

On 5 August 2015, the Council of Ministers published an announcement that it had passed a decision to approve the government bill on the new draft Insurance Code.

The new draft legislation is the result of the transposition of the requirements laid down in Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II), as well as the subsequent amendments introduced with Directives 2011/89/EU, 2012/23/EU, 2013/58/EU and 2014/51/EU.

The proposed legislation relates to the business of insurers and reinsurers, as well as the content and effect of insurance contracts.

The amendments are intended to ensure greater transparency of business operations in the sector by introducing the obligation of each insurer and reinsurer to publish an annual report on its solvency and financial condition.

The draft changes the existing legislation on the insolvency of insurers. The existing function of a receiver is proposed to be assigned to the Guarantee Fund. As to the insolvency of life insurers, the Guarantee Fund is intended to pay the claims of all persons, guaranteeing the payments to be made by an insurer, regardless of the number of claims of the beneficiary and their amount, up to BGN 196,000.

The amendments relate also to the effect and content of insurance contracts.

The draft provides for the conclusion of an insurance contract which is not bound by a fixed term, a multiannual insurance contract, or a contract covering an insurance period of less than a year.

The proposal introduces the legal opportunity for a contract to be renewed for only a single insurance period after the expiration of the agreed term.

It is for the first time that the legal framework provides for the insurance of property at a contractually agreed value. The direct effect of the application of this provision will be payment of the compensation without challenging its value.

The Council of Ministers approves a new draft Insurance Code

In respect of the mandatory civil liability auto insurance, the proposal is to provide full coverage for all countries participating in the Green Card system against the payment of a single premium. Motorists will be able to conclude the mandatory civil liability auto insurance for a three-year term.

The bill will be submitted for approval to the National Assembly.