

OFFICIAL TRANSLATION

HO-268-N/03.07.2025/EN/H/30.09.2026

"TRANSLATION CENTRE OF THE MINISTRY OF JUSTICE
OF THE REPUBLIC OF ARMENIA"
STATE NON-COMMERCIAL ORGANISATION

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ACTING DIRECTOR

30 SEPTEMBER 2026



LAW

OF THE REPUBLIC OF ARMENIA

Adopted on 3 July 2025

**ON MAKING SUPPLEMENTS AND AMENDMENTS TO THE LAW
“ON INSURANCE AND INSURANCE ACTIVITIES”**

Article 1. Article 12 of Law HO-177-N of 9 April 2007 “On insurance and insurance activities” (hereinafter referred to as “the Law” shall be supplemented with part 5 which shall read as follows:

“5. The regulations prescribed by this Article shall also be applicable to Chapters 18 and 19 of this Law.”.

Article 2. In Article 18 of the Law:

- (1) the title shall be supplemented with the words “and terminating prior consent” after the words “Refusing to grant prior consent for acquisition of qualifying holding”;
- (2) in part 1, the words “may reject” shall be replaced with the words “shall reject”;
- (3) in point 1 of part 1, the word “natural” shall be deleted;
- (4) part 1 shall be supplemented with point 1.1 which shall read as follows:

“(1.1) the person acquiring a qualifying holding is included in the lists of persons associated with terrorism published by or in accordance with the United Nations Security Council resolutions or in the lists of persons related to the proliferation of weapons of mass destruction published by the United Nations Security Council resolutions;”;
- (5) in point 7 of part 1, the words “under the guidelines prescribed by regulatory legal acts of the Board of the Central Bank” shall be replaced with the words “as prescribed by the legal acts of the Board of the Central Bank”;
- (6) in point 8 of part 1, the words “under the guidelines prescribed by regulatory legal acts of the Board of the Central Bank” shall be replaced with the words “as prescribed by the legal acts of the Board of the Central Bank”;
- (7) the Article shall be supplemented with part 3 which shall read as follows:

“3. In case any one of the grounds provided for by part 1 of this Law arises after the day of granting prior consent by the Board of the Central Bank until the actual acquisition of a qualifying holding, the Board of the Central Bank shall have the right to terminate the prior consent to the acquisition of a qualifying holding.”.

Article 3. In Article 19 of the Law:

(1) in the title, the words “prior consent for acquisition of” shall be deleted;

(2) part 1 shall be amended to read as follows:

“1. Where unreliable, false or incomplete information is submitted to the Central Bank during the licensing process or acquisition of a qualifying holding , as well as where, following the acquisition of a licence for a qualifying holding in the authorised capital of the Company as prescribed by this Law, any one of the grounds for refusing to grant prior consent provided for by points 1, 3, 4, 5 and 7 of part 1 of Article 18 of this Law arises, and where such reasoned information is received according to which facts of deterioration of the financial position of a person related to the Company (and in case of a legal person related to the Company — also the participator thereof) have come to light, which may affect the financial position of the Company or otherwise jeopardise the interests of policyholders, insured persons or beneficiaries, the Board of the Central Bank shall be entitled to recommend to a person with a qualifying holding in the authorised capital of the Company to alienate, within the time limit prescribed by the Board of the Central Bank, the investments thereof in the authorised capital of the Company or the right to claim the person has against the Company by virtue whereof he or she may influence the activities of the Company with the substantiation that it threatens the financial position of the Company. In case of failure to alienate the relevant investments within the time limit prescribed by the Board of the Central Bank, the alienation may be carried out through judicial procedure.”;

(3) part 2 shall be amended to read as follows:

“2. In case of failure to perform the recommendation of the Board of the Central Bank provided for by part 1 of this Article, the person with a

qualifying holding in the authorised capital of the Company shall not enjoy — from the day following the time limit prescribed by the Board of the Central Bank —the right to vote, to receive dividends and to be included in the board without election or to appoint a representative thereof to the board, vested therein by virtue of holding. With a view to not disrupting the decision-making process of the Company, the Board of the Central Bank shall have the competence to vest the right to vote during decision-making in the ad hoc management body appointed by the Board of the Central Bank. The Board of the Central Bank may define criteria for appointment, and a procedure for appointment and activities of the ad hoc management body.”;

(4) part 3 shall be repealed;

(5) Article shall be supplemented with part 4 which shall read as follows:

“4. Where the ground provided for by point 1.1 of part 1 of Article 18 of this Law arise following the acquisition of a qualifying holding, the requirement prescribed by Article 28 of the Law “On combating money laundering and financing of terrorism” shall apply to the person with a qualifying holding in the authorised capital of the Company, as well as the person shall be deprived of the rights to vote, to be included in the board without election, or to appoint a representative thereof to that board, vested therein by virtue of holding, and the acquired stocks shall not be considered during vote count. With a view to not disrupting the decision-making process of the Company, the Board of the Central Bank shall have the competence to vest the right to vote during decision-making in the ad hoc management body appointed by the Board of the Central Bank. The Board of the Central Bank may define criteria for appointment, and a procedure for appointment and activities of the ad hoc management body.”.

