

Order №18 of the Head of Insurance State Supervision Service of Georgia

April 3, 2017

Tbilisi

On Approval of Instructions on the Protection of Consumer Rights by Insurers while Providing Insurance Services

Order №31 of August 10, 2018 of the Head of the Insurance State Supervision Service of Georgia- website, 15.08.2018

Based on the Article 20 paragraph 1, Article 21, Paragraph “L” of the Law of Georgia “On Insurance”, as well as on the Article 2 paragraphs “C”, “E” and “F”, Article 3, Paragraph “K” and Article 4 Paragraph 3 of the Regulation №102 approved by the Government of Georgia On establishment of LEPL State Insurance Supervision Service of Georgia and the attached Supervisory Board, dated May 02, 2013,

I hereby order:

Article 1

1. “Instructions on the Protection of Consumer Rights by Insurers while Providing Insurance Services” shall be approved as follows.
2. The insurers shall ensure compliance of the Information Document indicated in Article 3 of this instruction and the Key Facts Statement indicated in Article 4 of the instruction with requirement set under this instruction by October 15, 2019.
3. The insurers, who have not submitted “Consumer Rights Protection Concept” approved by supervisory board to the LEPL- Insurance State Supervision Service of Georgia (hereinafter referred to as “Service”) shall submit consumer rights protection internal policy approved by the insurer’s supervisory board according to the Article 1 paragraph 3 of the Instruction till November 10, 2019.
4. Obligations defined under Article 6 paragraph 3 “A” of the instruction shall be fulfilled by the insurers no later than January 1, 2020.

Order №31 of August 10, 2018 of the Head of the Insurance State Supervision Service of Georgia- website, 15.08.2018

Order №37 of September 25, 2019 of the Head of the Insurance State Supervision Service of Georgia- website, 27.09.2019

Article 2

This order shall enter into force upon its publication.

LEPL- Insurance State Supervision Service of Georgia

Head of the Service

Konstantine Sulamanidze

Instructions on the Protection of Consumer Rights by Insurers while Providing Insurance Services

(Hereinafter Referred to as “Instruction”)

Order №31 of August 10, 2018 of the Head of the Insurance State Supervision Service of Georgia- website, 15.08.2018

Order №37 of September 25, 2019 of the Head of the Insurance State Supervision Service of Georgia- website, 27.09.2019

Article 1. General Provisions

1. This instruction regulates the issues regarding consequent delivery of full, necessary, plain, true and timely information to consumers by insurers during providing insurance services and serves the functions of costumer protection, control of systemic risk, creation of competitive environment and minimization of potential risks on the costumer market of insurance sector.
2. The purpose of elaborating this instruction is to enhance the market discipline, raise economic efficiency of consumer market, raise consumer awareness and trust towards insurance sector, ensure good faith, attentiveness and discretion of the insurers, to decrease application of instable and reputation risk related business models, what serves to establish fair and healthy environment for competition.
3. The insurer is obliged to elaborate and fulfill consumer rights protection internal policy (hereinafter referred to as “Internal Policy”). Internal Policy shall reflect consumer rights protection priorities and methodology defined by the insurer. Such policy shall be approved by supervisory board of the insurer.
4. The insurer is obliged to elaborate and protect consumer rights protection procedures. Such procedures shall be elaborated in accordance with “Insurance Core Principals” (ICP). Procedures are approved by the insurer’s director, who has full authority and representation right.
5. The insurer shall provide the consumer with full, necessary, plain, true and timely information regarding all stages of insurance service in a consequent way. Provided information should not mislead the consumer and result making wrong decision.
6. The insurer shall not disclose information regarding the insurance product characteristics, that is not valid or misleads the consumer.
7. This Instruction applies to compulsory and noncompulsory insurance, when the insurers (on behalf of the insurer) are providing insurance service to the consumer, including using means of distance communication.
8. Compliance with this Instruction is obligatory for all insurers operating in Georgia.
9. In the process of service provision, violation of the requirements defined under this Instruction shall not constitute to grounds for invalidity of the insurance contract.
10. Articles 3 and 4 of this Instruction do not apply to travel insurance and insurance types defined under law of Georgia “On Compulsory Civil Liability Insurance of an Owner of the Motor Vehicle Registered in a Foreign Country Driven in the Territory of Georgia.

