

*Payment of compensation to life insurance beneficiaries of an insurance
undertaking whose authorisation has been withdrawn*

BANK OF GREECE

THE CREDIT AND INSURANCE MATTERS COMMITTEE

(Meeting 12/Item 3/13.7.2011)

Having regard to:

- (a) Article 55A of the Bank of Greece Statute (Law 3424/1927, Government Gazette A298), which has force of law;
 - (b) the provisions of Article 1(1) and (2) and Article 7(3) of Law 3867/2010 “Supervision of private insurance, establishment of a Private Life Insurance Guarantee Fund, credit rating agencies and other provisions within the scope of the Ministry of Finance” (Government Gazette A128);
 - (c) Bank of Greece Governor’s Act 2638/14.12.2010 “Amendment to the provisions of Bank of Greece Governor’s Act 336/29.12.1984, as currently in force, renaming and expanding the composition and responsibilities of the Banking and Credit Matters Committee” (Government Gazette B1953);
 - (d) the relevant recommendation of the Management Committee of the Private Life Insurance Guarantee Fund (minutes No. 11/3.6.2011, Item 1);
- and
- (e) the fact that the government budget will not incur any expenditure as a result of the provisions of this decision,

has decided as follows:

Article 1

Object

The object of this decision is to regulate matters concerning the payment of compensation to life insurance beneficiaries of an insurance undertaking whose authorisation has been withdrawn.

Article 2

Definitions

For the purposes of this decision:

1. “Redemption value” means the value on the basis of premia paid, calculated in accordance with decision No. K3-4382/7.6.2011 of the Deputy Minister of Development (Government Gazette B847);
2. “Life insurance claims” means claims under primary life insurance policies of the insurance undertaking in the course of its business under Article 13(2) of L.D. 400/1970, provided that they meet all the following conditions:
 - (a) they do not concern persons excluded under Article 8 of the Law;
 - (b) they do not come under the insurance subsectors excluded under Article 7(1) of the Law;
 - (c) they have not been paid in full by the insurance undertaking either as redemption value or as sum assured or as loan; if payments have been made, the life insurance claim shall be equal to the unpaid part of the claim;
 - (d) they are entered in the records of the insurance undertaking, as delivered to the Guarantee Fund according to the provisions of Article 2 of decision No. 3/26.1.2011 of the Bank of Greece’s Credit and Insurance Matters Committee (Government Gazette B1050), or have been recognised by a final court judgment; and
 - (e) are not time-barred.
3. “Compensation” means the sum payable by the Guarantee Fund, excluding any amount that the beneficiary may have received from the undertaking as redemption value or sum assured or loan; in personal insurances, compensation shall be calculated by insurance policy, while in group insurances compensation shall be calculated by insurance policy and by assured, according to Article 4(1) and (2) below;
4. “Beneficiary” means the person to which the Guarantee Fund must pay compensation according to Articles 5, 7 and 8 of the Law;
5. “Guarantee Fund” means the legal person in private law with the name “Private Life Insurance Guarantee Fund” that operates according to the provisions of Law 3867/2010, as currently in force;

This Decision has been written in Greek and translated in English, with Greek text prevailing over the English in case of any doubt.

6. “Undertaking” means an insurance undertaking carrying out business legally according to Article 13(2) of L.D. 400/1970 whose authorisation has been withdrawn;
7. “Law” means Law 3867/2010 (Government Gazette A128), as currently in force;
8. “Liquidation officers” means the liquidation supervisor and the liquidator, as defined in Article 12a(3) and (4) of L.D. 400/1970; and
9. “Personal data” and “sensitive data” means data as defined in Article 2(a) and (b) respectively of Law 2472/1997.

Article 3

Determination of life insurance claims

1. Within the time limit set by Article 9(5) of the Law, the liquidation officers shall send to the Guarantee Fund a list of persons coming under Article 8 of the Law and a record of payments made in connection with life insurance claims according to Article 2(2)(c) of this decision.
2. After receiving the above list, the Guarantee Fund shall determine the life insurance claims in accordance with Article 2(2) of this decision.

Article 4

Calculation of compensation

1. After the issuance of the Bank of Greece’s decision referred to in Article 7(2) of the Law, the Guarantee Fund shall calculate the compensation of beneficiaries of life insurance claims as follows:
 - (a) For sums assured due to death or total disability, the Guarantee Fund shall pay as compensation the amount due according to the insurance policy, subject to a ceiling of sixty thousand euro (€60,000.00).
 - (b) For other life insurance compensations, the Guarantee Fund shall pay the amount due according to the insurance policy, subject to a ceiling of thirty thousand euro (€30,000.00).
 - (c) For insurances that have not matured as at the date of withdrawal of the authorisation of the undertaking, the Guarantee Fund shall pay as compensation the redemption value of life insurance as at the date of

withdrawal of authorisation, subject to a ceiling of thirty thousand euro (€30,000.00), provided that the assured was at the time entitled to redemption under Article 29(3) of Law 2496/1997.

(d) If a redemption right has been exercised legally before the date of withdrawal of the undertaking's authorisation but the beneficiary has not been paid the redemption value, the Guarantee Fund shall pay as compensation the redemption value of life insurance as at the date of exercise of the right, subject to a ceiling of thirty thousand euro (€30,000.00).

