



Insurance State
Supervision Service of Georgia

2023 ANNUAL REPORT

Dear Readers,

We are pleased to present to you the annual report of the Insurance State Supervision Service of Georgia for the year 2023.

The insurance sector of Georgia continues to grow steadily. In 2023, for the first time in history, the total premium written from insurance activity exceeded one billion GEL and amounted to 1,064 million GEL, which is 17% more than the same indicator of the previous year. Moreover, it has almost doubled over the past five years (the written premium in 2018 was 542,2 million GEL). An increase in the written premium has been observed in all main lines of business. By 2023 results, the gross amount of claims paid in direct insurance activities by insurers amounted to 614 million GEL, which is 24% more than the similar indicator of the previous year. According to 2023 data, the insurance technical result amounted to 248 million GEL, which is 18% higher than the similar indicator of the previous year, and the net profit amounted to 74 million GEL, i.e. increased by 89%. More detailed information is provided in the Insurance market overview section of the report.

In the reporting year, the ISSSG studied current market of travel insurance in Georgia and to better ensure the consumer rights protection and to facilitate the competition, in cooperation with the insurance sector and Georgian Association of Insurance Companies, established new requirements regarding the travel insurance, which became effective as of January 15, 2024. These requirements are based on the best international practice. As a result, minimum standard of insurance terms has significantly improved, previously existed limits for the inpatient and outpatient services increased



allowing all outbound travelers to be better protected and to receive real protection in case of damage within higher limits.

In 2023, the ISSSG continued active cooperation with international/donor organizations which is vital for the development of the industry and serves to facilitation of introducing international standards – this issue is extremely important as a basis for Georgia receiving the candidacy for EU membership. It is also important that we have active relations with EIOPA, arranging regular activities and conferences, where I was invited to attend two conferences last year, including, as a speaker with special invitation to Eastern Cooperation Conference.

2023 was distinguished for the fact that the ISSSG hosted several international events, including:

- ✓ May 4-5 – international conference and workshop was held in cooperation with XPRIMM, an international media agency, with participation of foreign and Georgian experts;
- ✓ October 5-6 – International Association of Insurance Supervisors (IAIS), within the

framework of Central, East Europe and Transcaucasia region (CEET), for the first time in Transcaucasia, held the annual international conference in Tbilisi, with participation of the representatives of insurance supervision authorities, insurance industry and academia from the region as well as outside the region. For the first time, seven directors of insurance supervision authorities of different countries visited Georgia. The Conference gained positive feedback and appreciation from participants, including from the regional coordinator, in terms of organization standard as well as interesting topics discussed around insurance.

It is important to note that within the scope of TAIEX, short-term technical assistances and

information exchange instrument, two EU missions visited the ISSSG:

- ✓ October 23-27, group of EU experts from the kingdom of Spain to review the implementation of Insurance Distribution Directive (IDD) in the Georgian legislation and Environmental, Social and Governance (ESG) factors in the insurance system.
- ✓ October 30-November 3, EU TWINNING evaluation mission with experts from Spain and Croatia, who positively assessed the 2019-2022 EU TWINNING project implementation and its results and identified further needs for assistance.

For more detailed information about these and other areas of activities in 2023 please see the complete annual report provided herewith.

The Chairman of Insurance State Supervision Service of Georgia

David Onoprishvili



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1 About Us

LEPL Insurance State Supervision Service of Georgia (hereinafter referred as the ISSSG) was established based on the amendments to the Law of Georgia “On Insurance” adopted on March 20, 2013, and represents a legal successor of the National Bank of Georgia in the supervision of insurance (including insurance intermediaries) and voluntary pension schemes.

The ISSSG is independent in its activities and is accountable to the Government of Georgia. Its competencies are stipulated in the Law of Georgia “On Insurance” and the Charter approved by the Decree #102 of the Government of Georgia as of May 2, 2013. The functions of the ISSSG include:

- ✓ Pursuing the state policy in the insurance sector;
- ✓ Promoting financial stability of the insurance market;
- ✓ Protecting consumers’ rights within the scope of its competencies;
- ✓ Securing financial solvency of insurance companies;
- ✓ Creating a competitive environment, and for this purpose unifying insurance activities;
- ✓ Elaborating draft laws and by-laws, as well as methodological framework, and ensuring control over their performance;
- ✓ Supervising voluntary non-state pension schemes within the scope of its competencies;
- ✓ Coordinating state and municipal insurance programs initiated by state and/or local authorities.

2 Licensing-registration

According to the data for 2023, there were 18 licensed insurance companies operating in Georgia, holding both non-life and life insurance licenses. These companies are:

1. JSC Insurance Company IMEDI L
2. JSC Insurance Company GPI Holding
3. JSC Insurance Company CARTU
4. JSC International Insurance Company IRAO
5. JSC ARDI INSURANCE
6. JSC Insurance Company ALPHA
7. JSC Insurance Company EUROINS GEORGIA
8. JSC PSP Insurance
9. JSC Insurance Company UNISON
10. JSC Insurance Company PRIME
11. JSC Insurance Company TAO
12. JSC Green Insurance Georgia
13. JSC TBC Insurance
14. JSC Insurance Company ALDAGI
15. JSC Risk Management and Insurance Company Global Benefits Georgia
16. JSC Insurance Group of Georgia
17. JSC BB Insurance
18. JSC New Vision Insurance

Over the reporting period, considering the amendments made to the Law of Georgia “on Insurance”, caused by the new regulations established by the Law of Georgia “on Entrepreneurs” and related to the obligation of having at least one independent member in the Supervisory Board of the Insurer, the eligibility criteria for the board members and the rule of formation of audit committee – the ISSSG had active cooperation with each and every insurer to help them harmonize their activity with the requirements of the law. This included informational meetings, evaluation if candidates are fit and proper, explanations and other necessary supporting actions.

Pursuant to the law of Georgia “On Insurance”, the candidate of the Insurer’s Administrator (member of Supervisory Board, Director) and Internal Auditor are subject to a preliminary review by the ISSSG to determine the candidate’s compliance with the eligibility criteria established by the law. During the reporting period, the ISSSG reviewed the documents/information concerning the eligibility of 25 candidates for the Insurer’s Administrator’s position, in particular:

- ✓ 17 candidates for the membership for the Supervisory Board, including 11 candidates were reviewed against the eligibility criteria for Board membership as well as against the eligibility criteria for independent membership;
- ✓ 5 candidates for managerial positions;
- ✓ 2 candidates for internal audit.

As a result, 25 approvals were granted for studied candidates (17 board members, 5 managers, 3 internal auditors).

According to the rule set forth in the law, the ISSSG received and reviewed the minutes of Insurers' Supervisory Board meetings and requested additional information regarding the issues foreseen in the Agenda.

In the reporting period, like the previous years, four non-state pension schemes were registered in the ISSSG, out of which, the founder of three schemes was the insurance company and one scheme was founded by non-insurer legal entity for its own employees. In particular:

- ✓ JSC Insurance Company ALDAGI
- ✓ JSC Insurance Company GPI Holding
- ✓ JSC International Insurance Company Irao
- ✓ LLC Sakaeronavigatsia

At the beginning of 2023, there were 19 registered insurance brokers operating in the insurance market.

During the reporting period, the ISSSG reviewed and studied the applications of six entities on

registration as an insurance broker. Consequently, six new insurance brokers were registered. They are::

- ✓ Insurance Broker Inforce LLC
- ✓ Insurance Broker Volo LLC
- ✓ Insurance Broker Geotrust LLC
- ✓ Mother Insurance Broker LLC
- ✓ Insurance Broker TA LLC
- ✓ Insurance Broker Inshare 2 LLC

Respectively by December 2023, 25 insurance brokers were operating mediatory services on the insurance market.

Pursuant to current legislation, the ISSSG will make an annual review of the insurance brokers to identify their compliance with the margins/conditions of professional liability insurance policies defined in the law.

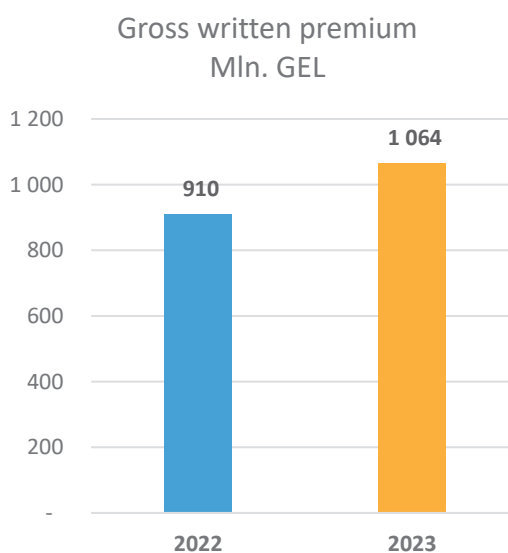
Over the reporting period, the ISSSG actively held consultations to ensure the compliance of private pension schemes with the new law.

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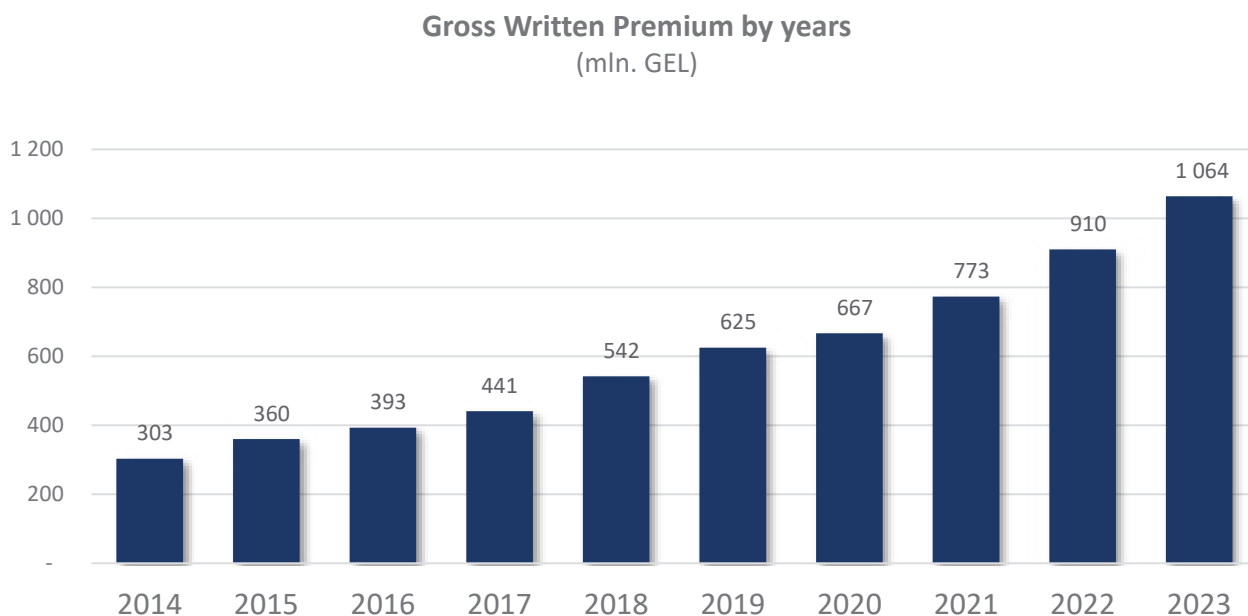
Georgian insurance market and supervisory process

3.1 Insurance market overview

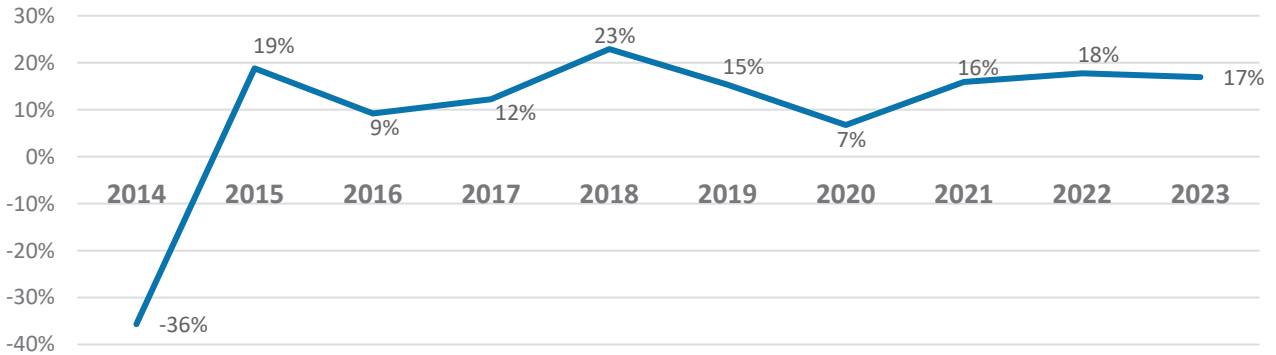
According to 2023 annual reports submitted by insurance undertakings, Gross Written Premium from direct insurance business amounted to GEL 1 064 million, which is 17% increase over the same data for the previous year.



The insurance market development dynamics for the past 10 years is provided in the chart below:



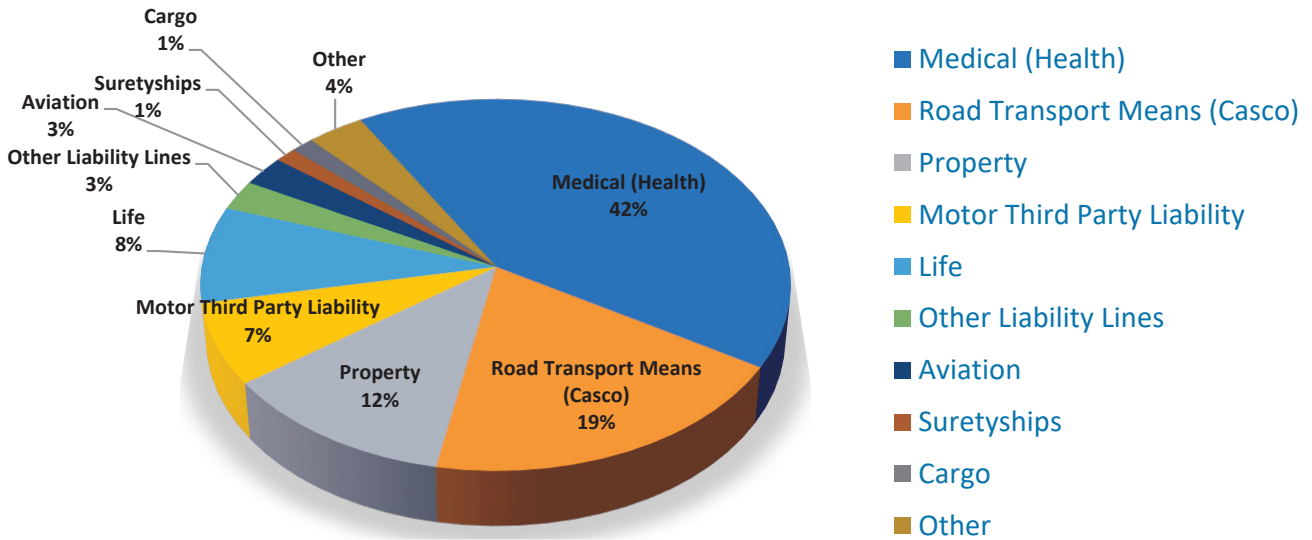
Market growth dynamics



The diagram above shows the past 10 years' performance of the insurance market development. In 2013, due to the highly social importance, the management of health social programs was transferred to a specialized state body (the Social Service Agency and later to the National Health Agency). Since 2014, the market has been devel-

oping more steadily and independently. Corporate health insurance programs have become more advanced and have acquired more popularity. Currently, health insurance line of business holds the largest share on the Georgian insurance market (42%).

