



LIG INSURANCE |

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**BRIEF DIRECTIONS FOR
THE POLICYHOLDERS AND
BENEFICIARIES FROM
ABROAD**

The Financial Supervisory Authority (ASF) has disposed through the Decision no. 2347/27.12.2016, the withdrawal of the authorization and the initiation of the winding-up proceedings for the undertaking LIG INSURANCE S.A., following the ascertainment of the insurer's insolvency, according to the Law no. 503/2004 (republished) and Law no. 85/2014 on insolvency prevention procedures and on insolvency procedure, with subsequent amendments and completions.

According to the Romanian legislation, the Financial Supervisory Authority may file to the court the request for opening the winding-up proceedings for the debtor insurance/reinsurance company.

Following the analysis of the request, the court shall decide on the opening of the winding-up proceedings for the said company.

WHAT KIND OF PROTECTION FOR CONSUMERS IS AVAILABLE IN THIS SITUATION?

In order to protect the consumers of insurance products and services, in Romania there is the Policyholders Guarantee Fund (FGA), as insurance guarantee scheme in the insurance area. FGA aims to protect the insurance creditors against the consequences of insolvency of an insurer in winding-up proceedings. The main destination of the amounts available for FGA is the payment to the insurance creditors of the indemnities/compensations resulting from the voluntary and compulsory insurance contracts concluded according to the law and of the premiums due by the insurer for the period in which the risk was not covered by it, as a result of the termination of the insurance contracts, complying with the guarantee threshold provided by the law (450,000 lei/ insurance creditor, approximately 100.000 euros pending of the official currency exchange rate).

WHO IS AN INSURANCE CREDITOR?

- insured person – the person who has concluded an insurance contract,
- insurance beneficiary – third person benefiting from the effects of the law or of the insurance contract and to whom the insurer is expected to pay the due amounts as a result of the occurrence of the insured risk, as provides the insurance contract,
- injured party (in the case of liability insurance) – the person entitled to receive compensations for the loss suffered due to the occurrence of a risk covered by a liability insurance contract.

HOW DOES FGA INTENDS TO SUPPORT THE CONSUMERS?

In case of insolvency of an authorized insurance company regulated and supervised by ASF, FGA supports the insurance creditors in order to receive payment of the indemnities and/or compensations due according to the insurance contracts concluded with the insurance undertaking. In essence, there is no need for the insurance creditors to go to Court, unless if they want to perform this endeavor or if the amount they request exceeds the legal guarantee threshold.

WHY SHOULD I ADDRESS FGA?

The insurance creditors may request payments, according to the Law no. 213/2015, such as:

1. the amounts due to the insurance creditors to be paid by FGA for the premiums related to the unexpired period of the voluntary insurance contract, in the event of termination of the insurance contract, the notification for the termination of the contracts may be made both by the insurance company and the insurer
2. the compensations/indemnities due to insurance creditors resulting from voluntary and compulsory insurance contracts concluded with LIG INSURANCE S.A.

In the event of damages occurred prior to the ASF decision and for which it was opened a claim file to the insurer, but also in the situation of the occurrence of the insured risks after this date, but within the validity period of the insurance contract, the insureds/insurance beneficiaries/ injured persons may contact FGA.

WHEN SHOULD I CONTACT FGA?

From the moment the ASF Decision no. 2347/27.12.2016 regarding LIG INSURANCE S.A. has been published, but no later than 90 days from the date the final decision for winding-up proceedings remains final and binding.

The persons entitled to compensation from FGA may also address FGA later, in case the claim occurred after the date the decision for opening the winding-up proceedings remained final and binding.

WHAT DOES A FINAL DECISION OF THE COURT MEAN?

The final decision is pronounced by the court after judging all the appeals. The final decisions are:

- the decisions pronounced in first instance, that no appeal has been filed against;
- the decisions pronounced after judging an appeal, without any other right of appeal,

The decisions mentioned above become final and binding at the date the term for exercising the right of appeal expires, or, as the case may be, at the date the decision on the appeal is pronounced.

In order to ensure that all the insurance creditors follow the terms of the legal procedures, ASF shall make public on its website (www.asfromania.ro) and on its Facebook page the moment the decision in case of LIG INSURANCE becomes final.

WHAT TERMS SHOULD BE CONSIDERED?

Any person that sets forth a claim against the insurer following the occurrence of the risks covered by a valid insurance policy, between the closing date of the financial recovery procedure and the date of terminating the insurance contracts, but no later than 90 days since the date the decision regarding the opening of the winding-up procedure is pronounced by the Court, may submit a request to FGA for opening a claim file. The date will be published on the ASF and FGA websites.

FOR HOW LONG ARE THE INSURANCE CONTRACTS VALID?

The insurance contracts concluded with LIG INSURANCE are valid until the date when one of the following situations occurs:

- the expiry date of the contract,
- the date of terminating the insurance contract, through a notification to LIG INSURANCE or to the liquidator.

The decision to terminate an insurance contract is a decision that can only be taken based on the opportunity judgement performed by either the insured person or by the judicial liquidator.

