the product and it should be expressed by letters "KHD". After these letters will follow numbers and figures which will express the year of launch of a product. For example:

KHD00012014 should be read and understand as follows:

An inclusive insurance product No 1 of 2014

3.7. For the registration of Motor vehicle insurance product and specimen of insurance contract at FRC, claim's payment to a motor vehicle which not got in the examination and it's prohibited in the general terms and conditions of the insurance contract that claim's payment should not be paid to the motor vehicles who get short circuit and burnt, break traffic rules, do not meet technical requirements etc.

3.8. The Insurer is prohibited to market insurance product on the market different from the design of product and specimen approved and terms and conditions registered at the FRC.

Except Members of Board of Management, the employees of management of one insurer is prohibited to work in the other Insurer in a higher level.

3.9. FRC shall make decision to register an insurance product or not and the decision will be made within 5 working days. If refuses to register it should be advised to the Insurer by letter in written form.

3.10. The Insurance department of FRC will register insurance product using files and any changes for registration will be made within 2 working days.

II. The insurance companies should register at FRC their insurance products launched before 1st January, 2015 according the new amendments made to this Resolution.

III. These amendments are required to be implemented when insurance contracts are on the renewal or for making new insurance contracts.

IV. The approved amendments should be added to this Regulation and will be supervised on the process of the implementation.

The information about new amendments carried out should be released to public by the Administrative Department of FRC by Mr. Bum-Erdene Kh.

Chairman

/Signature/

Bayarsaikhan D.