Insurance Market Structure



During 2023, the premium written in medical (health) insurance business amounted to GEL 447 million, which is 42% of the total written premium, and motor casco - GEL 205 million, constituting

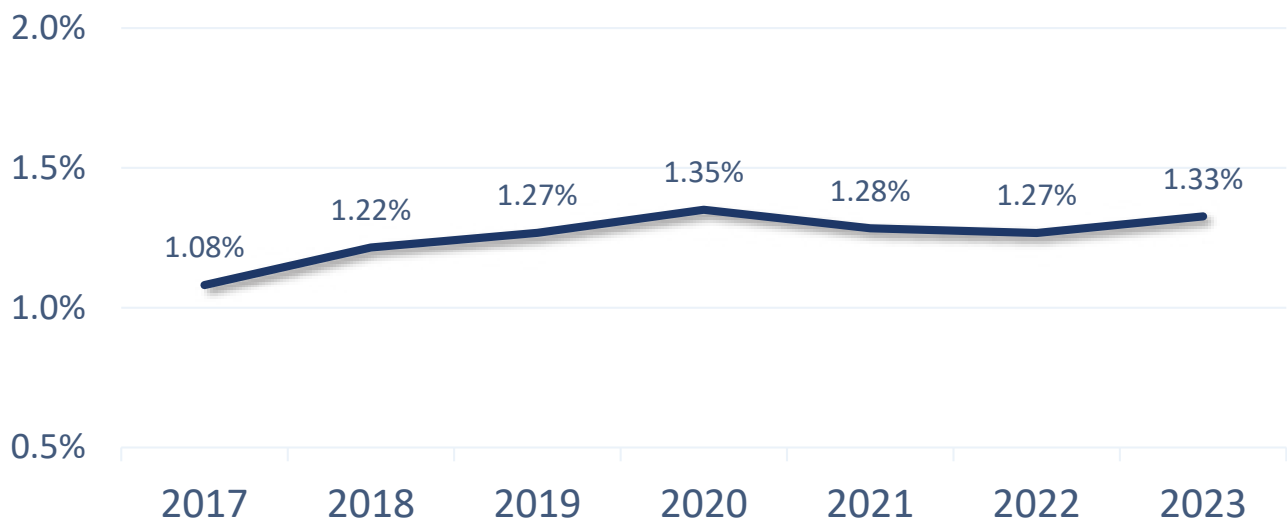
19% of the total written premium. Property insurance premium amounted to GEL 126 million (12%), life - GEL 90 million (8%), motor TPL and civil liability - GEL 75 million and GEL 28 million accord-

ingly (7% and 3%). Other lines in total amounted GEL 93 million (9%).

Life insurance is mainly related to banking products; however it is also often combined with

health insurance products with life insurance component included. Motor third party liability insurance mainly includes compulsory and voluntary insurance products for road transport owners and road carriers.

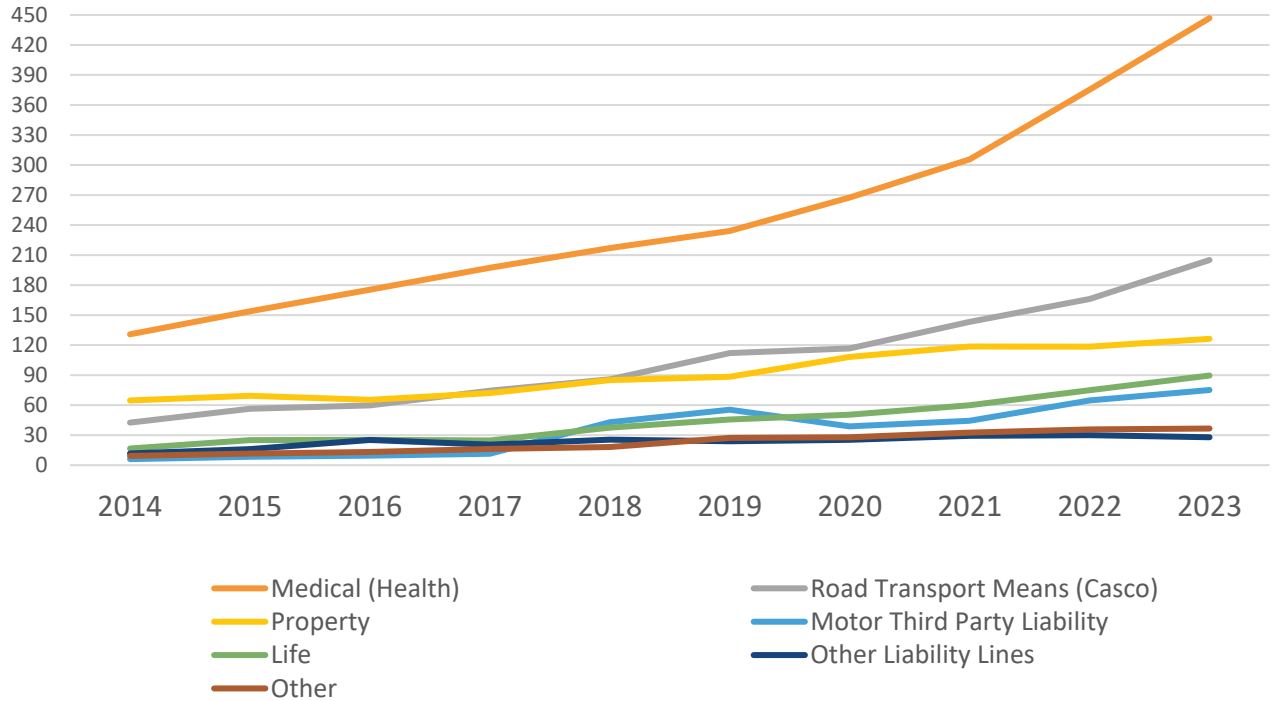
Share of Insurance Sector in GDP



The development of the insurance sector (17%) has been steadily following the overall economic development of Georgia (12%), however, there are still many areas on the market, which are of significant interest for

the industry in terms of potential investments, particularly, these areas are: saving/long-term life insurance, compulsory third-party liability insurance of road transport owners and others.

Written Premium Dynamics by Lines of Business (mln. GEL)



NOTE 1:

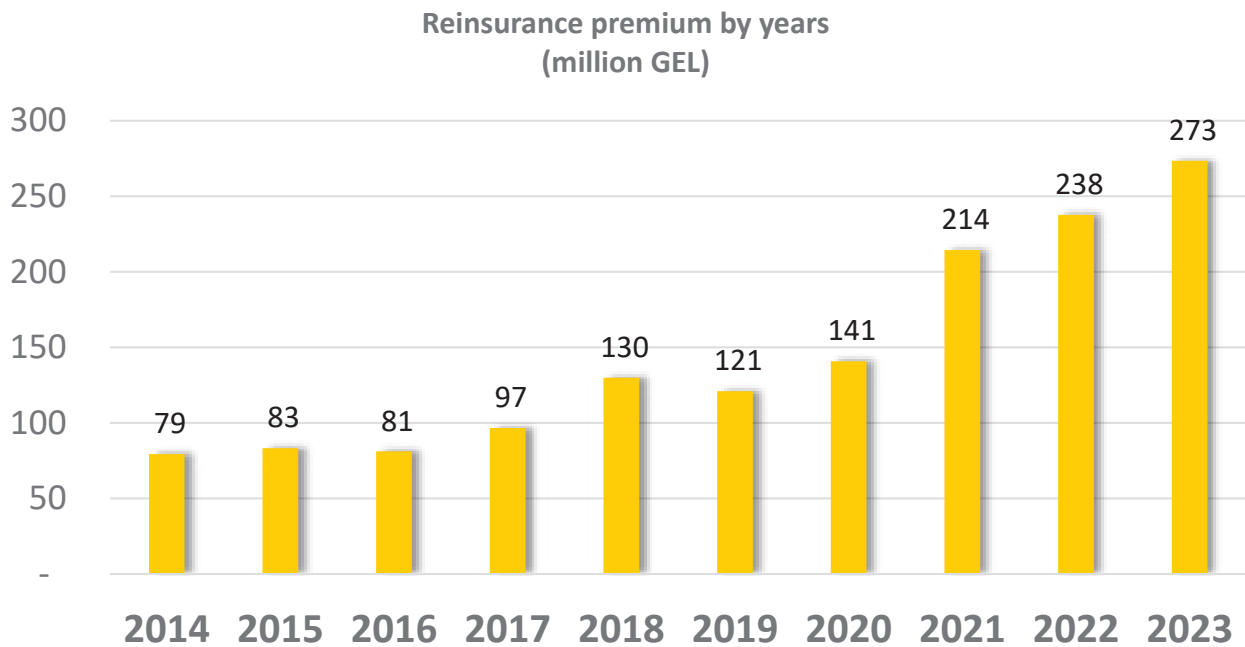
“Other Liability lines” include professional indemnity, employer’s liability and general third party liability, not related to the road or other transport.

NOTE 2:

“Other” includes Cargo, Travel, Marine, Aviation, Suretyships and Miscellaneous financial loss insurance.

It is worth mentioning that even though the COVID-19 pandemic slowed down the market development, later increase in mobility, sales recovery from 2022 and the resumption of regular activ-

ities on the market proceeded without significant fluctuations in terms of market stability. The dynamics of financial strength indicators of insurers are provided below.



NOTE:

The above figures do not include life and health insurance/reinsurance data, as life is most commonly a simple one-year product either combined with health insurance products or issued within a bank assurance product. Therefore, these products do not require reinsurance as often as property or liability lines.

Reinsurance is one of the most important parts of the Insurer's daily activities and an important tool for ensuring its financial stability.

Statistical data shows that reinsurance naturally follows the development of the Insurers' activi-

ties. Participation of reinsurers remains stable in most lines, especially in property and liability insurance lines of business.

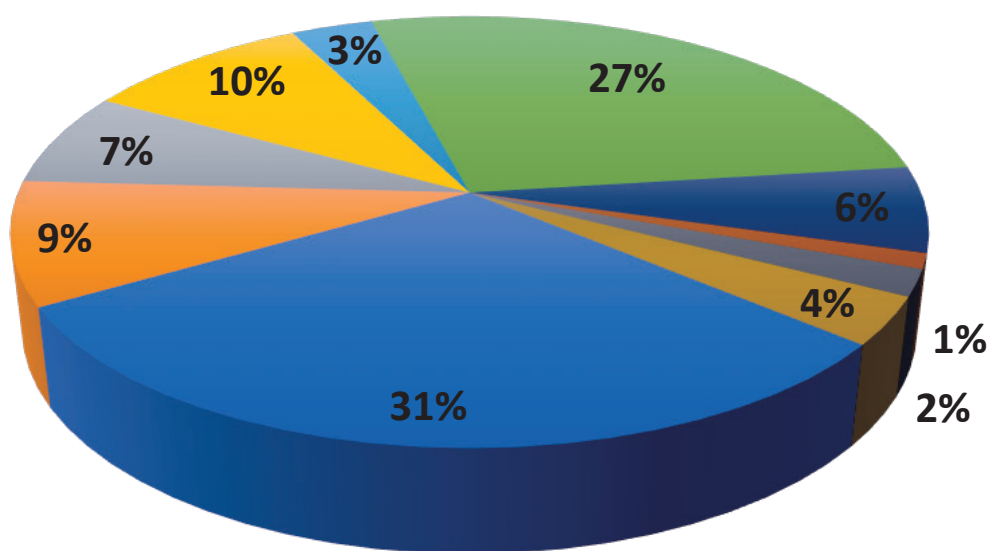
In 2019 property and motor reinsurance premium decreased, which in the case of motor insurance

is since per risk exposure is relatively small, while in the case of property insurance, the decrease in reinsurance premium was caused by the completion of one of the major international investment projects.

It should be noted that the practice of concluding high capacity and complex reinsurance treaties is

becoming increasingly popular, and insurers are trying to minimize the number of facultative reinsurance arrangements. Treaty reinsurance automatically covers a certain part of the insurance portfolio and significantly reduces operational risks and processes related to the facultative business.

Reinsurance Premium Share by main Lines of Business



- Property
- Aviation
- Life
- Other
- Road Transport Means (Casco)
- Suretyships
- Motor Third Party Liability
- Other Liability Lines
- Medical (Health)
- Cargo

The percentages indicated in this chart mainly refer to per risk exposures. In particular, the higher the sum insured (exposure) is, the greater is the need for reinsurance. That is why property insurance is

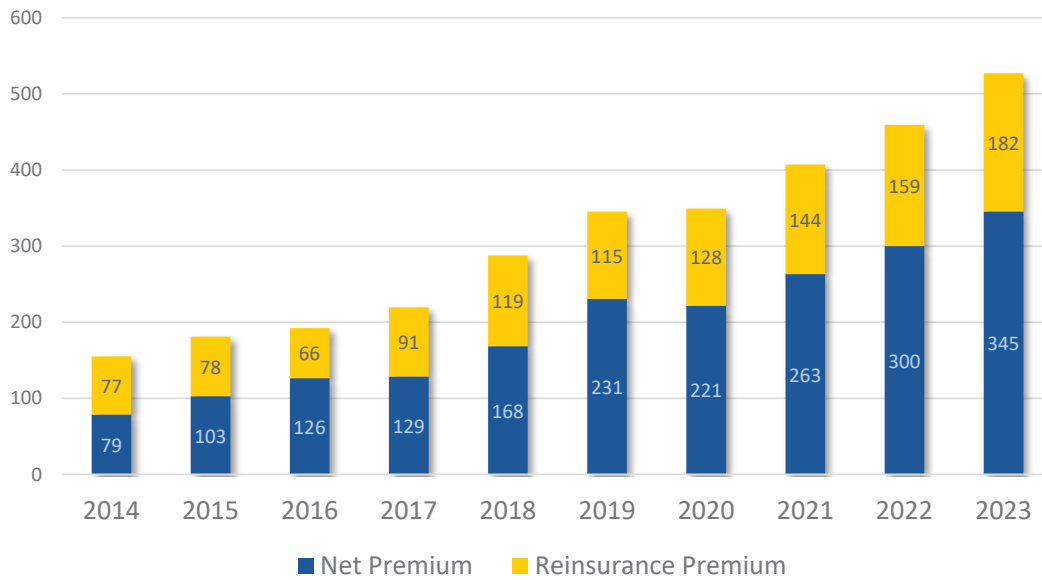
leading in terms of reinsurance. Nevertheless, in other lines as well, despite relatively less total reinsurance premiums, per risk or total portfolio exposure can be substantial.