2. For insurances referred to in (a) and (b) of the preceding paragraph of this article, if the insurance premia have not been fully paid before withdrawal of the undertaking's authorisation, the Guarantee Fund shall pay as compensation the redemption value, subject to a ceiling of thirty thousand euro (€30,000.00).

3. The Guarantee Fund may request the beneficiary to provide any data deemed necessary for the calculation of compensation, including, but not limited to, the premium receipt, original insurance policy or insurance certificate.

Article 5

Communication

1. After the determination of life insurance claims and the calculation of compensation according to Articles 3 and 4 of this decision, the Guarantee Fund shall announce to beneficiaries the compensation they are entitled to, the credit institutions through which compensation will be paid and the time limit within which each beneficiary should make the declarations referred to in paras. 2 and 3 of this article.

Beneficiaries shall receive the above information, at the Guarantee Fund's option, either by mail or through the internet or by such other means as the Guarantee Fund may deem appropriate.

2. To be paid the compensation, a beneficiary shall designate to the Guarantee Fund in writing (with legalisation of his signature) a bank account held with one of the credit institutions referred to in para. 1 of this article.

3. The beneficiary shall also declare to the Guarantee Fund in writing (with legalisation of his signature) at least:
- (a) that the original insurance policy or insurance certificate is in his possession and will be submitted to the Guarantee Fund upon request;
 - (b) that he has paid all premia according to the insurance policy and the legislation in force; the relevant receipts are in his possession and will be produced to the Guarantee Fund upon request;
 - (c) the sum assured, the redemption value or the amount of the loan he may have received for the life insurance for which he is compensated;
 - (d) that the premium, the sum assured and the insurance relation in general are not associated with or does not constitute money laundering, and no criminal proceedings have been instituted against the beneficiaries of the insurance relation for an offence provided for by Article 3691/2008, as in force, in connection with the said relation;
 - (e) that after the payment of compensation according to this decision, he will have no claim against the Guarantee Fund.

Article 6

Compensation payment modalities

1. Compensation shall be paid by crediting the bank account referred to in Article 5(2) of this decision, provided that the Guarantee Fund has received the statutory declaration referred to in Article 5(3).
2. The deposit receipt shall constitute conclusive evidence of payment and, therefore, of performance of the Guarantee Fund's obligations under the law towards the beneficiaries of compensation.
3. The Guarantee Fund may, by decision of the Bank of Greece, pay to beneficiaries the compensation calculated according to Article 4 of this decision in instalments, by fixing either a specific amount of money or a percentage of the claim payable in each instalment.

The above decision, to be made on a reasoned recommendation from the Guarantee Fund, shall lay down the conditions and time schedule of payment in instalments, taking into account the provisions of Article 9(1) of

this decision and the need to maximise the number of beneficiaries that are satisfied in full at each stage of payment in instalments.

Article 7

Operation of the Guarantee Fund during the compensation procedure

By decision of the Management Committee of the Guarantee Fund, an outsourcee may be employed to assist in the completion of the procedures described herein. The outsourcee shall keep confidential any personal data and sensitive data that may come to his possession.

The following criteria shall be used to select an outsourcee: (a) possession of as many specialities as possible; (b) the overall cost; (c) previous experience in similar tasks; and (d) absence of conflicts of interest. The Management Committee's requirements with respect to the selection of an outsourcee may be specified on an *ad hoc* basis by informing potential outsourcees.

Article 8

Amended provisions

1. The last sentence of Article 2(3) of decision No. 3/26.1.2011 of the Credit and Insurance Matters Committee of the Bank of Greece (Government Gazette B1050/30.5.2011) shall be repealed.

2. In Article 5 of decision No. 3/26.1.2011 of the Credit and Insurance Matters Committee of the Bank of Greece (Government Gazette B1050/30.5.2011), a new para. 6 shall be inserted as follows:

“The transferee selected according to para. 4 of this article shall accept, according to the modified, within the meaning of Article 9(3) of the Law, conditions, life assureds of the insurance undertaking under liquidation not included in the portfolio transfer agreement the insurance relations of which are recognised by a final court judgment.”

Article 9

Final provisions

1. The Guarantee Fund shall pay the compensation within three years from the lapse of the time limit set by Article 9(1) of the Law.

By a decision of the Bank of Greece, on a reasoned recommendation from the Guarantee Fund, the above time limit may be extended taking into account the procedure for payment of compensation in instalments under Article 6(3) of this decision.

2. If the capacity of assured is recognised by a final court judgment, within the meaning of Article 2(2)(d) of this decision, the Guarantee Fund shall calculate the compensation according to Article 4 of this decision and pay it within the time limit set in the preceding paragraph of this article or, if this time limit has lapsed, within one month from service of the final judgement upon it.

3. The provisions of this decision shall also apply, in case of portfolio transfer, to life insurances that are not transferred. In such case, the time limits referred to in this decision shall start to run from the date of the Bank of Greece decision approving the transfer, made according to Article 9(3) of this article.

This decision shall be published in the Government Gazette.

The President

GEORGIOS PROVOPOULOS