11. The provisions of Articles 3 and 4 of this Instruction shall not apply to an insurance product that includes a small list of insured risks and exclusions, a simple and flexible procedure for obtaining insurance services.
12. Prior to the delivery of the insurance product, specified in paragraph 11 of this Article, the Insurer is obliged to notify the Service and present a sample of the insurance contract (terms and conditions).

Article 2. Definition of Terms

The terms used for the purpose of this guideline shall have the following meanings:

- a) Consumer-
 - a. Natural person willing to obtain insurance service or natural person at the stage of concluding insurance contract;
 - b. Insured, insurant, beneficiary and/or third party (based on the civil liability insurance) at all stages of fulfilment of obligations defined under insurance contract;
- b) Information Document - document delivered to a natural person on the stage of offering an insurance product containing the conditions of insurance product;
- c) Key Facts Statement - a document, that precedes all other provision of the contract, represents integral part of the contract, and provides "key conditions of the contract";
- d) Complaint- any application (written or verbal) submitted by the consumer against the insurer, in which the consumer reflects his/her dissatisfaction with the insurer and/or with insurance services/insurance products;
- e) Means of distance communication- means of communication used to offer insurance product to the consumer, conclude insurance contract or provide insurance services, which does not require simultaneous physical presence of the parties;
- f) Distance Contract- insurance contract, which was concluded between the insurer and the consumer by application of one or multiple means of distance communication established by the insurer;
- g) Durable medium- any mean for data storage, which enables the consumer to store personal information so that based on the purpose of this information consumer is able to view this information and reproduce it as required without making changes to it.

Order №37 of September 25, 2019 of the Head of the Insurance State Supervision Service of Georgia-website, 27.09.2019

Article 3. Insurer's Liability on the Stage of Insurance Product Offer Stage

1. The consumer shall be provided with detailed description, true and not confusing information by the insurer in order to ensure, that the consumer familiarizes and makes informed consent regarding the insurance product.
2. On the stage of insurance product offer by application of material form, using the same form or when providing service means of distance communication, using durable medium, the insurer shall provide the consumer with Information Document elaborated in accordance with the requirements defined under this instruction, unless otherwise specified hereunder.

3. Information provided on the Information Document shall include information defined under paragraph 4 of this Article and comply with the following parameters: entire text shall be made in at least font size 12; insurance exclusions and all conditions, which release the insurer from payment obligation, shall be made in bold writing.
4. At the stage of insurance product offer consumer shall be provided with the following information:
 - a. Full name of the insurer;
 - b. Type of insurance contract (title);
 - c. Insurance risk description and insurance coverage;
 - d. Any financial costs to be covered by the consumer, its amount and preconditions, apart from premium;
 - e. Type of deductible, amount and application conditions, if such exist;
 - f. Full list of insurance exclusions;
 - g. Forms and terms of notification about insurance accident, filing a claim, claim settlement and reimbursement;

* Note: if separate condition of insurance product (for example: covered risks, exclusions, deductible or other) is defined in accordance with consumer selection, then offer shall include all possible alternatives.

5. If the insurance product offer is carried out by the insurer by application of artificial intelligence (for example: "Chatbot" and etc.) or if the means of distance communication requires free transfer of information, then the insurer shall ensure fulfilment of obligations defined under paragraph 4 of this Article without provision of Information Document to the consumer.
6. When Insurance product is offered by telephone, then the natural person, who represents insurer is obliged to talk to the consumer in clear manner and explain insurance title and the purpose of the telephone call in understandable manner. Once the insurer's representative receives approval on continuation of the conversation from the consumer, insurer's representative shall introduce him/herself, explain relationship with the insurer and provide information defined under paragraph 4 of this Article. Also, information defined under paragraph 4 sections "A", "B" and "C" can be provided to the consumer via telephone. Complete information defined under paragraph 4 of this Article, shall be provided by application of durable medium.
7. When providing the Information Document, the consumer shall be explained, that such document does not provide comprehensive information on the insurance conditions. Consumer shall be provided with explanation, that familiarization with the Information Document and explanations provided are not legally binding and does not set any obligations for the parties.
8. When offering the insurance product in verbal manner, the insurer shall ensure provision of information defined under paragraph 4 of this Article in verbal manner.

