

**CODE OF ETHICS TO ENSURE PRUDENT OPERATIONS OF INSURERS AND  
INSURANCE INTERMEDIARIES**

**One. General Provisions**

- 1.1 The purpose of this regulation is to regulate relations with establishing, ensuring compliance with ethical standards and imposing liability to be followed in business operations of Insurance company, Insurance broker, Insurance loss adjustor, Insurance agent (hereinafter referred to “License holder”), who is involved in the activities of insurance and insurance intermediaries and operating in Mongolia and jurisdiction outside Mongolia on a license issued by the Financial Regulatory Commission (hereinafter referred to as “Commission”).
- 1.2 This regulation shall consist of the Law on Insurance, Law on insurance intermediaries and legislations enacted in conformity therewith.
- 1.3 The ethical violation of license holder means violation, intentionally or negligently, of applicable legislation, resolution issued by the Commission and standards set forth in this regulation.
- 1.4 This regulation shall be followed in business operations of individuals and legal entity (and their employees) with a license to engage in activities of insurance and insurance intermediaries.

**Two. Principles and requirements to be followed for license holders**

- 2.1 The license holder shall abide by the following basic professional ethical standards:
  - 1) uphold the law and justice as superior;
  - 2) be transparent;
  - 3) honor the rights and legal interest of the insured;
  - 4) deliver fast service to the insured;
  - 5) respect fair competition;
  - 6) treat with respect the right, interest and reputation of insurer; and
  - 7) raise professional reputation of insurance sector.
- 2.2 The license holder shall comply with the following requirements. It shall:
  - 1) not discriminate anyone when performing jobs and provide services and respect the reputation of colleagues and other individuals and businesses;
  - 2) reflect all the assets, liabilities, income and expenditures accurately and correctly in the financial statements and ensure all the reports, data, records and documents are made correctly, informed and submitted on a timely basis to the competent authority in accordance with applicable guidelines and standards, without any acts of intentional confusion,

- making incorrectly, deleting and dissembling, and enable individuals to have free selection of insurer;
- 3) avoid reducing the insurance premium without rationale, and establish the insurance premium based on actuary estimation considering contingency of risks, nature, market evaluation, timeframe and scope of insurance item;
  - 4) not reduce the premium for each of mandatory and voluntary insurance type not less than the premium set by the Commission;
  - 5) drafting of insurance policy standard and its terms and conditions based on the principles of respecting the rights and legal interests of the parties and get it reviewed by the Commission duly;
  - 6) strictly adhere to the resolutions, issued by the competent authority and officials in compliance with laws, and the company's internal policies and procedures and maintain quality customer service;
  - 7) revere fair competition and respect the competitor without offending his/her reputation and spreading false rumour;
  - 8) aspire exchange of information among the license holders taking initiative within the framework of increasing insurance products, service types and numbers, expand the scope of services, improving the public knowledge and skills on the quality, culture and significance of insurance market of employees and insured, and for the purposes of increasing the public awareness and confidence;
  - 9) exercise the rights and duties of insurer as specified in Article 9.1 of the Law on Insurance; and
  - 10) the insurance loss assessor and insurance company shall identify actual losses in case of any occurrence of insurance case, and disburse compensation immediately without reducing the amount established for the particular insured.

2.3. The employee of the license holder shall ensure the following:

- 1) inform and warn the management for any violation and intention of violation of resolution, binding notice and statement issued by the competent authority and the weaknesses of the role and tasks given by the management;
- 2) employee of insurer and insurance assessor shall refuse to evaluate the losses and arrange compensation for an individual and legal entity who has close relationship and who might cause conflict of interest with him/her;
- 3) Surrender, on a voluntary basis from involvement of insurance service if he/she views that his/her occupancy, knowledge, skills and experience are not sufficient to do so;
- 4) ensure compliance of legal acts and update new information that regulate activities of insurance sector and insurance intermediaries
- 5) warn the rights and duties of insured, when establishing insurance policy with them, on a regular basis;
- 6) if the information is disclosed as specified in section 3.1.4 of this regulation, the competent authority of the legal entity (chairman of board

of directors, executive director, officer of media department) shall rectify immediately and inform the public using daily mass media;

### **Three. Prohibited actions for license holders**

3.1 The management and employees of the license holder shall be prohibited to do the followings:

- 1) an employee of the license holder shall not act to tarnish the reputation and contradict the insurance sector by taking, giving and demanding rewards from the insured and its agent;
- 2) give preference and credit to individual and legal entity and activities that contradict the interests of the license holder, misuse the opportunity, execute false document using his/her reputation, power and position;
- 3) an employee shall not do any acts that would have adverse impact on the company, its management, government agency, customers and public relations;
- 4) any information, brochure and marketing and identical documents produced on behalf of the license holder shall not confuse the public, or contain false information, or information that contradict the public interests;
- 5) insurance loss assessor shall be either the member of board of directors, executive management, accountant or specialist of the company;
- 6) insurance broker and agent shall engage in insurance loss assessing activities;
- 7) delay the management decision by dissembling the work-related information;
- 8) deliver the resolution and policy measures taken by the Commission to public by distorting and criticizing;
- 9) do disgraceful acts i.e to be bureaucrat, reprove, threaten, bully, deceive or cheat on their insufficiency of knowledge and information, and avoid disbursing compensation without good reasons when communicating with insured;
- 10) misuse power and position to benefit him/herself in material and other ways;
- 11) use and disclose the confidential information and materials related to the company and insured in the cases other than those stipulated in Article 81.2 of the Law on Insurance and Article 43.2 of the Law on insurance intermediary in the personal and other bodies' interests;

### **Four. Liability**

4.1 If the license holder and its employees violated legislation, resolution issued by the Commission and standards set in this regulation, the Commission shall impose the following liabilities depending on its nature of ethical violation, consequence, damages to society, and whether it was violated first time or repeated in case it is not subject to criminal offence. These are:

- 1) give warning notice and inform the colleagues;
- 2) disclose to public;
- 3) disqualify from the proposed reward, training and workshop;
- 4) insist on dismissal of the authorized official from work;

- 5) prohibit release of the particular document, reject, and obligate him/her to make required corrections and changes;
  - 6) take coercive measures as specified in the Article 68.1 of the Law on insurance and Article 37.1 of the Law on insurance intermediaries;
- 4.2 The disciplinary actions shall not duplicate for an ethical violation.
  - 4.3 An official of the license holder shall take disciplinary actions on the employee who has violated legislation and this regulation without any further demand.
  - 4.4 Individual and legal entity shall submit any information about violation of ethical code by the license holder to the Insurance department of the Commission in writing and if applicable attach the evidences and the employee of the Commission who received it shall keep the confidentiality of the informer.
  - 4.5. The information on the license holder and its employee, who conducted violation, shall be stored in the database of the Insurance department under the Commission.

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