The facultative insurance contracts are concluded by the two parties – insurance company and insured person, establishing their rights and obligations.

The contracts may contain specific clauses regarding the denouncement/termination by any of the two parties (on how the denouncement/termination may be done and within what deadline). In case such clauses are not included in the contract, the legislation in force is applicable. In Romania, the New Civil Code provides for the fact that a contract may be terminated in 20 days from the date the other party receives the notification of the denouncement/termination. The consumers from abroad can denounce the insurance contract to LIG INSURANCE, and then ask FGA for the reimbursement of the premiums paid in advance for the unexpired period.

There is also the possibility that the company or the court notifies you regarding the option of denouncing the policy.

WHOM SHOULD I CONTACT IN CASE OF LOSSES?

According to the Law no. 213/2015, art. 12 para. 1 and 2, FGA shall proceed to open the claim files, the technical ascertainment of the damages, the investigation of the claim files, as well as their technical endorsement.

FGA shall provide the template for the application form to be filled-in and shall inform you as regards the justifying documents that shall accompany this application. The information shall be available on the FGA and ASF websites.

WHAT FGA DOES?

In order to pay the due amounts to the insurance creditors, FGA shall take the following measures:

- shall publish on its website the information regarding the necessary steps in order to obtain compensations/indemnities or the reimbursement of the premium paid in advance from FGA, with the condition of an immediate termination of the contract.
- shall take over from LIG INSURANCE the records of the insurance contracts in force at the closing date of the financial recovery proceedings, the complete evidence of the claim files, as well as the accounting and technical-operational records related to these contracts and files;
- shall publish the list of the potential insurance creditors, according to the records taken over from LIG INSURANCE S.A.;
- shall receive requests for opening claim files, shall take all the measures for the technical ascertainment of the damages and the technical endorsement of the claim files;
- shall verify the claim files and the insurance claims registered in its records, taking into account the applicable rules and conditions provided for in the general and specific clauses of the insurance contracts concluded with LIG INSURANCE;
- shall draft the lists of insurance creditors to which certain, eligible and liquid claims are to be paid from its availabilities;
- after the approval by the special commission of such lists, the indemnities/compensations/reimbursement (in the situation the contract was terminated) payments to insurance creditors shall be made, according to the legislation. The amounts accepted to payment shall be paid by FGA after the decision for opening the winding-up proceedings remains final and binding.

WHAT IS THE LIST OF POTENTIAL INSURANCE CREDITORS?

In 30 days from the date the decision of ascertaining the insolvency situation, initiating the winding-up procedure and withdrawing the authorization is published, FGA takes over from LIG INSURANCE S.A. the records of the insurance contracts in force, the complete evidence of the claim files, as well as the accounting and technical – operational records related to these contracts and files.

Based on these records, FGA shall publish on its own website (www.fgaromania.ro) the list of the persons having insurance contracts in force and of the persons that have opened claim files, this list representing in case of LIG INSURANCE the list of insurance creditors.

In case you have an insurance contract concluded with LIG INSURANCE or you have a claim file opened prior to this date and you cannot find your name on the list of potential insurance creditors, you will have to submit to FGA documents that prove your quality of insurance creditor, as for example: insurance contract, the proof of opening the claim file or statements on your word of honor (in case such documents cannot be submitted). FGA shall analyze your request and shall amend accordingly the list of potential insurance creditors.

The persons submitting to FGA the documents for opening the claim file as injured parties based on an insurance contract concluded with LIG INSURANCE shall be, as well, included on the list of potential insurance creditors.

WHAT DO I HAVE TO DO IN ORDER TO RECOVER THE INSURANCE CLAIM?

In order to recover a claim (compensation, indemnities etc.) from FGA, you shall submit, in writing, to FGA:

- for compensation/indemnity: a reasoned request for payment, accompanied by the justifying documents. For further details, please follow the information available at FGA and ASF.
- to recover the premiums paid in advance proportionately with the time remaining until the expiry date of the voluntary insurance: a payment application (application form) accompanied by the justifying documents. For further details, please follow the information available at FGA and ASF.



**WHO CAN FILL-IN THE
REQUEST FOR OPENING
A CLAIM FILE (only for
occurrence of risks)?**

Any person setting forth a claim against LIG INSURANCE following the occurrence of risks covered through a valid insurance policy may file, anytime starting the date of publication of the Decision no. 2347/27.12.2016 until the date of denouncing the insurance contracts, but no later than 90 days from the date the decision of opening the winding-up procedure is pronounced, a request for opening the claim file and send it to FGA.

This request is being submitted by filling-in the application form “The request for opening the claim file” provided for in Annex no. 3 of the ASF Rule no. 16/2015 regarding the Policyholders Guarantee Fund, together with the “Statement regarding the event” provided for in Annex no. 4 and submitting them to FGA.

After submitting the request, you will be contacted by FGA for opening the claim file and ascertaining the damages. FGA shall communicate in writing to the injured party the documents that must be submitted for settling the compensation request (policy/insurance contract, documents that certify the occurrence of the insured event, issued by competent public authorities or any other documents that certify the causes and circumstances of the event, the extent of the damage, documents regarding the patrimonial interest, justifying documents regarding the amount of the compensation etc.)