Order №37 of September 25, 2019 of the Head of the Insurance State Supervision Service of Georgia-website, 27.09.2019

Article 4. Insurer's Liability on the Stage of concluding Insurance Contract

1. On the stage of concluding insurance contract, the insurer shall provide the consumer with contract and related documentation (insurance contract, insurance policy, annexes and other information defined under insurance contract) in material form and/or by means of distance communication negotiated between the parties.
2. Burden of proof, that the consumer was fully informed on insurance product conditions and agreed to conclude the insurance contract (including amendments to contract conditions) is the liability of the insurer.
3. The insurer is obliged to annex Key Facts Statement to the insurance contract with the title- "Important Conditions of the Contract".
4. Important conditions of the contract shall include information provided under Article 3, paragraph 4 sections "A", "B", "C" and "E", as well as following additional information:
 - a. Indication, that important conditions of the contract do not represent complete information on insurance conditions, full list of documents and annexes, which represent insurance contract or its integral part (document title, identification information (if such exists) and accessible source). Such indication shall precede any other information and shall be made in bold writing;
 - b. Insurance term and insurance contract validity, with specific indication of commencement and completion dates (year, month, day, time when the insurance is activated). Also, on authorities of the insurer prior to first- or one-time insurance premium payment.
 - c. Insurance amount;
 - d. Information on article(s) regulating notification, request submission, insurance event regulation and insurance compensation payment terms in case of insurance event;
 - e. Obligation of the consumer to provide information to the insurer and legal circumstance for violation of such conditions;
 - f. Conditions for contract termination;
 - g. Complaint submission forms; source providing information on complaint consideration procedures; maximum term for response to the complaint submitted in relevant form; structural unit (individual) of the insurer eligible for complaint submission;
 - h. Indication of articles regulating insurance exclusions and comprehensive list of such conditions, which releases the insurer from fulfilment of its obligations; also, indication on unique exceptional conditions, which are not common for such kind of contracts;
 - i. Name and address of the insurer supervisory body;
5. Information provided in the Key Facts Statement of the contract shall comply with following technical parameters: entire text shall be made in at least font size 12; insurance exclusions and all conditions, which release the insurer from payment obligation, shall be made in bold writing.
6. The insurer shall be released from obligation to indicate information provided under paragraph 4 of this Article (variable data) in contract Key Facts Statement, which is already reflected on insurance policy.
7. On the stage of concluding insurance contract, consumer shall be provided with details on obligation of the consumer and the importance of provision of the insurer with information, process stages and legal consequences related to violations. Also, the consumer shall be explained, that the insurer is guided with the information provided by the consumer.

8. If in the process of concluding insurance contract, based on consumer's request distance communication means are applied, which do not allow fulfilment of obligations defined under this Article, then the insurer shall fulfill such obligations after concluding insurance contract, immediately, by application of the mean agreed with the consumer.
9. If after offering the insurance product, prior to concluding insurance contract, if insurance conditions change and the consumer relies on the insurance conditions available prior to such changes, then the insurer shall inform the consumer in reasonable terms and explain changed/updated conditions of the contract in details.

