

**Chapter III of Law of the Russian Federation No. 4015-1, dated 27 November 1992
(amended 29 December 2022),**

‘On the Organisation of Insurance Business in the Russian Federation’

**Article 25. Conditions for ensuring the financial sustainability and solvency of an
insurer**

(as amended by Federal [Law](#) No. 234-FZ, dated 23 July 2013)

(as amended by Federal [Law](#) No. 172-FZ, dated 10 December 2003)

1. Guarantees of the financial sustainability and solvency of the insurer are economically reasonable insurance rates; formed insurance reserves; insurance reserve funds sufficient for the fulfilment of insurance, coinsurance, reinsurance, and mutual insurance obligations; equity (capital); and reinsurance.

(As amended by Federal Laws [No. 287-FZ](#), dated 29 November 2007; [No. 234-FZ](#), dated 23 July 2013; [No. 349-FZ](#), dated 28 November 2015)

The paragraph is no longer valid. – Federal [Law](#) No. 234-FZ, dated 23 July 2013.

2. The amount of equity (capital) of an insurance company is determined in accordance with the procedure established by the regulation of an insurance supervisory body.

(As amended by Federal Law No. 343-FZ, dated 2 July 2021)

Insurance companies shall invest their equity (capital) on the terms of diversification, liquidity, recoverability, and profitability. The insurance supervisory body shall establish the list of assets permitted for investment, requirements for such assets, and the procedure for investing equity (capital), which provides, among others things, the requirements for the structure of assets in which it is allowed to place equity (capital) of the insurance company or part thereof.

The issuance of loans by insurance companies from their equity (capital), except for cases established by the insurance supervisory body, is prohibited.

Investment of equity (capital) shall be carried out by the insurance company itself or by transfer of equity or part thereof to a management company for trust management.

(Clause 2 as amended by Federal [Law](#) No. 87-FZ, dated 23 April 2018)

2.1. The insurance supervisory body shall evaluate the assets and liabilities of the insurance company to assess the reliability of data on its equity (capital).

The insurance supervisory body shall issue an order stating that the insurance company is obliged to include in the reporting the data received by the insurance supervisory body on the basis of the assessment.

Based on the order issued by the insurance supervisory body to include in the reporting the data received by the insurance supervisory body on the basis of the assessment, the insurance company shall reflect in its accounting (financial) and other statements the amount of equity (capital), the value of assets and the amount of liabilities determined by the insurance supervisory body on the last reporting date. The appeal by the insurance company of the specified order in court shall not suspend its execution.

When assessing the assets and liabilities of the insurance company, the insurance supervisory body engages a responsible actuary at the expense of the insurance company and may engage an independent appraiser at the expense of the insurance supervisory body.

(Clause 2.1 is introduced by Federal Law No. 87-FZ, dated 23 April 2018)

ConsultantPlus: Note.

Refer to Article 2 of Federal Law No. 251-FZ, dated 29 July 2018, to see the amount of the authorised capital for a licence applicant, the decision to review the documents of which was made before 1 January 2019, the amount of the authorised capital of insurance companies (except insurance companies engaged in compulsory health insurance) established before 1 January 2019.

3. Insurance companies shall have fully paid-up authorised capital in an amount not less than the minimum amount of the authorised capital established by this Law. For payment of the authorised capital of the insurance company, funds in the amount not less than the minimum amount of the authorised capital of the insurer established by this Law shall be deposited, and the procedure and conditions for investing equity (capital) established by regulations of the insurance supervisory body shall be observed.

(As amended by Federal Laws No. 287-FZ, dated 29 November 2007; No. 146-FZ, dated 23 May 2016; No. 343-FZ, dated 2 July 2021)

The minimum amount of the authorised capital of the insurance company shall be determined according to the basic amount of its authorised capital, equal to ₺300 million, and the following coefficients:

(As amended by Federal Law No. 251-FZ, dated 29 July 2018)

1 = for insurance of the objects provided for in [Clauses 2–6 of Article 4](#) of this Law

(As amended by Federal [Law](#) No. 234-FZ, dated 23 July 2013)

The paragraph is no longer valid. – Federal [Law](#) No. 251-FZ, dated 29 July 2018.

