



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

**REGULATION ON INSURER JUSTIFICATION OF
PREMIUM RATES**

Submitted to:

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

Submitted by:

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Section 1

Article 25 of the Insurance Law authorizes regulations that prescribe the form, rules and timing of reports regarding the justification of premium rates.

Section 2

Each insurer shall file with the Insurance Department the form attached to this regulation for each of its products. This form must be filed annually on or before 30 September and at least 45 days prior to using new premium rates.

Section 3

Insurers will file a separate form for each insurance product.

Section 4

The insurance rates will be considered justified when calculated in accordance with generally accepted actuarial standards using reliable and credible data, which include:

- A. Official statistical data;
- B. Data generated through statistical surveys conducted by specialized international and other organizations relevant to hazards present in the territory of the Republic of Armenia;
- C. Actual experience under a particular type of insurance sold by insurers within the Republic of Armenia for at least 3 years; and
- D. Other data acceptable to the Insurance Department.

Section 5

Premium rates will be considered justified if they are calculated on the basis of the rate stipulated by an applicable reinsurance agreement concluded with a reputable reinsurer or broker.

Section 6

In addition, premium rates shall not be excessive, inadequate or unfairly discriminatory and the rate charged shall be reasonable in relation to the benefit provided under the insurance.

Section 7

A premium rate is excessive if it appears that the combined loss and expense ratio is designed to be less than 90%. For the purposes of this section, the combined loss and expense ratio means the sum of incurred losses, loss adjustment expenses and other insurance underwriting expenses on direct business divided by earned premiums on direct business.

Section 8

A premium rate is inadequate if it appears that the combined loss and expense ratio is designed to exceed 100%. For the purposes of this section, the combined loss and expense ratio means the sum of incurred losses, loss adjustment expenses and other insurance underwriting expenses on direct business divided by earned premiums on direct business.

Section 9

A premium rate is unfairly discriminatory if insureds representing similar risks and exposures to hazards are charged substantially different premium rates.

Section 10

The insurer shall submit the following form for each insurance policy that it sells or intends to sell:

Justification of Premium Rates

1	Name of Company, Address, Telephone and E-mail of contact person.
2	Date
3	Identification of Product
4	Attach Calculation of Premiums Together with Supporting Documentation
5	Expected Loss and Expense Ratio (new products or new rates)
6	Actual Loss and Expense Ratio (Existing Products)
7	If Justification is Based on Reinsurance, Attach Agreement and Any Calculation of Any Additional Loss or Expense Factors
8	Signature of Person Responsible for the Justification