Order №37 of September 25, 2019 of the Head of the Insurance State Supervision Service of Georgia-website, 27.09.2019

Article 5. Insurer's Liability After concluding the Insurance Contract

1. If the changes in insurance contract are anticipated, then the insurer shall inform the consumer on such changes by application of the notification form provided under insurance contract. Also, notification shall be submitted to the consumer personally. For the purposes of this paragraph, it is prohibited to provide notification by publication of the information on the website.
2. Based on mutual agreement of the insurer and the insured, preterm notification obligations can be terminated, if the insurance contract conditions change in favor of the consumer.
3. During the validity of the distance contract, the consumer is entitled to require change of means of distance communication, if such request does not contradict to the contract and/or insurance product nature.
4. In case if the consumer requires information on the insurance product, the insurer shall provide standard information related to the contract without requesting additional fees and within reasonable period of time.
5. Upon request of the consumer (including distance contract)), the insurer is obliged to provide consumer with insurance conditions related documents without requesting additional feels, within the reasonable period of time and in material form (insurance contract, insurance policy, annexes and other information related to insurance contract).
6. Parties of the insurance contract are entitled to agree on one or several means of distance communication for information exchange purposes and also, on the list of the information accessibility of which shall be ensured by the insurer. This condition applies to contracts concluded by application of any mean. In order to fulfil the above-mentioned obligation, the insurer shall apply only durable medium.

Order №37 of September 25, 2019 of the Head of the Insurance State Supervision Service of Georgia-website, 27.09.2019

Article 6. Consumer's Complaint Consideration Procedures

1. At all stages of its operations, the insurer is obliged to maintain consumer complaint submission and consideration procedure/procedures (hereinafter referred to as "Procedures") approved by the

director equipped with representation authority. Also, insurer is obliged to define structural unit/individual responsible for complaint consideration.

2. At a minimum, the Procedures shall include following:
 - a. Description of standard written form of consumer complaint receipt and consideration procedures. If the insurance service includes submission of complaints in electronic and/or verbal form (telephone and other), then relevant procedure description for complaint receipt and/or consideration;
 - b. Complaint submission standard material and relevant electronic form if applicable;
 - c. Complaint recording procedures;
 - d. Complaint consideration terms and rules for responding to the consumer;
 - e. Criteria for classification of the dissatisfaction of the consumer as complaint;
 - f. Detailed information on complaint consideration, case material submission rules and terms.
3. The insurer is obliged to comply with the procedures and:
 - a. Ensure accessibility of consumer complaint consideration procedures, and make such procedures available by publication on the insurer's website;
 - b. Ensure accessibility of standard written and relevant electronic forms if applicable;
 - c. In accordance with this Instruction, any dissatisfaction of the consumer shall be classified as complaint, if the application/dissatisfaction is related to one of the below listed categories:
 - i. Application is related to decision of the insurer made in regards with the insurance compensation and full or partial amendment is requested based on relevant justification and/or other type of revision is requested (category 1);
 - ii. Application is related to elimination of service gaps and/or dissatisfaction related to such gaps identified during validity of the insurance contract and/or after expiration of such contract. This includes dissatisfaction related to hotline operation, activities of the insurer's employee/representative and/or consultations provided by such employee/representative and etc. (category 2);
 - iii. Application is related to information/documentation provision request or cases when requested information/documentation was not provided (category 3);
 - iv. Application is related to any contract-based request (except for the cases defined under sections i, ii, and iii, and initial request for insurance compensation) (category 4);
 - d. In case if the complaint is received in electronic manner, then the insurer shall confirm acceptance of the complaint in electronic manner;
 - e. Examine complaint in reasonable period of time and immediately inform the applicant on examination outcomes. In case of complaints submitted in written manner, the insurer shall inform the applicant the result in material form and/or in electronic form (in accordance with complaint submission form or form negotiated between the parties). Response to the complaint shall be provided to the applicant no later than within 30 calendar days after complaint submission. Outcome of the complaint examination shall include reasonable justification and if possible, proposal on complaint regulation;
 - f. During the complaint storage period defined under Georgian legislation maintain updated information on the complaints (records), which shall include following compulsory information:

information on complaining consumer, type of complaint, content of insurer's response, measures taken for resolution of the issue mentioned in the complaint and final outcomes;