1.5 = for insurance of the objects provided for in [Clause 1 of Article 4](#) of this Law

(As amended by Federal [Laws](#) No. 234-FZ, dated 23 July 2013; No. 251-FZ, dated 29 July 2018)

The paragraph is no longer valid. – Federal [Law](#) No. 251-FZ, dated 29 July 2018

2 = for reinsurance and insurance combined with reinsurance (except for reinsurance within the reinsurance pool established in accordance with Federal Law No. 40-FZ, dated 25 April 2002, ‘On Compulsory Motor Third Party Liability Insurance’).

(As amended by Federal [Laws](#) No. 251-FZ, dated 29 July 2018; No. 81-FZ, dated 1 April 2022)

The minimum amount of the authorised capital of the insurance company engaged in compulsory medical insurance is ₺120 million.

(The paragraph is introduced by Federal Law No. 251-FZ, dated 29 July 2018)

A change in the minimum amount of the authorised capital of the insurance company is allowed by federal law only once every two years, with a mandatory introduction of a transition period.

(As amended by Federal Law No. 343-FZ, dated 2 July 2021)

Contribution of borrowed funds and pledged assets to the authorised capital is not permitted.

(As amended by Federal Law No. 343-FZ, dated 2 July 2021)

3.1. The insurance supervisory body shall establish the [list](#) of documents confirming compliance with the requirements for the authorised capital of the insurance company established in this Law.

(Clause 3.1 is introduced by Federal [Law](#) No. 65-FZ, dated 22 April 2010, as amended by Federal [Laws](#) No. 362-FZ, dated 30 November 2011; No. 343-FZ, dated 2 July 2021)

4. Insurers shall comply with the requirements for financial sustainability and solvency regarding the formation of insurance reserves, the manner and conditions for investing equity (capital) and insurance reserve funds, the [statutory ratio](#) of equity (capital) and assumed liabilities, and other requirements established by this Law and by regulations of the insurance supervisory body.

The parent insurance company of an insurance group shall also comply with the requirements specified in [Paragraph 1](#) of this Clause on a consolidated basis.

(Clause 4 as amended by Federal [Law](#) No. 234-FZ, dated 23 July 2013)

4.1. The insurance supervisory body shall establish the [procedure](#) for the calculation of the statutory ratio of equity (capital) and assumed liabilities by the insurance company (including the definition of indicators used for this calculation) and its minimum permissible value, for non-compliance with which the insurance supervisory body shall send an order to the insurance company to eliminate the violation.

(As amended by Federal [Laws](#) No. 87-FZ, dated 23 April 2018; No. 88-FZ, dated 1 May 2019)

4.2. The insurance supervisory body, taking into account the minimum permissible value of the statutory ratio of equity (capital) and assumed liabilities, shall establish a threshold value of the statutory ratio of equity (capital) and assumed liabilities. If the insurance company violates the statutory ratio of equity (capital) and assumed liabilities, it shall submit a financial rehabilitation plan to the insurance supervisory body, the [requirements](#) for which shall be established by the insurance supervisory body.

(As amended by Federal [Laws](#) No. 87-FZ, dated 23 April 2018; No. 88-FZ, dated 1 May 2019)

4.3. When calculating the statutory ratio of equity (capital) and assumed liabilities, the insurance company may take into account received subordinated loans in an amount not exceeding one-fourth of the value of its equity (capital).

For the purposes of this Law, a subordinated loan means the borrowing of funds by an insurance company under a loan agreement containing the following terms:

The funds are granted to the insurance company for a period of not less than five (5) years, and the lender may not reclaim the funds prior to the expiration of the specified period.

The maximum amount of interest to be accrued on the loan amount may not exceed the refinancing [rate](#) of the Bank of Russia as of the date of the loan agreement multiplied by 1.2.

(As amended by Federal [Law](#) No. 87-FZ, dated 23 April 2018)

When determining the statutory ratio of equity (capital) and assumed liabilities, the insurance company may not take into account subordinated loans received from other insurance companies. This provision does not apply to insurance companies that are subsidiaries of the lending insurance company.

(As amended by Federal Law No. 146-FZ, dated 23 May 2016)

The amounts of the subordinated loans granted by the insurance company to its subsidiaries shall be excluded when calculating the statutory ratio of equity (capital) and assumed liabilities of the insurance company that granted these subordinated loans.

