

Russia takes a step in the development of Insurtech

Russia · 14.05.2020

Available languages: [RU](#)

In late April 2020, the ban was lifted on the provision of services related to the conclusion of insurance contracts in electronic form by insurance agents and brokers.

It had been possible to conclude insurance contracts in electronic form since 2014 (Article 6.1 of the [Law of the Russian Federation "On organisation of insurance business in the Russian Federation"](#)* or "[Law](#)"). Until recently, this applied only to online interactions between policyholders and insurers, while insurance agents and brokers were prohibited from providing this type of service.

The new [version](#)* of the Law, which came into force on 24 April 2020, both removes this prohibition and sets up the procedure for the electronic interaction between insurers, insurance intermediaries and their clients.

Participation of insurance intermediaries in the exchange of electronic information

Article 6.1 of the Law allows a policyholder (insured person, beneficiary) to send information to the insurer in electronic form. This information includes a proposal form, a notification of the occurrence of an insured event, an application for insurance payment or other documents. With only a few exceptions, the policyholder has to sign these documents with a simple electronic signature.

Prior to the adoption of the current version of the Law, insurance agents and brokers were not allowed to participate in the electronic exchange of information. Such an exchange had to take place between insurers and their clients directly. This prohibition has now been removed, and insurance intermediaries can participate in the information exchange. They can also provide services related to voluntary insurance in electronic form on behalf of and at the expense of the insurer.

To make it technically possible for an insurance intermediary to participate in the information exchange, the insurer will provide it with access to its information system. When this happens, insurance intermediaries are required to ensure an appropriate level of protection of the information transmitted.

Signing an insurance contract in electronic form

Even though electronic insurance contracts can be concluded with the assistance of insurance intermediaries, an insurance agent or broker is not entitled to sign such an insurance contract with an electronic signature on behalf of the insurer or to receive the insurance premium from the policyholder under such an agreement. According to the explanatory note to the bill, lawmakers established these rules to minimise the risk of bad-faith actions by insurance intermediaries. Thus, services of insurance intermediaries in electronic document management are more informational or technical in nature, and the insurance contract can still be signed electronically only by the insurer itself.

If the insurance broker represents the interests of the policyholder, it also does not have the right to sign the insurance contract in electronic form on behalf of the policyholder when it is an individual. If the policyholder is a legal entity, the insurance contract must be signed with the enhanced qualified electronic signatures of the insurer, the insurance broker (acting on its own behalf, but at the expense of the policyholder) and the corporate policyholder.

The insurance agent or broker must ensure that the policyholder has the opportunity to examine the insurance rules before the insurance contract is concluded (e.g. by sending links to the official website of the insurer) and to obtain from an insured individual confirmation signed by the insured's simple electronic signature.

However, if the insurance agent or broker violates the conditions established by the Law, the insurer is not entitled to declare the insurance contract (concluded in the form of an electronic document) invalid or null and void.

Mobile apps

The previous version of the Law referred only to the insurer's website as a source of online information and a platform for exchanging information. The current version of the Law added that mobile applications (defined as software of an insurer, insurance agent or broker used for exchanging information with clients) are of the same nature.

Conclusions

The participation of insurance intermediaries in the conclusion and the provision of online insurance services can be considered as a step in the development of Insurtech in Russia. Despite the fact that insurance intermediaries are not allowed to sign insurance contracts on behalf of the insurer in electronic form, they can facilitate interactions between clients and insurance companies online at other stages of provision of services, which should have a positive impact on the development of the Russian insurance market.

If you have any questions on this eAlert, do not hesitate to contact CMS Russia experts [Leonid Zubarev](#), [Darya Lukoyanova](#) or your regular contact at CMS Russia.

** In Russian*

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