- g. In case of request submitted in reasonable period of time provide the consumer and/or State Insurance Supervision Service of Georgia with information provided under section "F" of this paragraph, as well as relevant justification, complaint regulation procedure and/or information regarding the content of the issue (in accordance with the request). Also, provide the expert opinion (if such exists), procedure and methodology description, which was applied in complaint and issue examination details within the terms defined by the Service.
4. Obligations defined under paragraph 3 of this Article shall not apply to the insurer, if:
 - a. The insurer has already considered same complaint of the same applicant;
 - b. Complaint is based on the delayed provision of services to the consumer or refusal to provide services, which is caused by law of Georgia "On Facilitating the Prevention of Illicit Income Legalization".

Order №37 of September 25, 2019 of the Head of the Insurance State Supervision Service of Georgia-website, 27.09.2019

Article 7. Reporting of Complaints to the Service by the Insurer

1. The insurer is obliged to record consumer complaint related data indicated in annex 1 of this instruction and submit it to the Service based on approval of the authorized person or authorization issued by such a person. Report shall be electronically signed by qualified person in charge and sent to the following email address: cp@insurance.gov.ge
2. Report shall be submitted no later than 10th day of each month and shall include information on complaints received during previous month (reporting month) and information on the complaints, which were received before the reporting month and consideration of which was completed during the reporting month, or is not completed by the reporting month, or is completed by the reporting month and relevant status defined under section 5 "E" of the annex 1 is assigned. The above-mentioned report shall be submitted in MS Excel format, in compliance with form and formulas defined by the Service. Violation of the latter rules is prohibited.
3. Apart from the report defined under paragraph 2 of this Article, the insurer in accordance with reporting date shall provide the Service with internal policy, procedure (other) defined under this Instruction. Exception applies to the cases, when internal policy/procedure (other) is submitted to the Service and no amendments were made to such documents. In case of changes or amendments, only updated information shall be submitted.
4. Other additional information can be requested from the insurer based on the request of the Service.

Order №37 of September 25, 2019 of the Head of the Insurance State Supervision Service of Georgia-website, 27.09.2019

Article 8. Sanctions

In case if the insurer fails to fulfill requirements defined under this Instruction, the State Insurance Supervision Service of Georgia is entitled to apply sanctions defined under the law of Georgia “On Insurance”.

Order №37 of September 25, 2019 of the Head of the Insurance State Supervision Service of Georgia- website, 27.09.2019

Annex 1

Order №31 of August 10, 2018 of the Head of the Insurance State Supervision Service of Georgia- website, 15.08.2018

Order №37 of September 25, 2019 of the Head of the Insurance State Supervision Service of Georgia- website, 27.09.2019

Reporting on Consumer Complaints

1. The insurer is obliged to track complaints received in written manner (material/electronic) based on following characteristics:
 - a. Date of complaint receipt;
 - b. Number of insurance policy;
 - c. Complaint identification number;
 - d. Category of the complaint;
 - e. Complaint examination status;
 - f. Date when complaint consideration result was notified to the consumer (hereinafter- Response Date).
2. The complaint date is the date when the consumer complaint was actually received by the insurer.
3. The complaint identification number is the unique number assigned to each complaint by the insurer.
4. The complaint category shall be defined by the insurer in accordance with one of the requirements envisaged under paragraph three, section “B” of Article 6 of this instruction. Also, if the content of the complaint is related to two or more categories, then for reporting purposes tracking shall be carried out independently.
5. The insurer shall assign examination status to one of the following stages:
 - a. Examination complete, the complaint is considered to be well-grounded and consumer’s complaint is satisfied/decision on satisfaction is made;
 - b. Examination complete, the complaint is considered to be partially well-grounded and consumer’s complaint is partially satisfied/decision on partial satisfaction is made;
 - c. Examination complete, complaint is considered ill-founded and consumer’s complaint will not be satisfied/decision on nonsatisfaction of the complaint is made;
 - d. Examination is ongoing;