(As amended by Federal Law No. 146-FZ, dated 23 May 2016)

(Clause 4.3 is introduced by Federal [Law](#) No. 234-FZ, dated 23 July 2013)

5. No longer valid. – Federal [Law](#) No. 234-FZ, dated 23 July 2013.

6. If the amount of the insurance company's equity (capital) determined as stated in Clause 2 of this Article, according to the results of the last reporting period, turns out to be lower than the amount of the paid-up authorised capital determined by the Charter, the insurance company is obliged to bring the amount of the authorised capital and the amount of equity (capital) in accordance with the procedure established by the insurance supervisory body.

(Clause 6 is introduced by Federal Law No. 87-FZ, dated 23 April 2018)

Article 26. Insurance Reserves

(as amended by Federal [Law](#) No. 234-FZ, dated 23 July 2013)

1. To ensure the fulfilment of insurance, coinsurance, reinsurance, and mutual insurance obligations, insurers shall, on the basis of actuarial calculations, determine the amount of insurance reserves (form insurance reserves) expressed in monetary terms and secure them with assets (insurance reserve funds). The insurance reserve funds shall be sufficient to fulfil the insurers' obligations for forthcoming insurance payments under insurance, coinsurance, reinsurance, and mutual insurance contracts and to perform other actions in respect of such obligations.

(As amended by Federal [Laws](#) No. 349-FZ, dated 28 November 2015; No. 194-FZ, dated 11 June 2021)

2. Insurance reserves shall be formed by insurers in accordance with the rules of insurance reserve formation which are approved by the insurance supervisory body and establish:

(As amended by Federal [Law](#) No. 349-FZ, dated 28 November 2015)

1) Types of insurance reserves and the obligatoriness and the conditions of their formation

2) Methods of calculation of insurance reserves or approaches determining them

3) Requirements for the regulation of insurance reserve formation

4) Requirements for the documents containing data necessary for the calculation of insurance reserves and the period of retention of such documents

5) Methods of calculating the reinsurers' share in insurance reserves

6) The procedure for obtaining approval from the insurance supervisory body for methods of calculating insurance reserves which differ from the methods stipulated by the rules for formation of insurance reserves (including the terms and conditions of such approval and the grounds for refusal of such approval).

2.1. The insurance supervisory body shall evaluate insurance reserves formed in order to determine their value.

The insurance supervisory body shall issue an order stating that the insurer is obliged to include in the reporting the data received by the insurance supervisory body on the basis of the assessment.

Based on the order of the insurance supervisory body to include in the reporting the data received by the insurance supervisory body on the basis of the assessment, the insurer shall reflect in its accounting (financial) and other statements the amount of insurance reserves determined by the insurance supervisory authority on the last reporting date. The insurer's appeal against the specified order in court shall not suspend its execution.

When assessing the insurance reserves of the insurer, the insurance supervisory body engages the responsible actuary at the expense of the insurer.

(Clause 2.1 is introduced by Federal Law No. FZ-87, dated 23 April 2018)

3. Insurance reserve funds shall be used exclusively for the fulfilment of the obligations referred to in Clause 1 of this Article.

(As amended by Federal Law No. 349-FZ, dated 28 November 2015)

4. Insurance reserve funds are not subject to requisitioning to the budget system of the Russian Federation.

(As amended by Federal Law No. 349-FZ, dated 28 November 2015)

5. Insurers shall invest insurance reserve funds on the terms of diversification, liquidity, recoverability, and profitability.

Insurers shall not grant loans from insurance reserve funds, with the exception of the cases stipulated by Clause 7 of this Article and by regulations of the insurance supervisory body.

The insurance supervisory body shall establish a list of assets permitted for investment, requirements for such assets, and a procedure for investing insurance reserve funds which provides, among other things, requirements for the structure of assets in which insurance reserve funds or part thereof may be placed.

(Clause 5 as amended by Federal Law No. 87-FZ, dated 23 April 2018)

6. Investment of insurance reserve funds shall be carried out by insurers themselves or by transfer of funds or part thereof to a management company for trust management.

(As amended by Federal Law No. 87-FZ, dated 23 April 2018)

7. In the case of insurance of personal insurance objects provided by Clause 1 of Article 4 of this Law, an insurer may grant a loan to an individual policyholder within the limits of the insurance reserve formed under an insurance contract concluded for a period of not less than five (5) years.

The procedure and conditions for granting the said loan shall be established by the contract concluded between the insurer and the policyholder.