Article 4. In part 1 of Article 23 of the Law:

(1) the part shall be supplemented with point 2.1 which shall read as follows:

“(2.1) is not included in the lists of persons associated with terrorism published by or in accordance with the United Nations Security Council resolutions or in the lists of persons related to the proliferation of weapons of mass destruction published by the United Nations Security Council resolutions;”;

(2) point 5 shall be supplemented with the words “or a person affiliated thereto” before the words “has not previously”, and in the same point the words “under the guidelines prescribed by regulatory legal acts of the Board of the Central Bank” shall be replaced with the words “as prescribed by the legal acts of the Board of the Central Bank”.

Article 5. Article 88 of the Law shall be supplemented with part 6 which shall read as follows:

“6. Persons with qualifying holding of insurance mediators may not be included in the lists of persons associated with terrorism published by or in accordance with the United Nations Security Council resolutions or in the lists of persons related to the proliferation of weapons of mass destruction published by the United Nations Security Council resolutions.”.

Article 6. In part 3 of Article 90 of the Law:

(1) the part shall be supplemented with point 2.1 which shall read as follows:

“(2.1) is not included in the lists of persons associated with terrorism published by or in accordance with the United Nations Security Council resolutions or in the lists of persons related to the proliferation of weapons of mass destruction published by the United Nations Security Council resolutions;”;

- (2) point 5 shall be supplemented with the words “or a person affiliated thereto” before the words “has not previously”, and in the same point the words “under the guidelines prescribed by regulatory legal acts of the Board of the Central Bank” shall be replaced with the words “as prescribed by the regulatory legal acts of the Board of the Central Bank”.

Article 7. In part 1 of Article 99 of the Law:

- (1) the part shall be supplemented with point 4.2 which shall read as follows:

“(4.2) at least one of the persons with qualifying holding or of persons affiliated thereto has previously committed an act which in the opinion of the Central Bank substantiated as prescribed by the regulatory legal acts of the Board of the Central Bank, provides ground for suspecting that the actions of the given person as a member who has a voting right during the decision-making of the highest management body of the organisation carrying out the insurance brokerage activities may result in the bankruptcy or deterioration of the financial position of that organisation, or harm its reputation and business image;”;

- (2) part shall be supplemented with point 4.3 which shall read as follows:

“(4.3) at least one of the persons with qualifying holding is included in the lists of persons associated with terrorism published by or in accordance with the United Nations Security Council resolutions or in the lists of persons related to the proliferation of weapons of mass destruction published by the United Nations Security Council resolutions;”.

Article 8. The Law shall be supplemented with Article 99.1 which shall read as follows:

“Article 99.1. Terminating participation of a person with qualifying holding of insurance broker and terminating prior consent

1. Where unreliable, false or incomplete information is submitted to the Central Bank during the licensing process, as well as where, following the acquisition of a licence for insurance brokerage activities prescribed by this Law, any one of the grounds provided for by point 4.1 or 4.2 of part 1 of Article 99 of this Law arises, and where such reasoned information is received according to which facts of deterioration of the financial position of a person related to the insurance broker (and in case of a legal person related to that organisation — also the participator thereof) have come to light, which may affect the financial position of the insurance broker or otherwise jeopardise the interests of consumers, the Board of the Central Bank shall be entitled to recommend to a person with a qualifying holding in the authorised capital of the insurance broker to alienate, within the time limit prescribed by the Board of the Central Bank, the investments thereof in the authorised capital of the insurance broker or the right to claim the person has against the insurance broker by virtue whereof he or she may influence the activities of the insurance broker with the substantiation that it threatens the financial position of the insurance broker. In case of failure to alienate the relevant investments within the time limit prescribed by the Board of the Central Bank, the alienation may be carried out through judicial procedure.
2. Where the ground provided for by point 4.3 of part 1 of Article 99 of this Law arises following the acquisition of a qualifying holding, the requirement prescribed by Article 28 of the Law “On combating money laundering and financing of terrorism” shall apply to the person with a qualifying holding in the

authorised capital of the insurance broker, as well as the person shall be deprived of the rights to vote, to be included in the composition of the board without election or to appoint a representative thereof to that board, vested therein by virtue of holding, and the acquired stocks shall not be considered during vote account. With a view to not disrupting the decision-making process of the insurance broker, the Board of the Central Bank shall have the competence to vest the right to vote during decision-making in the ad hoc management body appointed by the Board of the Central Bank. The Board of the Central Bank may define criteria for appointment, and a procedure for appointment and activities of the ad hoc management body.