Lines of Business	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Medical	0%	0%	6%	0%	3%	0%	2%	20%	18%	17%
Road transport	4%	6%	3%	17%	26%	15%	10%	8%	12%	12%
Property	80%	71%	60%	63%	66%	58%	63%	64%	64%	66%
Motor third party liability	8%	12%	7%	16%	10%	8%	3%	4%	5%	4%
Life	16%	19%	17%	20%	13%	12%	13%	13%	14%	20%
Other liability insurance	62%	60%	42%	61%	53%	53%	62%	63%	68%	69%
Aviation	96%	90%	75%	87%	90%	88%	98%	93%	92%	93%
Suretyships	58%	60%	54%	60%	62%	52%	61%	61%	67%	69%
Cargo	54%	29%	28%	29%	33%	34%	33%	30%	31%	37%
Other	11%	16%	21%	16%	17%	21%	32%	35%	29%	27%
Total	26%	23%	21%	22%	24%	19%	21%	28%	26%	26%

The share of reinsurance premiums by lines in the total amount of premiums practically does not change significantly from year to year. Reinsurance is usually most needed in aviation, property, liability, suretyships and cargo. Those lines of business cover the larg-

est risks and the risk is diversified through reinsurance. It is obvious from the above Table that reinsurance plays a minimal role in health insurance with smaller amounts of losses but much higher frequency.

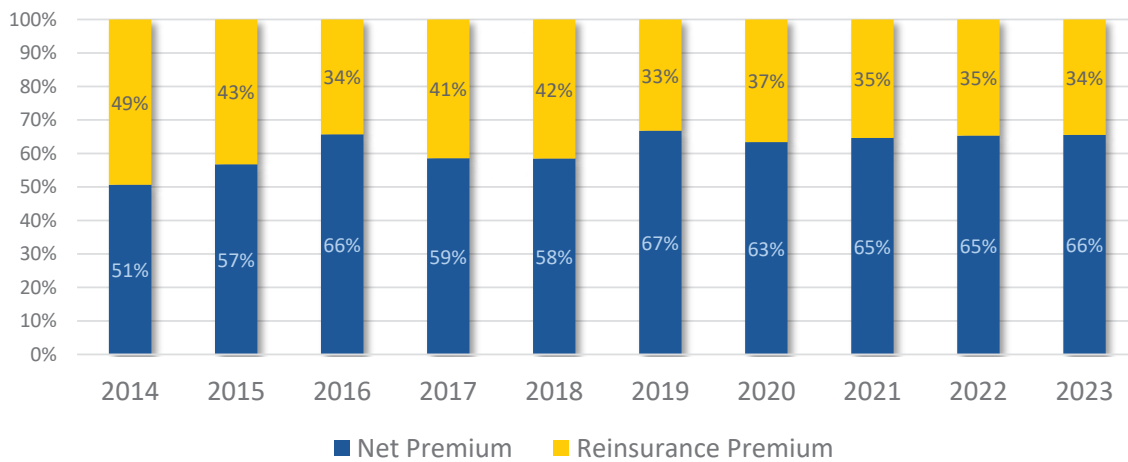
Reinsurance Premium share in GWP
(mln. GEL)



NOTE:

Life and health insurance data is not included

Reinsurance Premium Share in GWP
(%)

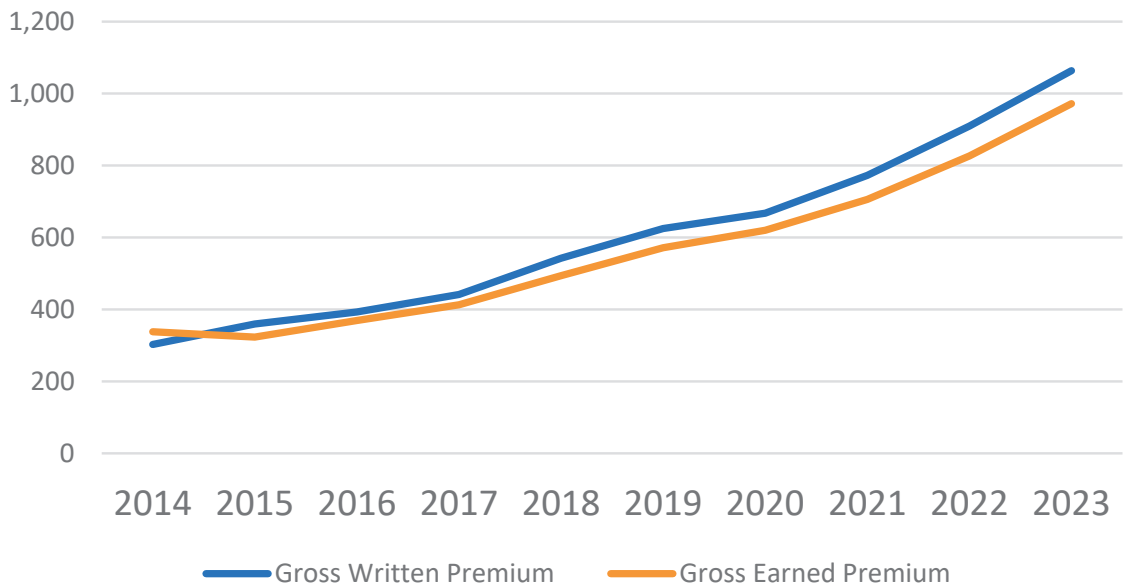


NOTE:

Life and health insurance data is not included. With the addition of Health and Life data, share of reinsurance in total GWP is 26%.

საქმიანობის დინამიკა

Earned Premium Growth Dynamics

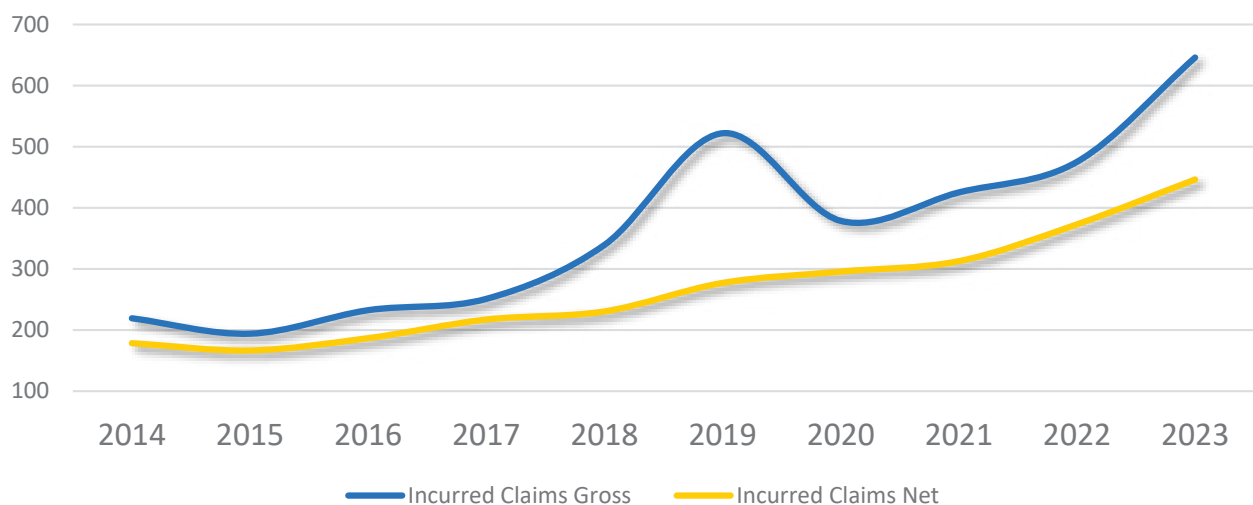


In 2023, the earned premium amounted GEL 972 million which is 18% increase compared to the previous year.

In 2014, following the transfer of state insurance programs to the Social Services Agency, the earned premium in health insurance de-

creased, but at the same time, this caused the decline in losses, and since 2015 both written and earned premiums have been growing steadily and almost in parallel, which indicates a stable development of the market (no major policy cancellation trends).

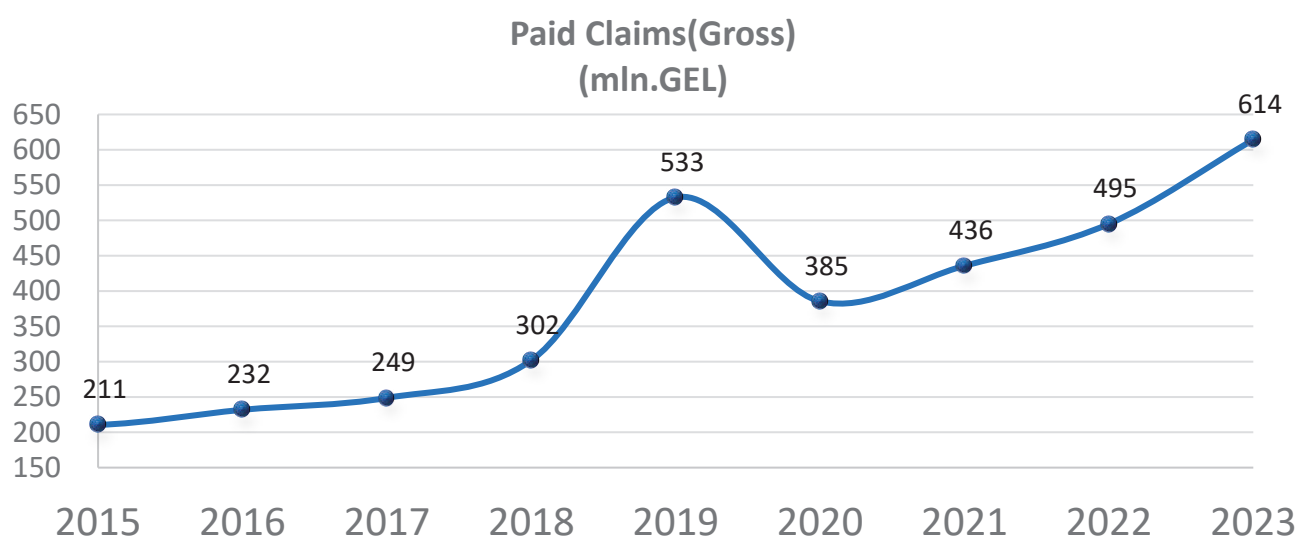
Incurred Claims (Gross and Net)



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Incurred claims (Gross)	219	194	233	251	339	522	379	425	475	646
Incurred claims (Net)	179	167	187	217	230	277	296	313	373	446

The reinsurers' share in claims is the difference between gross and net amounts. The table above shows the importance of rein-

surance for insurance business and financial stability of insurance companies.

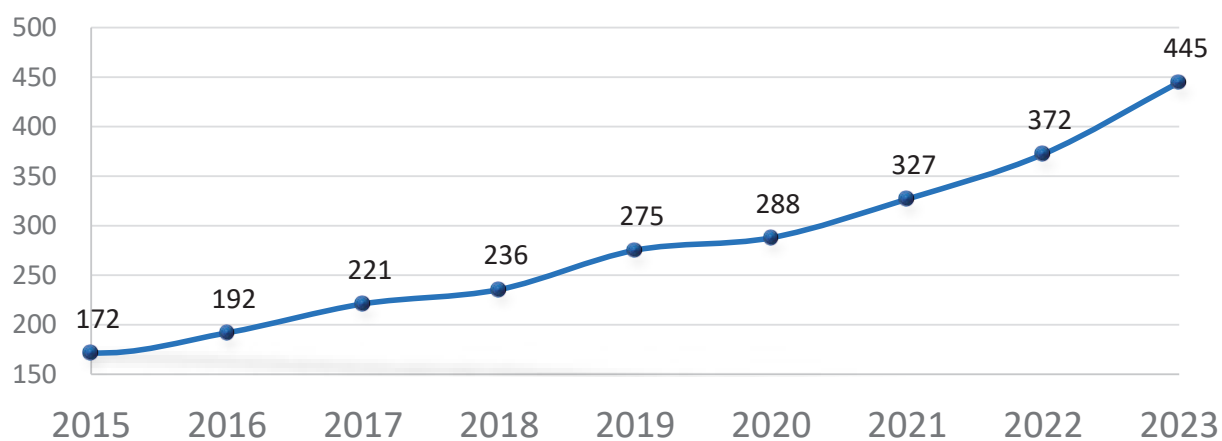


	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Paid Claims (Gross)	219	211	232	249	302	533	385	436	495	614

Gross paid claims in direct insurance business amounted to GEL614 million,

resulting in 24% increase in comparison with 2022.

Paid Claims (Net) (mln. GEL)



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Paid claims (Net)	208	172	192	221	236	275	288	327	372	445

Net paid claims amounted to GEL445 million, resulting in 20% increase in comparison with the previous year.

With complex reinsurance treaties, despite the increase in the gross amount, the net loss ratio (i.e. the Insurer's share in the losses) remains stable. It should be noted that, for example, in 2019 a high loss ratio of 91% was due

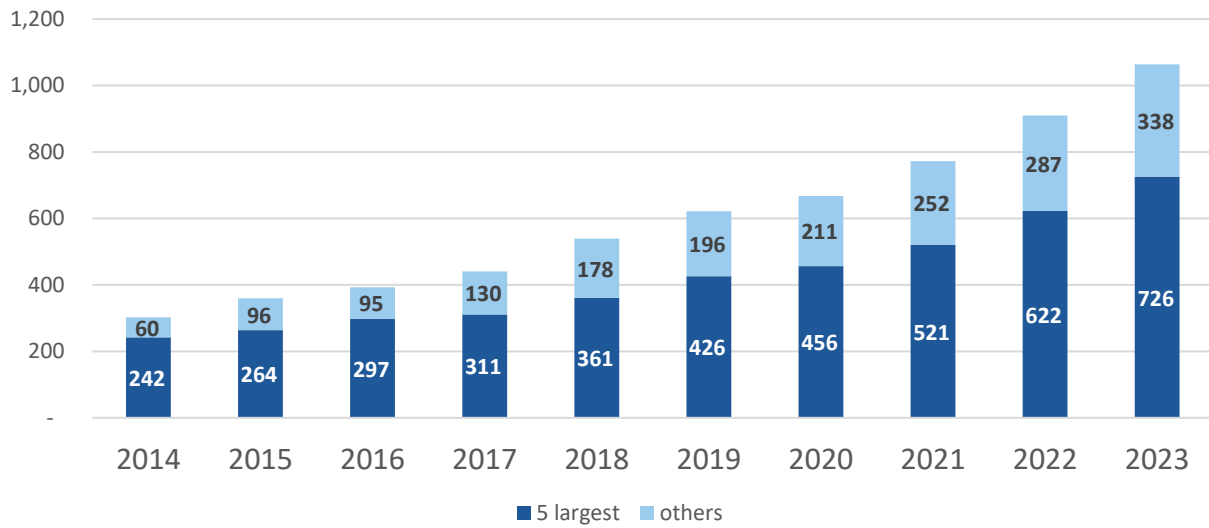
to major claims in the portfolios of two insurance companies. Those claims were so large that in the event of absence of proper reinsurance it would be impossible for the insurers to cover them, which would lead to their insolvency. For the aim of mitigating such risks, the ISSSG has issued a by-law regulating per risk net exposure, setting certain requirements for reinsurers and the quality of reinsurance.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Loss Ratio (Gross)	65%	60%	63%	61%	69%	91%	61%	60%	57%	66%

