

**TERMS AND CONDITIONS FOR FOREIGN INSURER AND INSURANCE INTERMEDIARY  
OPENING, OR CARRYING ON BUSINESS ON THE TERRITORY OF MONGOLIA  
THROUGH ITS BRANCH AND REPRESENTATIVE OFFICE**

**ONE. General Provision**

- 1.1 The purpose of this regulation is to regulate the relations with Financial Regulatory Commission (hereinafter referred to as Commission), the granting of license to foreign insurance company (hereinafter referred to as foreign insurer) to conduct business through opening its branch and representative office in Mongolia, granting of license to foreign professional insurance company ( hereinafter referred as foreign insurance intermediary) to conduct business through opening its branch and representative office in Mongolia, and making changes to the total amount and structure of paid-in capital of the branch company of foreign insurer ( hereinafter referred to as foreign insurer's branch) and branch company of foreign insurance intermediary (hereinafter referred to as foreign insurance intermediary's branch) (hereinafter referred to as foreign insurer's branch).
- 1.2 Opening the branch of foreign insurer in Mongolia shall be complied with the Law on Insurance, Law on Company, Law on Foreign Investment and Law on state registration of a legal entity enacted in conformity therewith.
- 1.3 Opening the branch of foreign insurance intermediary in Mongolia shall be complied with the Law on Insurance Intermediary, Law on Company, Law on Foreign Investment and Law on State registration of a legal entity enacted in conformity therewith.
- 1.4. When granting a license, the Commission shall adhere with requirements and principles of the Law on Insurance, Law on Insurance Intermediaries, set of rules on insurance and other relevant legislations regardless of the amount of paid- in capital, class, types and forms of intended insurance activities to be carried out by the foreign insurers branch and foreign insurance intermediary branch.
- 1.5 As indicated in provision 5.3 of the Law on licensing of Corporate Activities, license shall be prohibited to be transferred to others through sale, conferment or collateral.

**TWO. Terms and conditions for foreign insurer to open its branch of insurance intermediary**

**A. Foreign insurer's branch shall meet the following requirements**

2.1 Shall have rating BBB provided by the Standard and Poor's or more provided by other international rating agencies.

2.2 The minimum of paid-up capital of the branch shall comply with the requirements set forth in provision 22.1 of the Law on Insurance

2.3 Shall have at least 5 years insurance business plan and more than 3 insurance products.

2.4 Shall have a satisfactory work place

2.5 Not less than 70 percent of the total branch employees shall be comprised of Mongolian nationals

2.6 Shall have manager who fulfills the requirement of the fit and proper criteria stated in the Provision 20.10 of the Law on Insurance and Guideline on determining qualified body to act as an insurer and insurance intermediary, issued by the FRC Resolution No. 193 of 2007.

2.7 In case the executive management is a foreign national, he or she shall be qualified in written and oral communication in Mongolian or shall have a full-time translator.

2.8 The Commission can impose additional terms and conditions pertaining to the intended insurance class, type, and form proposed by the branch.

**B. Foreign insurance intermediary's branch shall meet the following requirements**

2.9 Shall have rating BBB provided by the Standard and Poor's or more provided by other international rating agencies.

2.10 Shall have a minimum of paid-up capital of 50 million MNT and where the minimum margin of professional liability insurance shall be 100 million MNT.  
Shall be insured annually.

2.11 Shall have at least 5 years business plan

Shall conduct long-term insurance or general insurance as prescribed in the provision 6.1 of the Law on Insurance.

Shall have determined its intended form of insurance to conduct insurance intermediary activity

Shall have a research material necessary for carrying out insurance intermediary business

2.12 Shall have a satisfactory work place

The staff or the employee of the branch shall have a certificate participating in insurance and insurance intermediary training and shall have at least 3 years working experience

2.14 Not less than 70 percent of the total branch employees shall be comprised of Mongolian nationals

2.15 Shall have a manager who can fulfill the fit and proper requirement of the Guideline on defining qualified body to act as insured and insurance intermediary approved by the Resolution No. 193 issued by the Commission in 2007 and Provision 11.8 of the Law on Insurance Intermediary.

2.16 In case its executive management is a foreign national, then he or she shall be qualified in written and oral communication in Mongolian or shall have a full-time translator.

