

Medium Term Strategy Plan on Insurance Sector Development

2010.11.01

| | Policy | Plan for implementing activities | Responsible bodies | Date |
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| 1. | To develop the legal environment of insurance market | To make amendment to insurance laws and to article 43 of Civil law based on observing the recommendations provided by EBRD project expert. | MOF FRC Ministry of Justice and Home Affairs | 2010-2015 |
| 2. | To establish compulsory insurance system | 1. Law on Auto-vehicle liability compulsory insurance 2. To study other compulsory insurance system and make draft accordingly; 3. To further expand the index-based livestock insurance and study opportunities to regulate by specified law | MOF FRC Ministry of Justice and Home Affairs | 2010-2012 |
| 3. | To provide opportunities for insurance organizations to participate in securities market | To make amendment to Article 27 of Law on Insurance | MOF FRC Ministry of Justice and Home Affairs | 2010-2011 |
| 4. | To improve depository insurance scheme | To approve the draft of Depository Insurance law | | |
| 5. | To support long-term and life insurance market | 1. To make amendment to some laws based on relevant analysis conducted. For example: Law on Social Insurance, Law on Health insurance, and Law on Personal Income Tax; 2. To approve the mortality and life-expectancy chart on a national scale and apply it to long-term insurance actuary; | MOF FRC Ministry of Justice and Home Affairs | 2010-2013 |
| 6. | To improve insurance products which are significant in developing insurance market | 1. To improve the insurance products being sold on the market and to make clear the terminologies of insurance policy and stop using ambiguous terminologies. To study about insurance policy arrangement and improve accordingly 2. To implement supervision over market conduct with | FRC <u>Mongolian Insurers Association</u> | |

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| | | <p>the aim of strengthening fair conduct of insured and upholding professional ethics and market image.</p> <p><u>3. To issue consolidated insurance glossary</u></p> | | |
| 7. | To enhance knowledge and information of the public and protect their rights | <p>1. To improve the public education of insurance and insurance products and establish news channels;</p> <p><u>2. To create consolidated insurance database</u></p> <p><u>3. To implement programs and projects in areas of public education on insurance and to include in the curriculum of secondary education system.</u></p> <p>4. To make clear the dispute settlement of insurance indemnity and establish financial ombudsman, in other words to make analysis on whether there is an opportunity to establish an authority which can resolve disputes and make decisions for insured on a low expenses before advancing to the court;</p> <p>5. To create opportunity to conduct oversight over unauthorized insurance activity, and take regulatory measures;</p> <p>6. To make clear the right to cover the incurred losses of insured in case its insurer is bankrupt.</p> | <p>MOF FRC <u>Mongolian Insurers Association</u></p> | 2010-2012 |
| 8. | To implement international insurance standards | <p>1. To conform the insurance market regulation with international standard;</p> <p>1.1 To adjust insurance regulation with principles issued by the International Association of Insurance Supervisors /IAIS/;</p> <p>1.2 To apply supervisory standard, principle and guidelines issued by the IAIS</p> | FRC | 2010-2015 |

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| 9. | To enhance the capacity building of professional personnel | <ol style="list-style-type: none"> 1. To organize trainings for insurance professional personnel; 2. To study experience of similar foreign organizations; 3. To establish Insurance Training center at the FRC; 4. To study insurance market of highly developed countries and countries with transitional economies, and recruit highly competent experts; 5. To specialize staff of insurance policy and regulatory organizations and provide them an opportunity to engage in long- term study; 6. To prepare personnel specializing in actuary; 7. To make effort in areas of improving knowledge and education of insurance sector employees and introduce insurance theory adopted on international level to Mongolia. | MOF FRC | 2010-2015 |
| 10. | To establish a protection system of insurance market against risk. | <ol style="list-style-type: none"> 1. To create insurance reserve fund in order to protect the insured from risk; 2. To introduce insurance risk management system. 3. To improve the FRC's market analysis /based on proactive and detailed market statistics assisting to make potential regulation/; 4. To create risk based supervision and early warning system | FRC | 2010-2015 |
| 11. | To improve the regulation of insurance market | <ol style="list-style-type: none"> 1. To consider safekeeping requirements of insurance assets; 2. To regulate the conducting of co-insurance; 3. To regulate the fronting insurance and terminate the activities of foreign invested companies to be insured directly with foreign insurer without any approval taken from regulatory authority; 4. To improve the regulation over insurance loss adjustment. 5. To improve the regulation of insuring by group, organization and family. 6. To improve the regulation and supervision of insurance agent and brokerage. For example: regulating banking insurance brokerage activity | | |