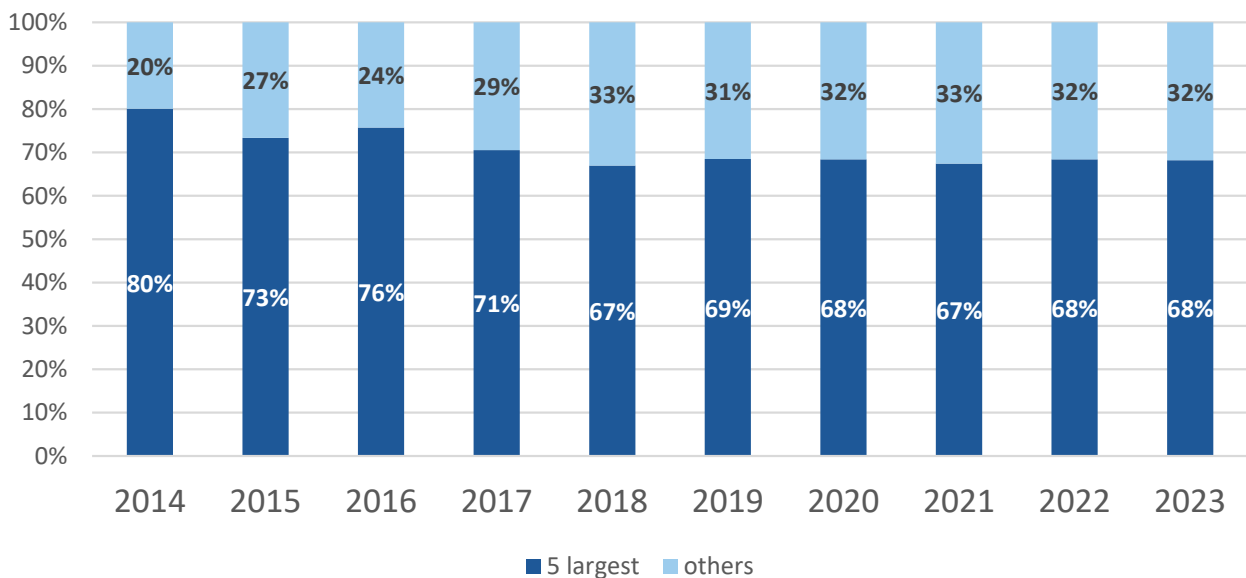
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Loss Ratio (Net)	65%	68%	66%	67%	60%	62%	60%	62%	62%	62%

Market Concentration

Market share of five largest insurers by years
(mln. GEL)

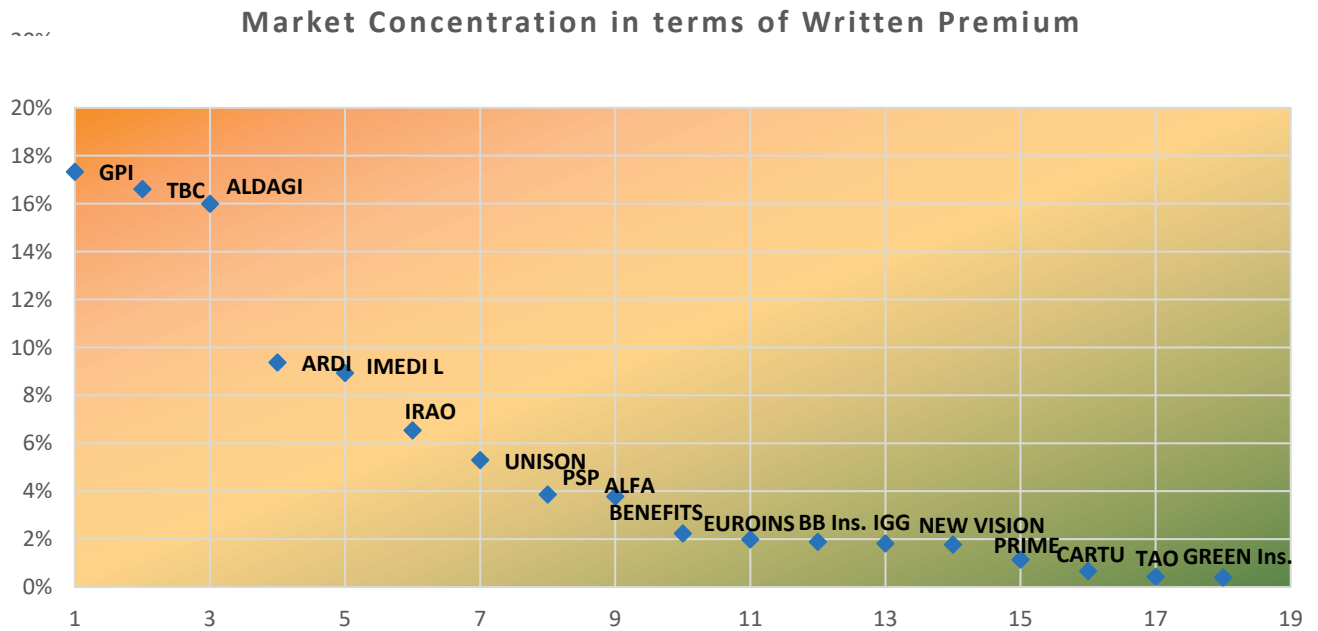


Market share of five largest insurers by years
(%)



As shown in the above charts, the market share of 5 largest Insurers equals to 68%

The chart below shows the distribution of individual shares of Insurers on the market.



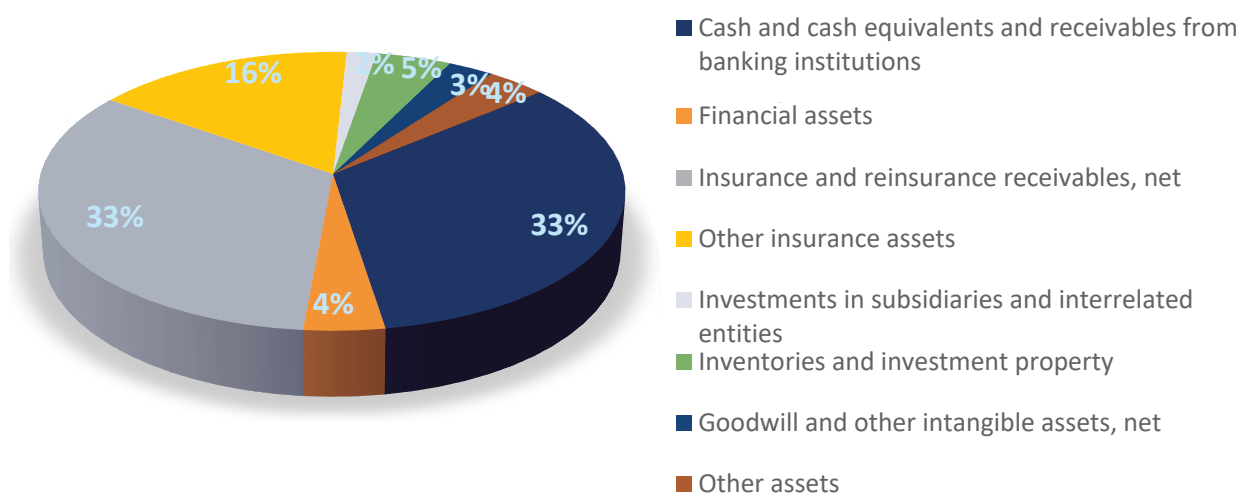
Structure of Insurers' Assets and Liabilities

Asset	Amount (million GEL)
Cash and cash equivalents and receivables from banking institutions	437
Financial assets	52
Insurance and reinsurance receivables, net*	434
Other insurance assets**	209
Investments in subsidiaries and interrelated entities	24
Inventories and investment property	61
Goodwill and other intangible assets, net	37
Other assets	48
Total	1,301

As of December 31, 2023, the assets of insurance companies amounted to GEL1 301 million, which is 17% increase in comparison with the previous

year. The equity has increased by 9% and amounts to GEL 374 million.

Structure of Assets



*** NOTE 1:**

Insurance and reinsurance receivables are reduced by the impairment reserve as required by the regulations;

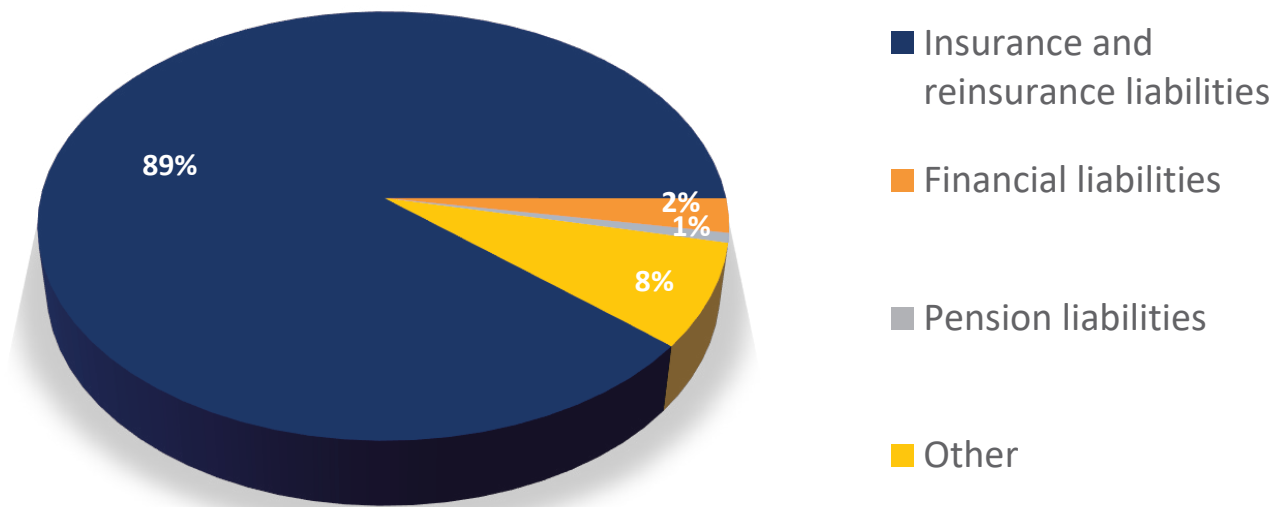
**** NOTE 2:**

Other insurance assets mainly comprise of the Reinsurers' share in reserves.

A major part of the assets is represented by cash and cash equivalents and insurance related as-

sets. Cash and cash equivalents account for 1/3 of liquid assets.

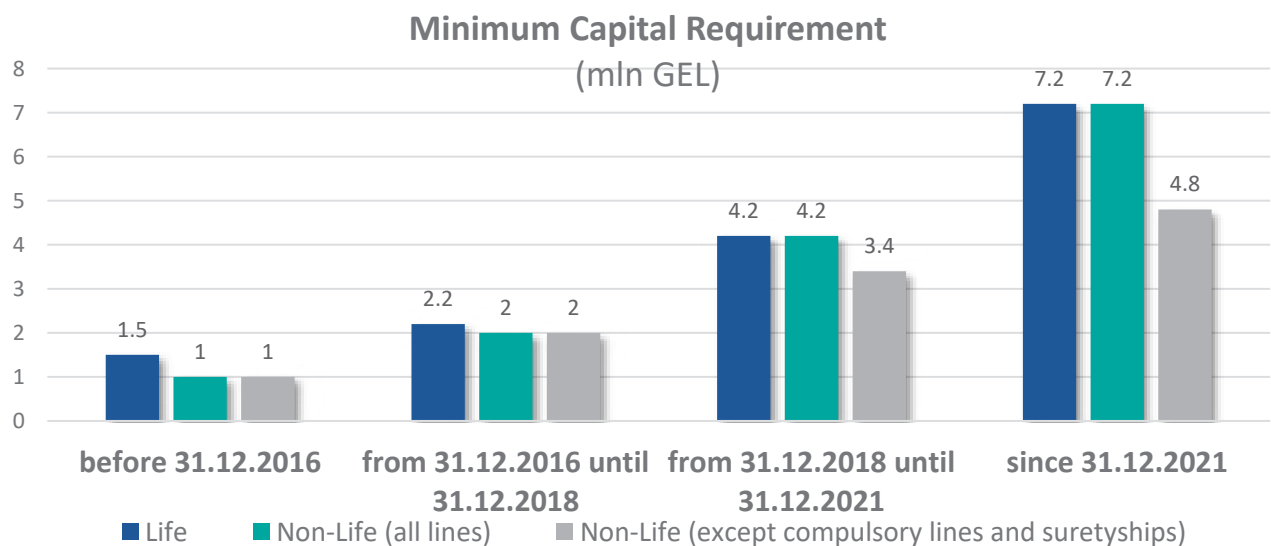
Structure of Liabilities



89% of insurers' liabilities are directly related to insurance and pension operations. Insurance reserves are covered mainly by monetary assets. Only a small part of tech-

nical provisions is covered by real estate or other financial assets. However, it should be noted that the quality of assets is closely monitored by the ISSSG.

Financial stability of the sector



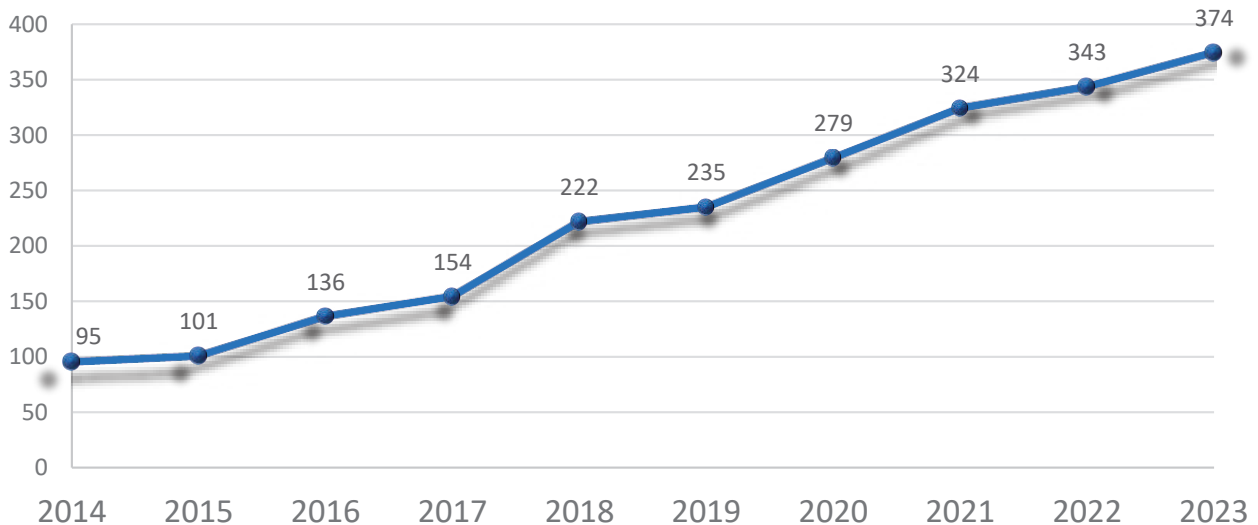
Through gradual increase in the minimum capital requirement, from 31.12.2021 the the minimum capital requirement have increased to GEL 7.2 million, which should be held in monetary form, if the Insurer operates in the following areas:

- ✓ Life insurance;
- ✓ Non-life insurance;

- ✓ Reinsurance;
- ✓ Compulsory lines of business;
- ✓ Suretyships.