2.17 The Commission can impose additional terms and conditions pertaining to what category of insurance intermediary business the foreign insurance intermediary proposes to carry on and its intended class, type and form of insurance

**THREE. List of documents to be completed by the foreign insurer and insurance intermediary applying for a license to engage in insurance and insurance intermediary activity**

***A. Foreign Insurer's branch***

3.1 In accordance with the provision 19 of the Law on licensing of Corporate Activities and provision 2 of this regulation, the legal entity applying for a license to establish foreign insurer's branch shall complete and submit the following documents to the Commission:

3.1.1 Original copy of the official letter from foreign insurer addressed to Commission about opening its branch in the territory of Mongolia

3.1.2 A reference from the home authority authorizing the business of the foreign insurer and notarized copy of the certificate

3.1.3 An application wishes to apply for licensing of ordinary and reinsurance activity shall be issued according to the "Regulation on licensing of Ordinary Insurance, Reinsurance and Insurance intermediary activity" approved by the Appendix 1 of the FRC Resolution 61 of 2008, an application wishes to apply for licensing of long-term insurance activity shall be issued according to the "Criterion for an insurer to carry out long-term insurance activities and list of documents to be submitted for a license" approved by the Appendix 1 of the FRC Resolution 173 of 2007, respectively.

3.1.4 A notarized copy of a certificate of a foreign invested company registered at the foreign investment and foreign trade agency.

3.1.5 A notarized copy of a charter of a company registered at the State registration (the charter shall reflect the amount and structure of paid-up capital, class, type and form of the intended insurance, the founders meeting, Board of Directors, rules, rights, duties and responsibilities of the Supervisory board, trading and transfer of the company shares and measures of restrictions)

3.1.6 A business plan of a company formulated by the Appendix 5 of the Regulation on licensing of Ordinary Insurance, Reinsurance and Insurance intermediary activities, approved by the FRC Resolution 61 of 2008.

3.1.7 Regulation formulated by the insurance products applied for licensing, respectively, insurance policy and policy form (insurance policy and policy form shall reflect the terms and conditions to make insurance payment and the provision 431 of the Civil Code)

3.1.8 An introduction and calculation of an insurance premium issued by the “Methodology for estimation of Insurance rate and Insurance premium rate” approved by the FRC Resolution 190 of 2007 and FRC Resolution 61 of 2008.

3.1.9 Reference of the executive management and other staff issued by the Appendix 3 of the Regulation on licensing of Ordinary Insurance, Reinsurance and Insurance intermediary activities approved by the FRC Resolution 61 of 2008

3.1.10 List of equipments and software, certificate of immovable asset of office accommodation or copy of contract on leasing issued by the Appendix 4 of the Regulation on licensing of Ordinary Insurance, Reinsurance and Insurance intermediary activities approved by the FRC Resolution 61 of 2008

3.1.11 Other documents (Statement or a reference made by the police authority on whether an authority of a company has committed any crimes or whether has interconnection with financing of money laundering and terrorist activities, if the authority is a foreign national then reference from the home authority can be required)

### **B. Foreign Insurance Intermediary branch**

In accordance with the provision 11.1 of the Law on licensing of Corporate Activities, provisions 10 and 13 of the Law on Insurance intermediary activity and provision 2 of this regulation, a legal entity applied for issuance of license to establish foreign insurance intermediary branch shall submit the following documents to the Commission:

3.2.1 Original copy of an official letter addressed to the Commission from the foreign insurance intermediary on establishing its branch in the territory of Mongolia.

3.2.2 A reference from the home authority authorizing the conduct of business of the foreign insurer and notarized copy of the certificate

3.2.3 An application wishes to apply for issuance of license to conduct insurance intermediary activity shall be issued by the Appendix 1 of the Regulation on licensing of Ordinary insurance, Reinsurance and Insurance intermediary activities;

3.2.4 A notarized copy of a certificate of a foreign invested company registered at the foreign investment and foreign trade agency.

3.2.5 A notarized copy of a charter of a company registered at the State registration (the charter shall reflect the amount and structure of paid-up capital, class, type and form of the intended insurance, the founders meeting, Board of Directors, rules, rights, duties and responsibilities of the Supervisory board, trading and transfer of the company shares and measures of limiting issues)

3.2.6 A business plan of a company formulated by the recommendations stated in Appendix 5 of the Regulation on licensing of Ordinary Insurance, Reinsurance and insurance intermediary activities, approved by the FRC Resolution 61 of 2008.

