

27/12/2013
No. 318 N

Essential Terms Incorporated in the Funded Pension Annuity Contract

The Central Bank Board resolution No. 168-N,
dated July 15, 2014 is incorporated in this regulation

Regulation was amended:

Whereas securing an effective process for operation of mandatory and voluntary funded pension annuity schemes by insurance companies and protecting the interests of policyholders,

Based on the Republic of Armenia Law on “Funded Pensions”, Article 52 (5) and Article 62 (6),

By virtue of the Republic of Armenia Law on “Central Bank”, Article 20 (e) and the Republic of Armenia Law on “Legal Acts”, Article 16, the Board of the Central Bank of the Republic of Armenia

Enacts:

1. Approve the “Essential Terms Incorporated in the Funded Pension Annuity Contract” pursuant to the Appendix attached hereto.
2. This resolution shall enter into force on the tenth day following its official publication.

Chairman of the Central Bank

Arthur Javadyan

Essential Terms Incorporated in the Funded Pension Annuity Contract

1. The mandatory funded pension annuity contract offered by an insurance company must at least contain the following conditions:

- 1) a title "funded pension annuity"; moreover, any annuity contract, which includes a word combination "pension annuity", its conjugated forms, Armenian transliterations, translations of, and their associations with these words, must fit the requirements to the mandatory funded pension annuity contract as established in this resolution;
- 2) the definition 'policyholder' in accordance with the Republic of Armenia Law on "Insurance and Insurance Activity";
- 3) 'insured' as an individual (individuals) who the insurance company pays the annuity to;
- 4) the conditions prescribed in Article 998 of the Republic of Armenia Civil Code, as applicable;
- 5) in case of spouse annuity: the serial number of the marriage certificate
- 6) the personal details of the policyholder's heirs;
- 7) the amount of annuity payments, terms and method of calculation;
- 8) a condition that the annuity payments shall be made on a monthly basis;
- 9) a condition that the annuity payments shall commence from the 1st day of the month following the signing of the contract;
- 10) a condition that the amount of monthly annuity payments should not be less than the average minimum food basket for a 12-month period preceding the date of payment;
- 11) a condition that changes to the terms of the contract can only be made for a future period, as and when agreed upon between the parties, without detriment to the terms of the funded pension annuity contract;
- 12) the interest rate accrued on an annuity account;
- 13) the guaranteed period of the annuity contract;
- 14) the annuity contract penalties and fines and enforcement cases, terms and conditions;
- 15) a condition that the obligations arising out of the annuity contract cannot be pledged as security for another liability;
- 16) the procedure and conditions of the annuity inheritance;
- 17) the procedure and conditions for providing an insurance (pension) secret;

- 18) responsibility for violating the terms of the annuity contract;
- 19) the procedure for dispute resolution between the parties to the contract.

- 2. The voluntary funded pension annuity contract offered by an insurance company must include the conditions set out in paragraph 1 of this Procedure, except for paragraphs 8, 9 and 10, as well as:
 - 1) the amount of one-time sum or regular contributions transferable to the insurance company;
 - 2) the possibility and conditions of early reduction of the annuity account before the first payment;
 - 3) the terms of payment of insurance premium, in case of regular contributions;
 - 4) the mode of payment of annuity (lump-sum payment or installment payments);
 - 5) a condition that the participant may receive annuity and accrued interest only after the statutory retirement age has been attained, in accordance with the Republic of Armenia Law on "State Pensions" or subject to circumstances as established by the Republic of Armenia Law on "Funded Pensions";
 - 6) the terms and conditions and procedure for receiving the annuity before the statutory retirement age has been attained, in accordance with the Republic of Armenia Law on "Funded Pensions";
 - 7) the rights and conditions for assignment of the insurer's liability to the selected insurance company under the annuity contract of the policyholder;
 - 8) the amount of death fee and the calculation procedure.