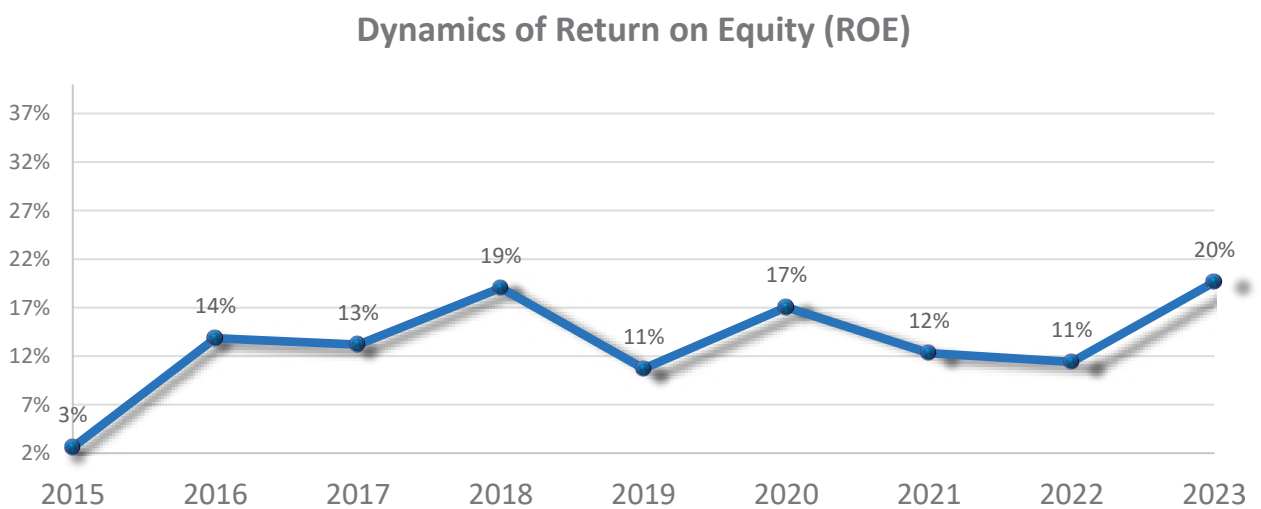
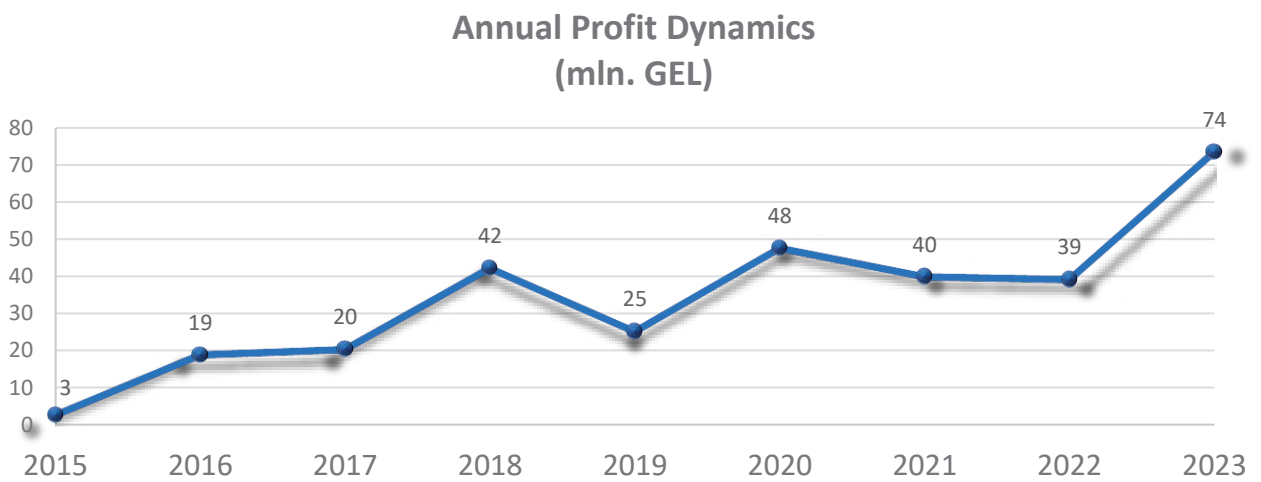
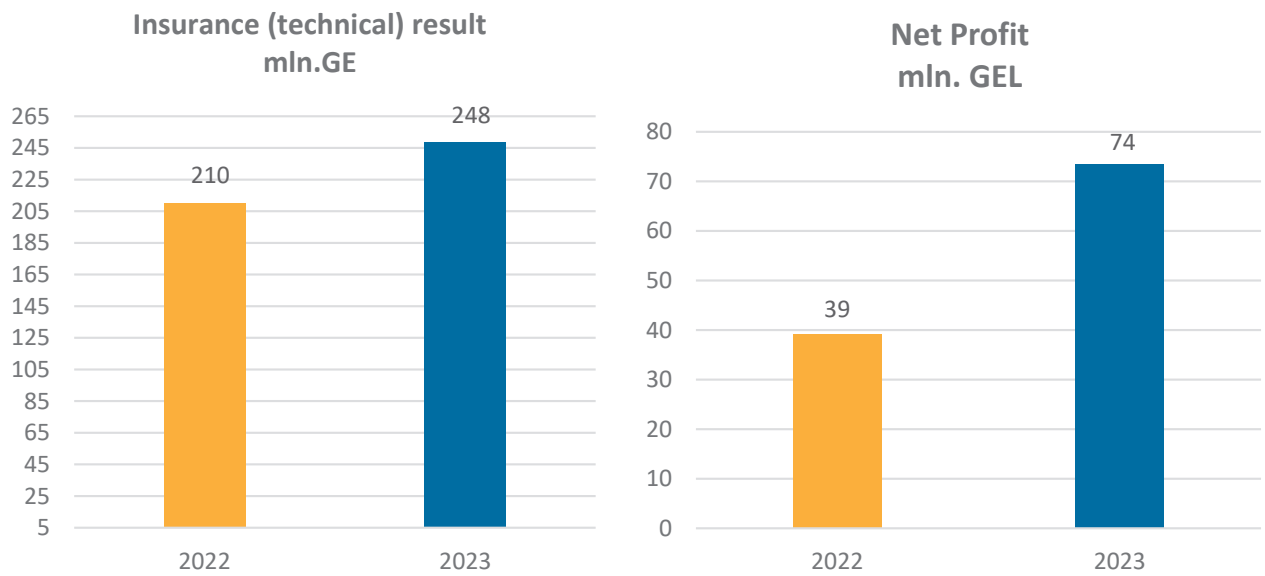
For the insurers operating only in non-life business, except for compulsory insurance and suretyships, from December 31, 2021, the minimum capital requirement has increased to GEL 4.8 million.

Total equity of insurers by years
(mln. GEL)



In 2023, total technical result amounted GEL 248 million, which is 18% more than the data of the same period of the previous year. Net profit amounted to GEL 74 million showing an 89% increase. Increase in net profit mainly comprises of two components – insurance profit, which is similar to the market growth and other revenues

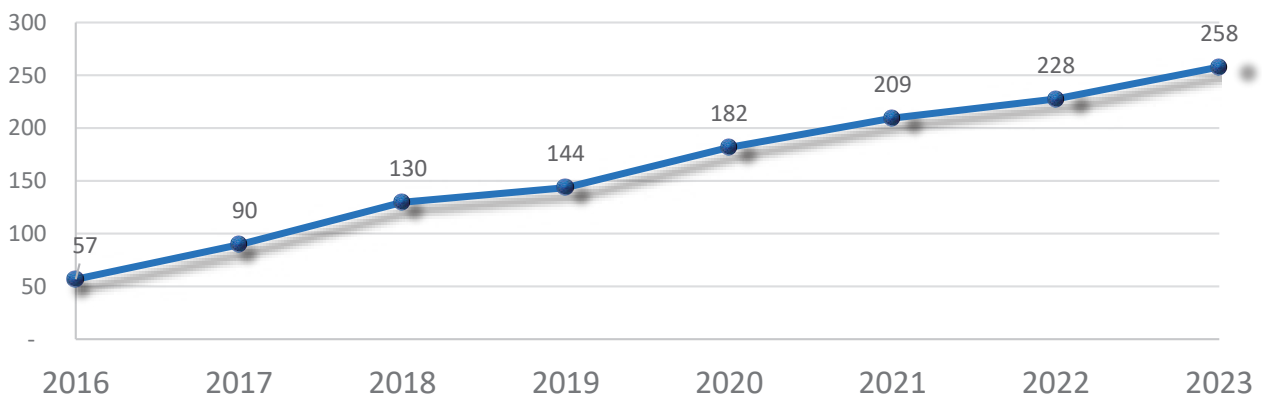
(investment revenues and currency exchange difference among them). In 2022, the insurers faced significant losses due to the difference in foreign currency exchange rates, while in 2023, this was compensated with a positive effect of exchange rates on monetary and financial assets.



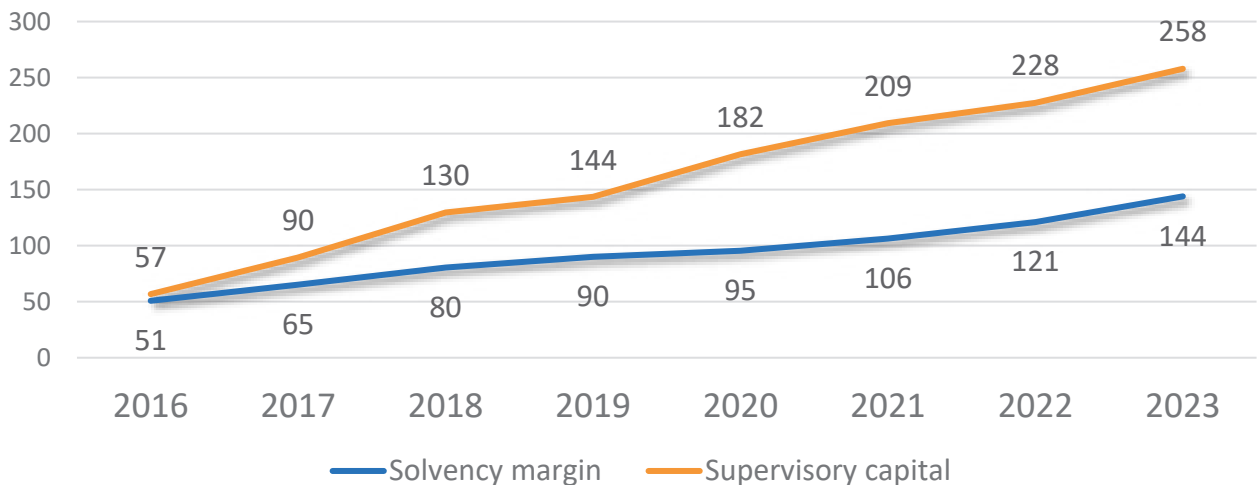
As already mentioned, changes in profitability were due to the pandemic and other related economic processes. However, the market maintained profitability, and the ISSSG set

the requirements in a timely and consistent manner, which in turn ensured the stable growth of the Supervisory capital.

**Supervisory Capital
(mln. GEL)**



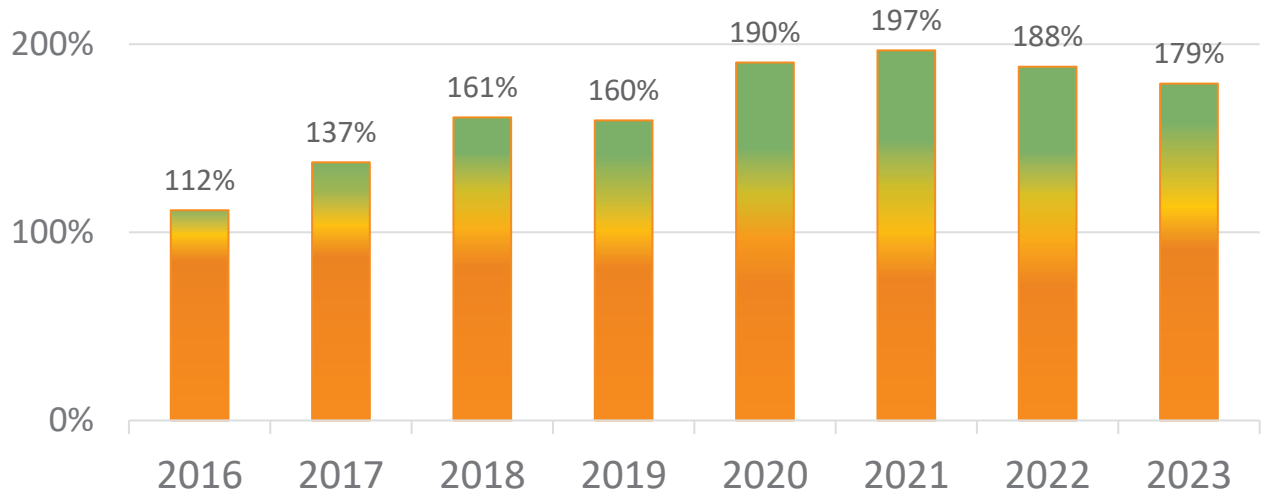
**Solvency and Supervisory capital dynamics
(million GEL)**



The total amount of the Supervisory capital vs. solvency margin is 179%, which indicates high solvency of the market. However, it must be noted that in the background of market growth, several

insurers required additional investments in the capital due to strict requirements. The ISSSG performs intensive monitoring on this process.