3.2.7 List of equipments and software, certificate of immovable property of work place or copy of contract on leasing issued by the Appendix 4 of the Regulation on licensing of Ordinary insurance, reinsurance and insurance intermediary activities approved by the FRC Resolution 61 of 2008

3.2.8 Regulation formulated by the insurance products applied for licensing, respectively, insurance policy and policy form (insurance policy and policy form shall reflect the terms and conditions to make insurance payment and the provision 431 of the Civil Code)

3.2.9 Other documents (Statement or a reference made by the police authority on whether an authority of a company has committed any crimes or whether has interconnection with financing of money laundering and terrorist activities, if the authority is a foreign national then reference from the home authority can be required)

#### **FOUR. Granting or refusal of issuance of license for to foreign insurer, and foreign insurance intermediary to open or carry out its business in the territory of Mongolia**

4.1 A document filed by the foreign insurer and insurance intermediary on the issuance of license shall be overseen on the basis of the provision 11 of the Law on licensing of Corporate Activities, provision 20.1 of Law on Insurance, provision 11.1 of the Law on Insurance Intermediary and this regulation and after overseeing the necessary documents and justified, issues whether to grant license will be deliberated by the FRC's regular meeting

4.2 The granting of license from the Commission shall be concluded within 45 workdays after obtaining the application for issuance of license from the applicant as prescribed in the provision 20.7 of the Law on Insurance and provision 11.6 of the Law on Insurance intermediary. In case if the documents are necessary to be reanalyzed and clarifications to be

made, the term for conclusion shall be estimated from the date of submission of true and comprehensive additional materials.

4.3 After the conclusion on granting of license, the Commission shall give an official letter stating to allocate cash of paid-up capital of the applicant in the Supervisory account of the Commission

4.4 The applicant shall allocate the cash of paid-up capital of its branch company to the Supervisory account within three workdays after receiving the official letter from the Commission, and shall centralize for the period of 10 days of the calendar and accordingly the Commission will not pay an interest.

4.5 The decision of the Commission on the grant of license shall reflect what category, type and form of insurance the foreign insurer and insurance intermediary proposes to carry on

4.6 Based on the transcript of the levy to be collected from the insurance company and insurance intermediary, the foreign insurer and insurance intermediary shall be given a certificate of license to carry on its business as prescribed in the provision 3.1.3, 3.1.4 of the Legal status of the Commission.

4.7 Executive management of the branch of foreign insurer and insurance intermediary which was granted a license wishing to transfer its allocated cash of paid-up capital to its own account then shall file an official letter to the Commission.

4.8 The Commission shall register the license granted for the applicant branch in the consolidated registration in accordance with the proper guideline.

4.9 The applicant branch which was granted a license shall register the changes of the company charter, and other documents to the Foreign investment agency and State Registration.

4.10 Any changes of information in the document completed by the foreign insurer and insurance intermediary branch when applied for license shall be delivered to the Commission within 10 workdays.

4.11 The Commission shall refuse to issue license to the foreign insurer and insurance intermediary branch on the following grounds:

4.11.1 Has not fulfilled the requirements stated in the provision 11 of the Law on licensing of Corporate Activities.

4.11.2 Proven to have completed forged documents

4.11.3 Informed about convicted with crimes of international financial market

4.11.4 The foreign insurer and insurance intermediary was found out to be interconnected with financing money laundering and terrorist activities

4.11.5 Has not fulfilled requirements of other legislations

4.12 In case of refusal to granting license to the applicant, the Commission shall inform the applicant by way of an official letter stating the evidence

4.13 In case if the Commission has refused to grant licenses to the applicant due to grounds of having completed forged documents, then the investors, executive management of the applicant branch ( executive director, general manager, chief accountant or any other position same as them) shall not apply for licensing.

4.14 The Commission shall publicize the granting of license to the foreign insurer and insurance intermediary.

### **FIVE. Responsibilities and Control**

5.1 The foreign insurer and insurance intermediary branch shall submit the performance report to the Commission on the requirements stated in this regulation within the first quarter of each year.

5.2 In case the foreign insurer and insurance intermediary made changes to the structure of the paid-up capital and made transaction without the permission with an official letter from the Commission, then the transaction shall be void and impose liability according to the relevant legislation.

5.3 The Commission shall ensure oversight over the implementation of this regulation and conduct on-site supervision over the business of the foreign insurer and insurance intermediary and shall impose liability to a body, which has violated the legislation, in accordance with provision 18.1 of the Law on licensing of Corporate Activities, provision 83.1 of Law on Insurance, and provision 45.1 of the Law on Insurance Intermediary activities.

### **SIX. Miscellaneous**

Any issues concerning license not regulated by this regulation will be regulated by the Law on Insurance, Law on Insurance Intermediary, Law on licensing of Corporate Activities, Law on Foreign Investment, Set of rules on insurance and other relevant legislations.