The claims ascertainment is being performed by FGA, directly or through its mandataries, together with the interested parties. The ascertainment of the damages resulted from the occurrence of the event shall be performed according with the law and the insurance conditions.

The events produced abroad shall be declared in accordance with the provisions of the applicable law and of the insurance conditions, that are part of the insurance contract.

The annexes necessary to be completed are available on the ASF website (www.asfromania.ro) and on the FGA website (www.fgaromania.ro).

**WHO CAN FILL-IN THE
PAYMENT REQUEST
FOR RECEIVING THE
INDEMNITIES AND/
OR COMPENSATIONS
AND REIMBURSEMENT
OF PREMIUMS PAID IN
ADVANCE**

Any insurance creditor that sets forth an insurance claim against LIG INSURANCE must fill-in a reasoned payment request in this regard, according to the template provided for in Annex no. 6 of the ASF Rule no. 16/2015.

The payment request may be filled-in starting the date the ASF decision is published, within no more than 90 days from the date the decision to open the winding-up procedure remains final. For the insurance claims occurred after the date the Court 'decision regarding the opening of the winding-up procedure remains final, the payment request may be submitted in no more than 90 days from the date the claim occurs.

It is important to know that also in case of opening the claim file to FGA you must submit this payment request.

The annexes that must be filled-in are available on the ASF website (www.asfomania.ro) and on the FGA website (www.fgaromania.ro).

**HOW THE REQUEST
TO OPEN A CLAIM FILE
SHOULD BE FILLED-IN?**

The request must be filled-in according to the application form made available by FGA – please check the ASF and FGA websites. The request, filled-in in writing, in Romanian language, signed and then submitted directly to FGA headquarters, by post (registered letter with acknowledgment of receipt), by e-mail or by any other means that ensure the submission and confirmation of receipt.

The application form shall contain the following information: the nature of the claim, its occurrence date, the amount of the claimed compensation, whether there is any privilege or a real guarantee in respect of the claim, the assets covered by the insurance.

WHICH ARE THE JUSTIFYING DOCUMENTS?

FGA shall inform you about the necessary documents for opening a claim file, these being different pending on the type of insurance contract and/or the status of the file. The justifying documents shall be submitted in Romanian language. In case it is not possible to submit the certified copy of these justifying documents, you can submit either copies of them, or a declaration on word of honor in order to support these documents. FGA shall verify the records overtaken from LIG INSURANCE.

In case your documents are drafted in other language than Romanian, then you should submit also their legally certified translations.

WHAT HAPPENS AFTER FILING A REQUEST TO FGA?

After being handled and analyzed by all the specialized departments within FGA in view of endorsement, according to legal provisions, the claim file is being submitted to the special commission set-up according to the Law no. 503/2004 regarding financial recovery, winding-up, dissolution and voluntary liquidation in insurance activity, republished, with subsequent amendments. The special commission is the one approving the final amount of the compensation.

The payment of the compensations is being done in the order the files have been approved by the special commission. No matter the time of the compensation being approved by the special commission, the compensation cannot be paid earlier than the date the decision regarding the opening of the winding-up procedure remains final.

WHAT IS THE COMPENSATION LIMIT?

The guarantee threshold provided by the law for the payments that can be made by FGA is in amount of 450,000 lei for each insurance creditor (representing approximately 100,000 euro, pending of the official currency exchange rate).

WHAT HAPPENS IF MY COMPENSATION IS HIGHER THAN THE MAXIMUM LIMIT OF COMPENSATION THAT CAN BE PAID BY FGA?

For the amounts that must be recovered and that exceed the legal compensation threshold, any person is entitled to follow the legal procedure provided by the Insolvency Law no. 85/2014, with subsequent amendments and completions.

WHEN DO I GET THE MONEY?

FGA is entitled to make payments from its availabilities to the LIG insurance creditors starting the date when the decision to open the winding-up procedure remains final and binding.

HOW IS THE PAYMENT BEING MADE?

The payment shall be made in Romanian currency (leu) for claims established to be certain, liquid and eligible, within the guarantee threshold, through regular mail or through a bank authorized by NBR.

HOW CAN I GET INFORMATION?

The consumers that concluded a contract or an insurance policy with LIG INSURANCE S.A. are requested to monitor the information published on the ASF website (www.asfromania.ro) and on the FGA website (www.fgaromania.ro), or to ask for details using the telephone numbers below.

The Policyholders Guarantee Fund (FGA) – 18 Amiral Constantin Bălescu Street, sector 1, Bucharest, 011954, office@fgaromania.ro and tel. no. 004.021.201.10.60, fax: 004.021.201.10.61.

ASF remains at your disposal for information and clarifications at the free-of-charge phone line TELVERDE 0800 825 627 (only for Romanian consumers), at office@asfromania.ro and on the Facebook page of the Financial Supervisory Authority.

The consumers, policyholders and beneficiaries from other EU Member States that might need information regarding LIG INSURANCE S.A. may contact ASF at 004.021.668.1208 (English spoken).