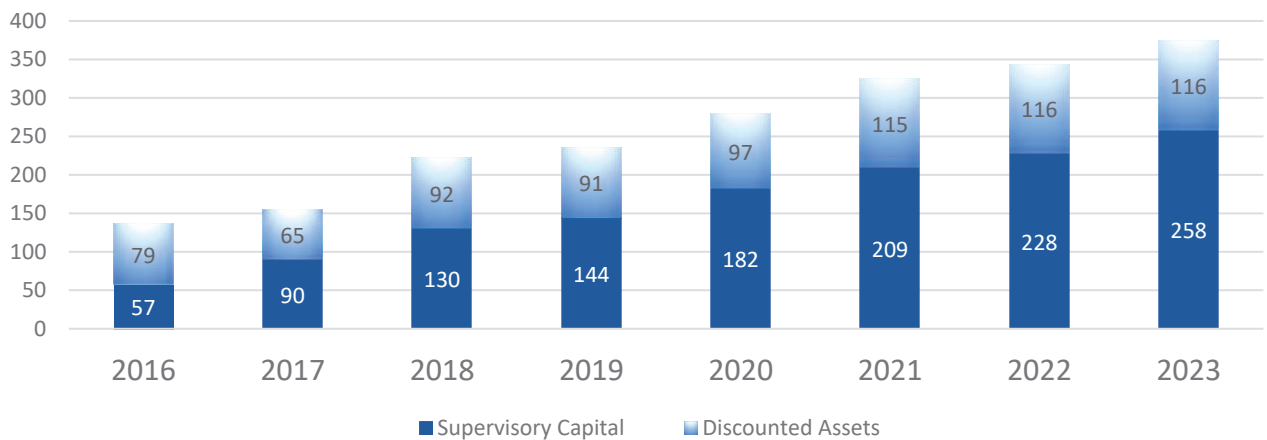
Development of Supervisory capital in relation to Solvency margin by years



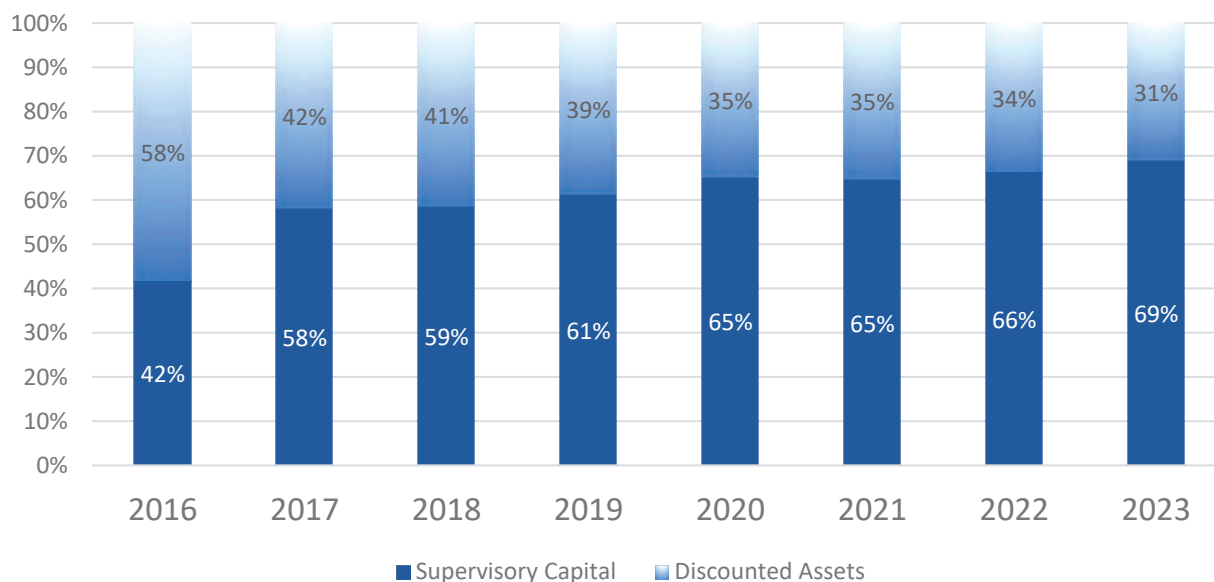
Note:

Regardless of the increase of total amount of the Supervisory capital, its proportion to the solvency margin decreased compared to the previous year, because the market growth rate in 2023 and 2022 considerably exceeded the indicator of 2020, which obviously affected and significantly increased the total amount of solvency margin.

Share of Supervisory Capital in Total Equity (mln GEL)



Share of Supervisory Capital in Total Equity (as % of Equity)



The share of the discounted assets in the total assets of the companies has decreased

significantly since the introduction of regulatory capital requirements (since 2016).

Note:

The information published may still be slightly amended due to the differences observed during the regulatory activity (including as a result of comparison with audited statements).

3.2 Insurance Brokers

Insurance brokers represent a very important part of the insurance business. Brokers bear a significant risk in terms of the client money held and the quality of the risk placement. Due to the above mentioned, the regulatory framework for

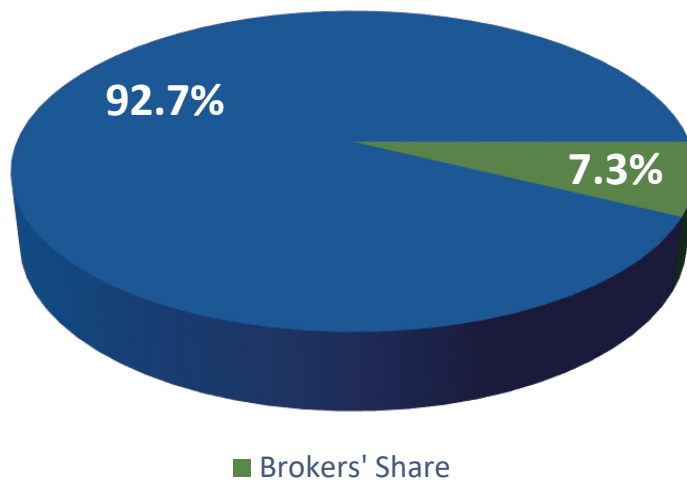
the supervision of insurance intermediaries has been strengthened, which will further ensure high quality, professionalism and reliability of services.

In 2023, total insurance brokerage amounted GEL9.9 million, which is 26% increase compared to the previous year. Insurance brokers have the right to provide both insurance and reinsurance intermediary services. 65% of their commission revenues come from insurance and the remaining 35% - from reinsurance operations. In 2023,

commissions growth was almost similar in both activities.

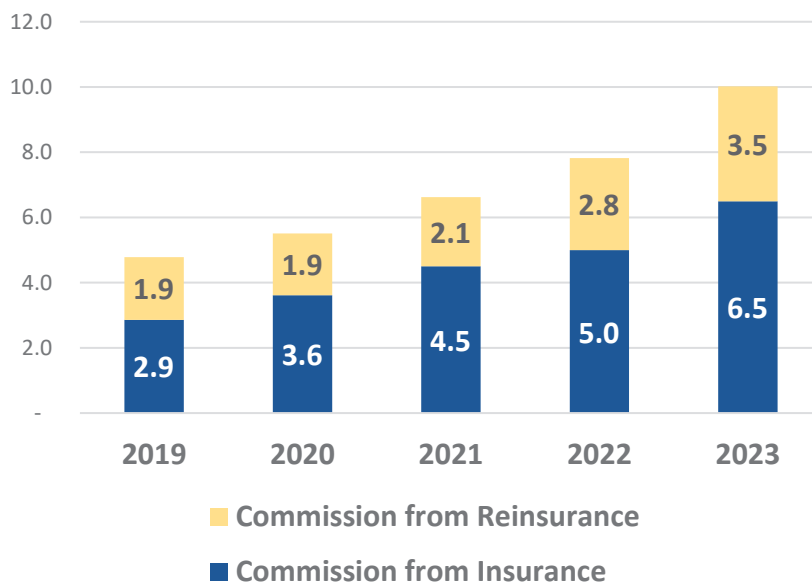
The chart below shows the share of the registered brokers in total insurance and reinsurance premiums.

Participation of Brokers in Insurance Operations



Insurance brokers' revenues by years:

Brokerage Revenues by years (mln GEL)



3.3 Supervision Process

One of the main tasks of the ISSSG is to control and maintain the financial stability/solvency of the insurers and insurance brokers (hereinafter “Companies”), as well as to monitor their activities in the prevention of money laundering and terrorism financing.

Direct supervision of the Companies is carried out by studying/analyzing their monthly and quarterly reporting forms adopted by the ISSSG, additional information, documents, or other detailed data obtained during on-site inspections. In case of necessity, supervised entities may be fined to ensure the fulfillment of requirements set by law and appropriate regulations.

Moreover, to continuously improve effective supervision and the regulatory processes, the ISSSG maintains coordinated cooperation with relevant public and private entities and international organizations in Georgia and abroad, for timely exchange of experience and important information.

During the year 2023, the ISSSG reviewed annual reports and financial and statistical reports for the IV quarter, December, I-III quarters, and January-November of 2023, as well as supervisory capital and solvency margin calculation forms received from 18 Insurers.

Information provided by the Insurers and insurance brokers from the banking institutions on the monetary amounts for the same period, as well as legally binding security measures were compared with the data in the submitted financial and statistical reporting forms.

The ISSSG reviewed annual reporting forms for 2022 and 6 months of 2023 submitted by 25 insurance brokers.

The ISSSG reviewed annual audited statements of insurance companies for 2022, which were compared with the data of financial reporting forms submitted by the same undertakings.

Audited statements of insurance brokers for 2022 were also reviewed by the ISSSG during the reporting period.

Based on the reporting forms submitted by the insurers and the founders of non-state pension schemes, the ISSSG prepared statistical and financial reports of the insurance market for the 2022 and I-III quarters of 2023. These reports were also translated into English and published on the official website of the ISSSG.

Based on the reporting forms submitted by the insurance brokers, the ISSSG prepared the reports on brokers’ activities in 2022 and 6 months of 2023. These reports were also translated into English as well and published on the official website of the ISSSG.

Statistical, financial and other information related to the insurance market was prepared in response to the requests from various organizations (insurance undertakings, insurance brokers, National Bank of Georgia, National Statistics Office, Service for Accounting, Reporting and Audit Supervision, National Health Agency, etc.).

Based on the reporting forms submitted by the Insurers, analytical reports were prepared on the financial position, solvency, liquidity, assets covering technical provisions and compliance with supervisory capital requirements of the Insurers.

The ISSSG registered all deposit agreements with banking institutions to secure the minimum amount of capital of insurance companies and issued preliminary written consents on the transactions related to the allocation of minimum capital amount.

The information received from the Compulsory Insurance Center for December 2022 and January-November 2023 was processed and compared with the information provided by the insurance companies in the reporting forms.

The compliance with the ratio between net exposure and regulatory capital was reviewed together with the relevant completed templates/reporting forms. The ISSSG requested other ad-hoc information, including information on reinsurance contracts and, in some cases, copies of reinsurance contracts.

Additional financial analysis of the Insurers' reports for the IV quarter of 2022 and I-III quarters of 2023 was carried out through an analytical tool implemented with the support of World Bank experts.

It should also be noted that the ISSSG actively controls the observance by the supervised entities of recommendations and indications issued by the ISSSG based on findings during on-site inspections.

In 2023 the ISSSG revealed 273 violations in total, based on which it issued written warnings and imposed fines on the undertakings concerned.

A review of the reporting forms submitted by insurance brokers revealed certain types of inaccuracies, for which corresponding letters were prepared and the revised reporting forms were requested. To eliminate identified violations, the ISSSG issued written warnings and imposed fines.

As a result of reviewing audited statements for 2022, the Insurer's representatives were interviewed and additional clarifications were obtained on the reasons for the discrepancy between the audited figures and the data presented in the supervisory financial reporting forms, after which Insurers resubmitted revised reporting forms to the ISSSG in accordance with the audited statements, where relevant.

Communication with the National Health Agency and insurance organizations to clarify the lists

of medical (health) insurance beneficiaries has largely contributed to the reduction of improper fulfillment of the requirements set by the Decree #36 of the government of Georgia "On certain measures to be taken for the transition to universal health care system" of February 21, 2013, and the Letter #210 of the LEPL Insurance State Supervision Service of Georgia of April 27, 2017, issued on the basis of the above decree.

Last year, five insurers were inspected on site.

To ensure efficient and quick inspection process, the ISSSG performed targeted (subject focused) inspections on the issues like:

- ✓ Insurance reserves
- ✓ Insurance claims
- ✓ Debtors' impairment reserve
- ✓ Liabilities to and recoverable from reinsurers

The inspections revealed certain inaccuracies in accounting and some breaches of legislation. The insurers were requested to significantly increase the amount of the insurance reserves and the impairment reserve, to improve the accounting system and control systems, to adjust financial and statistical reports, etc.

As a result of active communication with the management of the insurers during the above inspections, significant additional investments were made in the undertakings, and hence, company solvency indicators were improved.

During 2023, with joint efforts of the ISSSG, World Bank and the experts from various fields, a regular contest was conducted to reveal the winner companies of the Best Annual Reporting and Transparency Award (BARTA).

4

Activities to Facilitate Prevention of Money Laundering and Terrorism Financing

Supervision of insurance organizations, founders of non-state pension schemes and insurance brokers in fulfilling their legal obligations to facilitate the prevention of money laundering and terrorism financing is performed by the Division for the Prevention of Money Laundering and Terrorism Financing.

During the reporting period, money laundering and terrorism financing risk reporting forms submitted by the insurance companies and founders of non-state pension schemes for the second half of 2022 and the first half of 2023 were reviewed in accordance with the supervision principles adopted by the ISSSG. Where necessary, the revealed violations became subject to imposing fines and/or written warnings.

Throughout the reporting period, the ISSSG was actively involved in the enhanced follow-up process of findings identified by the fifth-round mutual evaluation report conducted by the Committee of Experts on the Evaluation of Anti-Money

Laundering Measures and the Financing of Terrorism (Moneyval)

During the reporting period, the ISSSG representatives participated in the steering committee meetings organized by the project “Combating corruption, money-laundering and terrorism financing and improvement of prevention systems in Georgia” carried out within the framework of the Partnership for Good Governance program of European Union and Council of Europe.

The supervisory process is performed by the following structural units:

- ✓ Financial Reporting and Analysis Division;
- ✓ On-site Inspection Division;
- ✓ Division for the Prevention of Money Laundering and Terrorism Financing.

There is also a dedicated SupTech specialist within the Supervision Department working on the implementation of a reporting portal and a supervisory analytical system.

5

Development of the legal framework/ legislative process

In 2023, 6 (six) by-laws issued by the Chairman of the ISSSG were published in the legislative Herald of Georgia:

- ✓ Order N57 of August 24, 2023 "on amending Order N02 of the Chairman of the Insurance State Supervision Service of Georgia of March 17, 2015 "on Approving the Rule for Setting, Imposing and Enforcing Penalties against Insurers"
- ✓ Order N58 of December 12, 2023 "On Establishing requirements for full or partial outsourcing of information technology functions by the insurer (including outsourcing contracts of the information system used in the main activity) and approving the procedure for their agreement with the ISSSG";
- ✓ Order N59 of December 12, 2023 "On establishing requirements for the process of online selling of insurance products and/or providing services by insurer and insurance broker over the Internet";
- ✓ Order N60 of December 12, 2023 "On the approval of the procedure for monitoring the mystery shopping obligations related to the protection of consumer rights by insurers and insurance intermediaries";
- ✓ Order N61 of December 12, 2023 "On approving the rule for considering information as confidential, its disclosure and approving the list of confidential information" amending the "Rule for treating information as confidential and its disclosure " approved by Order N06 of the Chairman of the Insurance State Supervision Service of Georgia dated September 8, 2015;
- ✓ Order N62 of the Chairman of the Insurance State Supervision Service of Georgia of

December 13, 2023 "On Approving the instruction on the protection of consumer rights while providing insurance services by the insurer" amending the "Instruction on the protection of consumer rights in the Provision of Insurance Services by the Insurer" approved by the Chairman N18 of April 3, 2017 of the Chairman of Insurance State Supervision Service of Georgia.

During the reporting period, the ISSSG reviewed legislative packages received from the Administration of the Government of Georgia: "on tourism", "on additional supervision of regulated entities under the financial conglomerate", "on facilitating the money laundering and anti-terrorism financing" and legislative package amending the Law of Georgia "on Enforcement Proceedings", "on compulsory insurance of civil liability of the owner of vehicle ", Law of Georgia "on Patent Attorneys" and related by-laws and provided the relevant opinions.

In the reporting period, an amendment was made to the law of Georgia "on Insurance". One of them was related to introducing the Actuary's position in insurers as a mandatory rule. This approach is widely known in the international practice and serves to securing the relevance of financial calculations of the insurer, correctness of formation of insurance reserves and in general, it is the ground for its solvency and financial stability; some of the amendments were caused by the amendment made to the Law of Georgia "on facilitating the prevention of money laundering and the financing of terrorism", according to which, from October 30, 2019, insurance broker was determined as an accountable person and the supervision function for the protection of requirements foreseen in this law was assigned to the ISSSG. Therefore,

to carry out its supervision function smoothly, it became necessary to extend authority of the ISSSG and to assign the sanctioning right, within its competence.