3. In case of failure to perform the recommendation of the Board of the Central Bank provided for by part 1 of this Article, a person with qualifying holding of the insurance broker shall not enjoy — from the day following the time limit prescribed by the Board of the Central Bank — the rights to vote, to receive dividends and to be included in the board without election or to appoint a representative thereof to that board, vested therein by virtue of holding. With a view to not disrupting the decision-making process of the insurance broker, the Board of the Central Bank shall have the competence to vest the right to vote during decision-making in the ad hoc management body appointed by the Board of the Central Bank. The Board of the Central Bank may define criteria for appointment, and a procedure for appointment and activities of the ad hoc management body.”.

Article 9. Part 1 of Article 105 of the Law shall be supplemented with point 2.2 which shall read as follows:

“(2.2) at least one of the persons with qualifying holding is included in the lists of persons associated with terrorism published by or in accordance with the

United Nations Security Council resolutions or in the lists of persons related to the proliferation of weapons of mass destruction published by the United Nations Security Council resolutions;”.

Article 10. Final part and transitional provisions

1. This Law shall enter into force on the tenth day following the day of its official promulgation
2. In case the grounds prescribed by points 1, 3, 4, 5 or 7 of part 1 of Article 18, part 5 of Article 88 or point 4.1 or 4.2 of part 1 of Article 99 of the Law arise upon the entry into force of this Law, the Central Bank shall be entitled to recommend to a person with a qualifying holding in the authorised capital of the Company or the insurance broker to alienate, within the time limit prescribed by the Board of the Central Bank, the relevant investments thereof in the authorised capital of the Company or the insurance broker or the right to claim, and in case of failure to alienate the relevant investments or the right to claim within the time limit prescribed by the Board of the Central Bank, the alienation may be carried out through judicial procedure. In case of failure to perform the recommendation of the Board of the Central Bank provided for by this part, a person with qualifying holding in the authorised capital of the Company or the insurance broker shall not enjoy — from the day following the time limit prescribed by the Board of the Central Bank — the rights to vote, to receive dividends and to be included in the board without election or to appoint a representative thereof to that board, vested therein by virtue of holding. With a view to not disrupting the decision-making process of the Company or the insurance broker, the Board of the Central Bank shall have the competence to vest the right to vote during decision-making in the ad hoc management body appointed by the Board of the Central Bank. The Board of the Central Bank may define criteria for appointment, and a procedure for appointment and activities of the ad hoc management body.

3. In case the grounds prescribed by point 2.2 of part 1 of Article 105 of the Law being supplemented by Article 9 of this Law arise upon the entry into force of this Law, the insurance agent shall be obliged to immediately inform the Central Bank thereof. In case of disclosing any ground prescribed by Article 8 of this Law or receiving the information prescribed by this part by the agent, the Central Bank shall cancel the registration of the insurance agent.
4. In case the grounds prescribed by Article 4 or 6 of this Law arise upon the entry into force of this Law, the Company or the person carrying out insurance intermediation activities shall be obliged to submit — within a one-month period — motion to the Central Bank on cancelling the registration of the relevant head of the Company or the person carrying out insurance intermediation activities or the relevant responsible person. In case of failure to submit to the Central Bank a motion within the time limit provided for by this part on cancelling the registration of the relevant head or relevant responsible person by the Company or the person carrying out insurance intermediation activities, the Central Bank shall adopt a decision on cancelling the registration of the head or responsible person.
5. In case the ground prescribed by point 1.1 of part 1 of Article 18 of the Law being supplemented by point 4 of part 1 of Article 2 of this Law, part 6 of Article 88 or point 4.3 of part 1 of Article 99 of the Law, respectively, being supplemented by Article 5 or point 2 of part 1 of Article 7 of this Law arises upon the entry into force of this Law, the requirement prescribed by Article 28 of the Law “On combating money laundering and financing of terrorism” shall apply to the person with a qualifying holding in the authorised capital of the Company or the insurance broker, as well as the person shall be deprived of the rights to vote, to be included in the board without election or to appoint a representative thereof to that board, vested therein by virtue of holding, and the acquired stocks shall not be considered during vote account. With a view to not disrupting the decision-making process of the Company or the insurance broker, the Board of

the Central Bank shall have the competence to vest the right to vote during decision-making in the ad hoc management body appointed by the Central Bank. The Board of the Central Bank may define criteria for appointment, and a procedure for appointment and activities of the ad hoc management body.

President of the Republic

V. Khachaturyan

28 July 2025

Yerevan

HO-268-N

Date of official promulgation: 29 July 2025.

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Comprises eleven sheets.

