

**INSURANCE BUSINESS (CONTROL)
REGULATIONS (UNIFORMITY OF CURRENCIES
IN INSURANCE CONTRACTS AND INSURANCE
PREMIUMS ON CREDIT) 5744-1984**

By virtue of my powers under sections 37 and 38 of the Insurance Business (Control) Law 5741-1941 (hereafter: the Law) I make these Regulations:

Currency uniformity in an insurance contract

1. If the amount of insurance in an insurance contract is stated in terms of a certain currency or linked to a certain currency, then the payments connected to that contract or derived from it - including premiums, own participation and insurance benefits - shall also be stated in terms of the same currency or linked to the same currency.

Premium payments

2. (a) If the insurance contract allows for the payment of premiums in installments, then it shall be prescribed that the premiums be paid in one of the following two ways:
 - (1) in cash - within 28 days after the beginning of the insurance;
 - (2) in a number of equal and continuous monthly payments, that is not greater than the number of months of insurance or twelve, whichever is less, on condition that the first is paid no later than 21 days after the insurance began or after the account was presented to the insured person, whichever is later, and that the last payment be paid no later than 21 days before the end of the insurance period.
 - (b) An insurance contract in the following branches of insurance shall not allow for the payment of premiums on credit, but shall provide that the full amount of the premium be paid before the insurance begins:
 - (1) Compulsory vehicle insurance, within its meaning in the Motor Vehicle Ordinance (New Version) 5730-1980;
 - (2) insurance of the investment of dwelling purchasers, according to the requirements of the Sale (Apartments) (Assurance of Investments of Persons Acquiring Apartments) Law 5735-1974.
3. Repealed

Payment of interest

4. If insurance premiums are paid on credit under regulation 2(a)(2), then the insurer may prescribe that interest or collection fees be added to the monthly payments, on condition that, in respect of personal insurance, the interest or collection fees not be more than 6% per annum when there is index linkage, and no more than 10% when there is foreign currency linkage; for this purpose, "personal insurance" - vehicle insurance (property), insurance of dwellings and their contents, and personal accident insurance.

Premiums on credit

5. If an insurer makes the payment of premiums in installments possible, then - before the insurance contract is made - he shall give the insured person a written statement that specifies as follows:
- (1) the premiums in cash;
 - (2) the premiums in installments, including particulars of the amount and date of each payment, and the linkage conditions applicable to the payments;
 - (3) the interest rate, on an annual basis, included in the premiums on credit; for this purpose, "the interest rate on an annual basis" - the interest rate that satisfies the following formula:

$$C = \frac{A_1}{\left(1 + \frac{R}{100}\right)^{\frac{D1}{365}}} + \frac{A_2}{\left(1 + \frac{R}{100}\right)^{\frac{D2}{365}}} + \dots + \frac{A_N}{\left(1 + \frac{R}{100}\right)^{\frac{DN}{365}}}$$

where:

R = the annual interest rate in %

C = the cash insurance premium

$A_1, A_2 \dots A_N$ = the payments required of the insured person who pays the premium in installments, without linkage differentials;

$D1, D2 \dots DN$ = the number of days from the beginning of the insurance to payments $A_1, A_2 \dots A_N$ respectively;

Restriction on applicability

6. These regulations shall not apply to -
- (1) life insurance contracts;
 - (2) insurance contracts in respect of which arrangements different from those stated in these regulations were set under sections 16 and 40 of the Law.

Effect

7. The regulations shall apply to insurance contracts concluded beginning with May 1, 1984;

Repeal

8. The following regulations are repealed from May 1, 1984:
- (1) Insurance Business (Control) Regulations (Payment of Premiums on Credit) 5744-1983;

(2) Regulation 2 of the Insurance Business (Control) Regulations (Provisions of the Insurance Contract) 5742-1981.

April 3, 1984

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