Regarding personal data protection, the ISSSG reviewed the draft law of Georgia “on the protection of personal data” provided by the Parliament of Georgia and also the draft by-law of the head of Personal Data Protection Service “on approving the rule for notification of criteria of defining the incident containing significant risk to human rights and freedoms to the Personal Data Protection Service”. Over the reporting year, according to the Law of Georgia “on Personal Data Protection”, the ISSSG prepared the final drafts of following by-laws:

- a) Personal data protection policy
- b) Rule for video surveillance
- c) Rule for disclosure of data.

During the reporting period, the ISSSG studied the recommendations provided by the Committee of

Agrarian Issues of the Parliament of Georgia and submitted its written comments concerning paragraphs 6 and 9.

Apart from the afore mentioned, during the reporting period, the ISSSG:

- ✓ Studied the draft resolution of the Government of Georgia provided by LEPL Environmental Information and Education Center “on approving the rule for financial provision of risks of causing harm to the environment by carrying out extremely dangerous activity” and submitted the relevant opinion to the Agency;
- ✓ Developed the draft resolution of the Government of Georgia “on amending the N68 Resolution of February 7, 2018, of the Government of Georgia on defining the list of rare, deficit and/or highly-paid professions/functions on the labor market and approving the rule of reimbursement of public servants performing these functions”.

6 Cooperation with international organizations

In 2023, the ISSSG actively cooperated with international/donor organizations to carry out ongoing/new projects, conferences, or other events and participated in organizing activities of many events.

In 2023 the ISSSG continued active cooperation with the International Association of Insurance Supervisors (IAIS) and participated in different events organized by the Association.

The ISSSG actively participated in the IAIS Implementation and Assessment Committee (hereinafter IAC) meetings and in developing the relevant materials and information for the Chairman of the ISSSG. In the reporting period, five meetings were conducted in-person and online, out of which, the meeting in Basel, Switzerland shall be highlighted. The Basel meeting was dedicated to the discussion of international regulatory standards and activities to be carried out for strengthening the cooperation among the Association member insurance supervision authorities. At the meeting, the participants also discussed the issue regarding developing a manual for transition to risk-based supervision which is extremely important for the countries with developing market and economy.

By invitation of US National Association of Insurance Commissioners (NAIC), the ISSSG representatives visited IAC meeting and global seminar in Seattle, USA. At the committee session, the key issues discussed were the outcomes of the systemic risk-based monitoring in the insurance sector, review of the technical characteristics of equity calculation for insurers subject to group supervision and presentation of assessment for introduction of holistic framework. At the Global Seminar, the participants also discussed current challenges on

the international insurance market, caused by the introduction of a new reporting standard IFRS 17 and global harm caused by natural disasters.

The ISSSG representatives participated in IAIS annual international conference in Tokyo, Japan. This event was one of the large-scale events in the history of the Association. It was opened by the Prime-Minister of Japan. The Conference was divided into the meetings of sectoral committees of the Association. The Committee members, including the IAC committee participated in the meetings. At the annual Conference, the challenges of macro-economic environment, climate risks, market behavior and the role of artificial intelligence were also discussed. The Strategy for developing the social role of supervisors and the strategic plan for developing insurance standards and capacities for 2025-2029 were also drafted.

In Vienna, Austria, the Chairman of the ISSSG was invited to participate in the panel discussion of the IAIS CESEE Conference - "The future of the insurance market and their supervision" - to discuss the effect of modern technologies on the protection of consumer rights. The topics discussed: macroeconomic risks, issues of financial stability and supply and demand of insurance products in terms of climate change. Also, special attention was paid to the importance of the introduction of the EU directive on insurance distribution and the need to encourage and promote financial education.

The ISSSG was invited to attend the IAIS International Conference "Artificial Intelligence in Insurance - Evolution or Revolution" and the Financial Inclusion Forum, organized by the Insurance Supervision Authority of Slovenia, in Ljubljana, Slovenia. The topics discussed at the conference in-

cluded modern trends and the role of artificial intelligence in the insurance industry. As for the Forum, it was dedicated to proportional use of actions against money laundering and terrorism in the inclusive insurance, claims management and business conduct in inclusive insurance, as well as insurance for micro, small and medium enterprises. Furthermore, environmental, sustainability and governance-related factors were also discussed.

In 2023, the ISSSG attended the Central, Eastern EU and Transcaucasian Region (hereinafter CEET) Conference in Vienna, Austria - "The Future of Insurance Markets and their Supervision". At the conference, a discussion was held on the topic of the impact of modern technologies on the protection of the rights of consumers, the importance of using digital platforms in the field of insurance and the challenges related to it. At the meeting, attention was also paid to the importance of the introduction of the Insurance Distribution Directive (IDD) and better protection of the rights of consumers, as well as the promotion of financial education.

At the conference, the discussions concerned the impact of modern technologies on the protection of consumer rights, the importance of using digital platforms in the insurance industry and the related challenges, the significance of introducing Insurance Distribution Directive (IDD) and better protection of consumer rights and promotion of financial education.

During the reporting period, the ISSSG participated in the Central-Eastern and South-Eastern European Insurance Supervision Initiative (hereinafter, CESEE ISI) meeting held under the auspices of IAIS in Budva, Montenegro. Among the topics discussed at the meeting were the impact of inflation on the equity position of insurance companies, fronting policies in insurance, environmental, social and corporate governance (ESG) in insurance supervision, sustainability, and climate-related risks. Within the scope of the business trip, a meeting was held with the interested parties, where necessary technical is-

ssues for the CEET event planned for October 2023 in Georgia were agreed upon.

During the reporting period, cooperation with the International Organization of Pension Supervisors (IOPS) continued, and within the framework of IOPS membership, the ISSSG attended the international conference held in Hyderabad, India, which was organized by the Organization for Economic Development and Cooperation, the Asian Development Bank and the Indian insurance regulator (OECD-ADB-IRDAI Roundtable on Insurance and Retirement Savings in Asia). At the meeting, the following issues were discussed: experience of the Asian region in the area of regulation of the insurance/pension sector, the opportunities and challenges of their implementation and expansion/strengthening.

In 2023, the ISSSG representative, under Pillar III (Voluntary Private Pension System), attended the Annual Global Forum/Conference organized by OECD, IOPS and Zimbabwe Insurance and Pensions Commission (IPEC) in Victoria Falls, Zimbabwe. The representatives of various relevant structures of member countries of the organization also participated in the forum. Within the framework of Pillar II (state cumulative pension system), the National Bank of Georgia and the Ministry of Economy and Sustainable Development of Georgia, in terms of promoting general policy, also attended the Conference.

As in previous years, the ISSSG continued to work with the European Insurance and Occupational Pensions Authority (EIOPA).

During the reporting period, the Chairman of the ISSSG was invited as a speaker to the Eastern Partnership Conference – New risks and Main Supervisory Issues in the Region, organized by EIOPA and the International Center for Insurance Regulations (ICIR) in Frankfurt, Germany. At the meeting, current macro-economic situation, supervisory challenges, the draft law on civil liability insurance of the owner if motor vehicle and the development of life insurance-related insurance products and sales channels were discussed.

In Frankfurt, Germany, the Chairman of the ISSSG attended the international conference organized by the International Center for Insurance Regulation (ICIR), EIOPA and Goethe University, where the representatives of leading insurance and reinsurance groups, regulatory and supervision authorities and academics held debates on international insurance supervision and risk-based global trends, insurance supervision in a changing environment and the perspectives of international supervision.

The ISSSG attended a working meeting organized by World Bank in Vienna, Austria, within the scope of cooperation with World Bank where key issues discussed were the challenges of new IFRS 17 standards in the insurance industry and their solutions, sustainability reporting and climate risks for regulators and other topical issues.

During the reporting period, under the invitation of the World Bank, the ISSSG attended the closing event of the project "Financial Engagement and Accountability of Georgia" (2019-2022) held in Tbilisi. Within the framework of this project,

the World Bank experts provided technical assistance to the ISSSG in development/introduction of new insurance products in Georgia. The project experts drafted reports/recommendations concerning the development of life insurance, medical malpractice liability insurance, builders and architects' liability insurance and development of agro insurance program in Georgia. At the event, the ISSSG briefly reviewed the project, talked about its strengths and perspectives for future cooperation.

Over the reporting period, cooperation with Eastern European Risk Insurance Association (EERIA) continued. Within the scope of its membership, the ISSSG representatives participated in the second annual conference of EERIA, organized by Poznan Economy and Business University and SGH Warsaw Economy school in Poznan, Poland. The Conference aimed to share experience and knowledge of East European countries and to promote dialogue between academic and business circles.

6.1 TAIEX - Technical Assistance and Information Exchange Instrument

On October 23-27, 2023, the ISSSG hosted the group of EU experts from Spain within the scope of Technical Assistance and Information Exchange Instrument (TAIEX) to discuss the issues related to the implementation of Insurance Distribution Directive – IDD) 2016/97 into Georgian legislation and environmental, social and governance (ESG) factors in the insurance industry.

From October 30 to November 3, 2023, TAIEX Twinning Review mission visited the ISSSG. The mission included a group of experts of General Directorate of Insurance and Pension Funds under the supervision of the Ministry of Economic Affairs and Digital Transformation of Spain and Financial Supervision Service of Croatia. Their

task was to evaluate the results of the EU Twinning Project implemented in 2019-2022 – Capacity building of the Insurance State Supervision Service of Georgia, harmonization of Georgian legislation with Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (SOLVENCY II) and future support needs. According to the final report, all activities foreseen in the project fiche were successfully accomplished and the results are in full compliance with the initial goal and objectives. The experts explicitly mentioned that the results will be more evident once the new draft law on Insurance will be submitted to the Parliament of Georgia for review.

6.2 International Events Held in Georgia

On October 5-6, 2023, within the framework of the IAIS regional committee, for the first time in Transcaucasia, the ISSSG hosted two-day IAIS CEET Annual Conference in Tbilisi, Georgia, with active participation of the ISSSG personnel in organizational matters. The Conference had honourable guests from insurance supervision authorities of the countries of the Central, Eastern European and the Transcaucasian region: Albania, Armenia, Bulgaria, Poland, Slovakia, Slovenia, Azerbaijan, Ukraine and Montenegro, and outside the region, the representatives of supervision authorities, insurance industry and scientific academic circles of Great Britain, Spain, Jordan, South Africa, Malaysia and Thailand as well as industry experts and invited guests from Austria, Belgium, North Macedonia, Serbia and Bosnia and Herzegovina operating in the insurance sector.

At the Conference, the representatives of the region and other participant countries reviewed issues related to sustainable development, environment, social and corporate governance and related regulations, SOLVENCY II specifics, strat-

egy for introducing the Insurance Distribution Directive and related priorities in terms of the region, sector digitalization and cyber security.

It is important to note that on the basis of positive feedback received from the Conference guests, the ISSSG was offered to host meetings within the scope of CESEE ISI – Central Eastern and South Eastern European Insurance Supervision Initiative, planned for the autumn of 2025.

The ISSSG continued cooperation with media agency XPRIMM, specialized on the issues of insurance mediation and private pension schemes within which, together with foreign and Georgian experts and with partial financial support of the insurance industry, on May 4-5, 2023, the Georgian International Insurance Conference and Workshop on Solvency II were conducted. At the event, the challenges and plans of the local insurance industry regarding the Solvency II regulatory framework and its implementation phases. Also, the issues related to third party liability of car owners were discussed.

6.3 Other International Activities

The ISSSG representatives visited two conferences organized by Media Agency XPRIMM in Vienna, Austria – “ESG in the insurance industry” and “motor insurance”. The following topics were discussed at ESG conference: the risks of “greenwashing” and the need to introduce risk-based approaches against it, the obligation of including sustainability in the report of insurers/reinsurers and impact of investment on the sustainability goals. As for the Motor Insurance conference – achievements of digital service development in the auto insurance industry and the capacity of using AI were the key topics.

The ISSSG representatives together with the representatives of the Ministry of Economy and Sustainable Development of Georgia held work visits to Central Bank of Azerbaijan, Baku and Central

Bank of Armenia, Yerevan within the scope of drafting the draft law on “mandatory civil liability insurance of vehicle owners”. The main goal of these visits was to share the experience, to look at case studies and evaluate.

Istanbul, Turkey, the ISSSG, together with the representative of the Ministry of Finance of Georgia and ADB consultant, attended Disaster Risk Financing Forum and Conference on Insurance Risk Financing organized by Asian Development Bank (ADB) and UNDP. The event was dedicated to the discussion of financing methods of natural disasters and pandemic risks, natural disaster insurance and reinsurance in agro-insurance, the role of regulators and supervision authorities in the insurance and reinsurance industry to facilitate the development of innovative solutions.

Amsterdam, the Netherlands. The ISSSG, under the invitation of the European Risks and Compliance Platform, attended a training – “Compliance Management and Credibility”. The training participants discussed the practical aspects of risks and compliance management, international regulatory standards in the insurance sphere, compliance system management by risk-based approach, the role of supervision authorities in corporate ethics and compliance programs, money-laundering and terrorism financing risks from offshore companies, evaluation of national risks related to money laundering and terrorism financing, etc.

The ISSSG attended the Conference organized by the Austrian Financial Market authority in Vienna, Austria. The conference was dedicated to prevention of money laundering and terrorism financing, many topical issues were discussed in relation to facilitation of prevention of money laundering and terrorism financing, the significance of the supervision colleges in the supervision process and type of information which is critical to be shared between these colleges for their efficient functioning.

Under the invitation of UKNF, Financial Supervision Authority of Poland, the ISSSG participants attended an international seminar “Insurance Product Value” in Warsaw. The study tour was carried out by the Training Initiative for Financial Supervision (TIFS) of Poland. The key goal of the

seminar was the discussion of issues related to the insurance product value.

In Madrid, Spain, the ISSSG attended the event dedicated to the Consumer Day in the financial sector, organized by three supervision authorities of financial markets (European Supervisory Authorities (ESAs)). The following issues were discussed: dark patterns used on web-sites and applications, trends in cross border sales on the insurance market, and regulation of crypto assets in terms of consumer rights protection.

The ISSSG attended the Insurance Conference of the Republic of Moldova organized by the National Bank of Moldova. The priority of full digitalization of licensing and supervision was the key issue discussed at the meeting. Other issues discussed at the conference were: comparative analysis of Solvency I and Solvency II, consumer rights protection during third party civil liability insurance of the vehicle owner, reinsurance, green card system and functioning of the Council of Bureaus.

The ISSSG attended the international conference “Insured Risks in Unpredictable Times”, organized by HANFA (Supervision Agency of Financial Services of Croatia). The Conference was dedicated to the current sustainability issues in the insurance sector, macro-prudent and system risks, cyber and operational sustainability.

6.4 Studies and Questionnaires

Within the framework of cooperation of international organizations, the ISSSG participated in the study for IAIS member organizations about climate change-related risks. Based on study findings to support insurance, the relevant analysis is planned.

Also, the ISSSG participated in the study concerning the current progress of insurance regulations and/or initiatives of environmental, social and corporate governance in insurance supervision. The study serves to monitor the progress of sustainability initiatives on the insurance market, ESG factors and the development of financial sustainability in the sector.

Within the scope of cooperation with IOPS, the ISSSG processed various questionnaires on the following topics: current data on non-state pension schemes where brief review of the legislative framework of the country and micro-economic and demography data was presented; detailed review of non-state pension schemes of Georgia (legislative environment); the role of digitalization in the pension supervision activity; liquidity risks of pension funds; preliminary report of pension investments supervision, ESG implementation.

7 Harmonization with Solvency II Directive

In 2023, the ISSSG continued its work on harmonization of Georgian legislation with Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 “on the taking-up and pursuit of the business of Insurance and Reinsurance (SOLVENCY II). In particular, intensive work was carried out on the draft law prepared by Spanish experts within the framework of the EU funded Twinning project - "capacity building of the Insurance State Supervision Service of Georgia" (2019-2022).

Since the requirements of the Directive are of a systemic nature, harmonization will completely change the insurance regulatory framework; it will also effect the approaches of the insurance companies towards their work; therefore, its implementation is a continuous process which means the work in this direction will be continue in the future as well, although by the end of 2024 is planned to continue the work on the draft law with the involvement of other stakeholders.

8 EU Integration

During the reporting period, for the purposes of monitoring of fulfillment of obligations regarding approximation and improvement of the process efficiency, the ISSSG was engaged in the works carried out within the scope of the electronic platform of legal approximation created by the Ministry of Justice. In particular, the ISSSG participated in the training where information and practical details related to the platform operation were shared.

Under the request of the Ministry of Internal Affairs of Georgia, the ISSSG prepared semi-annual and annual reports concerning the fulfillment of the national action plan for EU integration of Georgia, which covers the activities foreseen in the EU-Georgia Association Agreement and Association Agenda. The ISSSG uploaded current progress in the electronic monitoring system of the Association Agreement within its competence.

During the reporting period, as a response to the request sent by the Ministry of Foreign Affairs, within European Union enlargement package, the ISSSG processed information about its activities for the EU evaluation report and provided all data as requested.

During the reporting period, the ISSSG participated in the seventh meeting of the thematic group of the subcommittee on economic and sectoral cooperation of the EU-Georgia Association Agreement - "economic dialogue, public finance management and financial control; statistics, financial service, accounting and audit; fight against fraud and control" where the issues related to the fulfilment of the obligations by ISSSG under the Association Agreement were reviewed.

9

Activities carried out in relations to the Protection of Consumer Rights

In relation to consumer rights protection, in 2023, 176 applications were submitted to the ISSSG. Simultaneously, 9 applications received in 2022 were discussed. In total, the ISSSG completed proceedings for 179 applications and by December 31, there were ongoing proceedings for 8 applications. Besides, the ISSSG conducted revision of 216 (monthly) claims submitted by the consumers and prepared relevant explanatory cards/reports.

Different types of violations were detected during the off-site monitoring and according to their seriousness and severity, appropriate sanctions were applied. In particular, the ISSSG applied 11 sanctions: 2 written warnings, 2 written instructions, and 7 fines.

Pursuant to the amendments made to the law of Georgia “on Insurance”, the ISSSG had an obligation of issuing relevant by-law, based on which, in future, the ISSSG will be authorized to inspect the insurance organization or insurance broker in real time by using the mystery observation method. This change obliged the ISSSG to draft a by-law “on approving the rule for monitoring of performance of obligations in relation to consumer rights protection by the insurer and insurance broker in real time”, which was issued and approved by the ISSSG.

Apart from the aforementioned, the ISSSG initiated, drafted and amended the by-law “on instructions on protection of consumer rights by the insurer while providing insurance services” approved by Order N18 of the Chairman of the ISSSG

as of April 30, 2017. Considering the best international practice and experience, for the purposes of introducing risk-based supervisory approaches and pursuant to the amendments in the law, the Chairman of the ISSSG was granted an authority to define different periodicity of reporting consumers’ claims for each individual insurer.

The ISSSG, together with other regulatory authorities, within the framework of EU Twinning Project, was engaged in development of the first national strategy of consumer rights. The latter is a three-year strategy document defining the consumer rights protection policy goals and objectives. The Strategy concerns the status of regulation and enforcement of consumer rights policy, reflects current changes faced by different stakeholders and reviews necessary measures to achieve the high level of consumer rights protection in Georgia.

Also, during the reporting period, National Agency of Competition of Georgia published the proposal/market monitoring report within the framework of sale of credit products by commercial banks. Herewith, in the process assessment and elaboration of recommendations, the ISSSG actively cooperated with the Agency. As part of the implementation of mandatory recommendations included in the monitoring report, the ISSSG initiated creation of a work group composed of the representatives of the ISSSG representatives, the National Bank and National Agency of Competition of Georgia. The work group aims to cope with the challenges with an ultimate objective – to improve the protection of consumer rights.

9.1 Novelty on the Travel Insurance Market

During the reporting period, the ISSSG carried out the study of the travel insurance market to analyze the current terms and conditions, limits and sub-limits of travel insurances offered by different insurers; also, how the information about insurance terms and conditions are provided to the consumers, how the ISSSG recommendations regarding age restrictions are fulfilled and the statistical data, such as insurance portfolio (market coverage, written premium, the number of issued policies) and losses.

Even though travel insurance is known as “low budget” insurance product, due to its specifics, the issue of compensation of the insurance case may become critical or in certain cases vital. Hence, considering the investigation results, requirements regarding EU visa requirements and international practice, the ISSSG developed and identified minimum requirements for travel insurance.

In particular, the terms and conditions of travel insurance of persons traveling abroad, shall meet at least the following requirements:

1. For travel insurance contracts where the total limit for travel insurance is under 30 000 (thirty thousand) EU/USD or its equivalent:

a) Emergency outpatient service limit shall be defined at least 10% of the total limit but not lower than 1000 (one thousand) units (according to the insurance currency);

b) Emergency surgery service shall be equal to the total limit (insurance amount);

c) Where emergency inpatient/hospital service cost is calculated on a daily basis, the daily limit shall not be less than 1 000 (one thousand) units (according to the insurance currency);

2. For the travel insurance contracts where the total limit equals to or exceeds 30 000 (thirty thousand) Euro/USD or its equivalent:

a) The limit of emergency outpatient service shall be at least 5000 (five thousand) units

(according to the insurance currency); emergency outpatient medical service shall be defined in a way where medical service provided to the patient or keeping the patient in the clinic shall not exceed 24 hours.

b) Emergency surgery service limit shall be at least 30 000 (thirty thousand) units, according to the insurance currency;

c) Where the emergency inpatient/outpatient medical service cost is calculated daily, the daily limit shall be at least 1 000 (one thousand) units, based on the insurance currency.

3. The insurance police design shall cover all sub-limits, if any:

4. The insurance terms and conditions shall be delivered to the consumer in no other form than the form in which the insurance contract was concluded, and the insurance police was supplied (for these purposes, delivering or presenting information verbally or insurer's referral to any server, website shall not be deemed as delivery of the insurance terms and conditions).

5. The insurance event that occurred but not completed during the insurance period, shall be subject to insurance proceeds in full within the set limit. Herewith, if the cost of medical service provided is calculated per day, the cost for at least 15 (fifteen) days shall be subject to insurance proceeds.

6. The condition of compensation for complications of pre-existing or chronic diseases, at least in cases where human life is in danger and death is inevitable without immediate treatment.

The conditions related to age restriction shall be in full compliance with Recommendation N4 of the ISSSG as of April 1, 2021. The deadline for meeting the requirements was defined as January 15, 2024.

Activities carried out in respect of Financial Education

Within financial education, the ISSSG supported publishing of an English-language book – “Commentary on Georgian Insurance Law”, comments on the Law of Georgia “on Insurance”. The book was written and published as a result of cooperation and co-organization of the University of Campania “Luigi Vanvitelli” and Ivane Javakhishvili Tbilisi State University, faculty of law.

The first presentation of the book was held on January 26, 2023, at the international conference in Sapienze University of Rome and for Georgian stakeholders, the book was presented on May 2, 2023, on the Insurance Day.

Within the framework of the International Consumer Rights Protection Week (March 13-17), with the active involvement and coordination of the ISSSG, insurance companies held various activities to raise awareness about consumer rights. Among them, with participation of 17 insurers and the Association of Insurance Companies of Georgia, an informational video was recorded and shared concerning the basic rights of consumers in the field of insurance.

During the celebration week, regulatory agencies of Georgia (Insurance State Supervision Service of Georgia, National Competition Agency, National Bank, Georgian National Electricity and Water Supply Regulatory Commission, National Food Agency) held joint events and discussed the implemented reforms, current results and challenges, enforcement mechanisms in the direction of consumer rights protection, effective consumer awareness campaigns and international experiences. Within the framework of the celebration week, a meeting of representatives of the authorities was held in Tbilisi, where, together with stakeholders from public and private sectors, the

target group was educational institutions and students. The final conclusive event of the celebration week took place in Batumi, Adjara, with participation of the representatives of Adjara Autonomous Republic government, Batumi city hall, consumer rights protection organizations, international organizations and local business sector. The Conference had a format of panel discussions, where the ISSSG underlined the importance of consumer rights protection, regulatory legislative framework and the activities carried out by the ISSSG for the protection of consumer rights.

In 2022, by the decision of the Insurance State Supervision Service, May 2 was declared as an Insurance Day and in 2023, it was the second Celebration Week.

With direct involvement of the ISSSG, many informative and awareness raising materials were elaborated and different events were held during the Insurance Day Celebration Week. In particular, an informational booklet was printed about the myths and realities related to the insurance; also, a brochure, a simple guidance about alternative mechanisms of dispute resolution and a creative crossword were published on insurance issues under the support of the Association of Insurance Companies. Moreover, the ISSSG initiated and conducted two live broadcasts of Philosophical Diaries on the topic “Employment Opportunities and Advantages of employment on the Insurance Market” and “the Role of the Insurance broker in the insurance relations”, where leading professionals of the insurance sector were invited. Materials elaborated within the scope of the campaign were uploaded on the web-portal - www.finedu.gov.ge.

Within the scope of the Celebration Week, the Chairman of the ISSSG visited Logos, an interna-

tional academy and talked with school students on the importance of insurance, history of insurance sector development in Georgia and different insurance products offered on the Georgian markets. The students asked questions around the issues of their interest. Different gifts, like table games, calendars, crosswords and brochures about the myths and realities of insurance, created by the ISSSG for facilitating financial education were handed to the school students.

The ISSSG held an event at the hotel Pullman Tbilisi to celebrate the Insurance Day where the guests from governmental agencies and Parliament, foreign and local partner organizations, insurance sector were invited to review the activities carried out by the ISSSG within the scope of the financial education Strategy.

The ISSSG, National Bank of Georgia and the Ministry of Education and Science of Georgia announced the "Financial Education in Schools" competition for teachers on Insurance Day, May 2, 2023. The goals and general objectives of the competition were: motivating teachers to be more interested in financial education issues, to share knowledge and experience with each other; collating ancillary materials for teachers for them to effectively teach financial literacy issues foreseen in the national curriculum; increasing the efficiency of the study process of financial issues in the student youth segment.

For the future, to combine efforts for financial education, a memorandum of understanding was signed between the ISSSG and the Ministry of Education and Science of Georgia.

During the Insurance Day celebration week, the private insurance sector dedicated a special campaign to raise awareness and culture about insurance. 17 insurance companies operating on the market participated in the campaign.

"Insure until the cart turns upside down" - a famous Georgian saying became a slogan for the

series of creative posters dedicated to the Insurance Day and distributed during the Insurance Celebration Week.

The campaign was joined by public figures who talked about the insurance needs and benefits in video blogs.

The ISSSG was also actively involved in II International Conference dedicated to Competition Policy enforcement and consumer rights, held in Tbilisi, with closing event in Kakheti, on November 16-18 of the reporting year. It was a three-day conference "Competition and Consumer Rights" organized by five regulatory authorities – Insurance State Supervision Service of Georgia, National Competition Agency of Georgia, Georgian National Electricity and Water Supply Regulatory Commission, National Bank and National Commission of Communications. The Conference aimed to strengthen the competition policy and to improve mechanisms for the protection of consumer rights in Georgia. Mr. Davit Onoprishvili, Chairman of the ISSSG made a speech about the importance of consumer rights protection in the conditions of free and fair competition and the activities carried out in this direction by the ISSSG. Besides, at the thematic sessions held about competition policy enforcement and consumer rights, Chairman of the ISSSG made a presentation about current trends and challenges of consumer rights in the insurance industry. The Conference had honorable guests from more than 20 countries together with the representatives of government and Parliament, diplomatic corps, partner countries, business, non-governmental and academic sectors, including, William E. Covacic, professor at George Washington University and Global Competition Policy and the director of the Competition Law center of the same University, as a chief speaker.

At the end of the reporting period, the ISSSG developed cognitive calendars for 2024 about the insurance products.

11 Activities Carried out in the Area of Human Capital Management and Development

In April 2023, the ISSSG established a working group and began the process of drafting the strategy document of the organization. The ISSSG conducted an internal organizational analysis, reviewed the functions of the structural units of the ISSSG and prepared organizational descriptions. The draft version of the Strategy document for the ISSSG development has been elaborated; the conceptual framework, ISSSG mission, goal, priority directions and objectives for their achievement have been defined.

The Strategy for 2024-2028 of the ISSSG is a long-term document on which the action plans of the ISSSG structural units will be built which will facilitate the efficient engagement of the human capital of the ISSSG in gradual implementation of the ISSSG strategic goals and objectives. With this document, the key areas for the management and development of human resources were defined on which, the HR management policy, HR management cycle and future priorities and objectives of the ISSSG will be built on.

12 Other Activities

For statistical purposes, the ISSSG requested information from the insurers on the type of compulsory general third party liability insurance by owners of mass gathering facilities; Also, in accordance with the Resolution N177 of 29/03/2019 of the Government of Georgia "On defining of facilities of mass gatherings and the establishment of the terms and conditions for compulsory third party liability insurance by their", the Revenue ISSSG was provided with information on the insurance carried out by the insurers participating in this product of compulsory insurance As of December 31, 2022.

Over the reporting period, the ISSSG staff also participated in the following events:

- ✓ Training organized by LEPL State Public Audit Institute - "Risk Management in State Procurement";
- ✓ Trainings in competition law organized by LEPL National Competition Agency of Georgia, in cooperation with the European Union Twinning project;
- ✓ International conference on competition and consumer rights;
- ✓ Training organized by the Budget Office of the Parliament of Georgia - "Preparation of the assessment on the financial impact of the draft law" (09-11/06/2023);
- ✓ Workshop held at the initiative of the Council of Europe - "Promoting the development of equality policy in the private sector", as well as an event organized by them within the framework of the equality week;
- ✓ Workshop held by the Personal Data Protection Service to review the Law of Georgia "On Personal Data";
- ✓ Meetings of the working team of the Interagency Financial Stability Committee;
- ✓ Workshop organized by LEPL Environmental Information and Education Center;
- ✓ Workshops organized by the Parliament of Georgia about implementation of the Law of Georgia "On Personal Data";
- ✓ Workshop organized by the Parliament of Georgia regarding the draft l "Enforcement Code";
- ✓ Training organized by Neutrin - "Implementation of safety management system", 20/11/2023.

