

LEGAL WARNING

"The following English translation of the INSURERS AND THEIR CONTROL Law No. 20,091 has been prepared to facilitate the approach of potential future investors and any person interested in the legal framework that regulates the capital market of Argentina.

Notwithstanding, only the Spanish version of this law is binding. "

AVISO LEGAL

"La siguiente traducción al idioma inglés de la Ley de Entidades de Seguros y su Control N° 20.091 ha sido preparada para facilitar el acercamiento de posibles futuros inversores y toda persona interesada en el marco legal que regula el mercado de capitales de la República Argentina.

Sin perjuicio de ello, sólo la versión en español de esta ley es vinculante".

LAW No. 20,091

LAW ON INSURERS AND THEIR CONTROL

Buenos Aires, January 11, 1973

See Previous Regulations

Mr. President,

We have the honor of submitting a bill on insurers and their control, aimed at replacing the legal regulations of the Argentine Superintendence of Insurance in force, to the Minister of Justice for their consideration.

This bill is preceded by the bill prepared and submitted by the Advisory, Consultative and Reviewing Committee of the General Law on Insurance (Decree No. 5,495/59) between 1959 and 1961, together with PhD Professor Isaac Halperín, writer of a preliminary draft prepared at the request of the Argentine Executive Power and in which the most prestigious experts participated on behalf of the Judicial Power, the Argentine Superintendence of Insurance, the Argentine Reinsurance Institution, the Argentine Federation of Bar Associations, Schools of Law and Social Sciences of the University of Buenos Aires and the University of Córdoba, the School of Economics of the University of Buenos Aires, the Argentine Association of Insurance Companies, the Association of Foreign Insurers in Argentina and the Argentine Association of Cooperatives and Mutual Insurance Companies.

It is also worth mentioning as precedent, the bill prepared in 1967 by the committee consisting of PhD professors Mr. Rodolfo O. Fontanarrosa, Mr. Guillermo Michelson, Mr. Juan Carlos Félix Morandi and Mr. Gervasio R. Colombres.

This bill is submitted to you as a result of a careful and thoughtful work, and although it includes the provisions set forth in the drafts prepared in 1961 and 1967 overall, it also includes all updates thereof that were deemed essential.

In addition to legal regulations on insurance entities, this bill also includes all matters related to the state control of said entities through the relevant body, the Argentine Superintendence of Insurance, and herewith completes the process started in 1967 with the enactment of Law No. 17,418 on insurance agreements.

Although this bill shall be added to the legislation in force after several years of Law No. 17,418 having been enacted, said bill shall be deemed an integral part thereof in order to achieve a single concept of insurance, which necessarily affects private relationships of the contracting parties, the operation of entities and the state control thereof.

The concept, which was a constant concern of those who intervened in the long reforming process that started in 1959 and which was subject to special examination by our most prestigious legal scholars.

Finally, it is worth mentioning that all matters related to insurance policy issues, such as those related to the management of Argentine and foreign companies, the protection of the so-called "Argentine risks" and the legal regulations of the Argentine Reinsurance Institution, have been excluded from this bill as they are deemed to be matters not related to the specific regulations of insurers and their control and, therefore, they have been deferred to a later stage.

This bill, which is hereby submitted for your consideration, complies with National Policies No. 3, 54 and 90, approved by Decree No. 46/70 issued by the Board of Commanders-in-Chief.

May God be with you.

Gervasio R. Colombres

LAW No. 20.091

Buenos Aires, January 11, 1973

By virtue of the powers set forth in Article 5 of the Statute of the Argentine Revolution,

THE PRESIDENT OF THE ARGENTINE REPUBLIC HEREBY PASSES AND ENACTS THE FOLLOWING AS LAW

INSURERS AND THEIR CONTROL

CHAPTER I

Insurers

PART I

Scope of Application

Activities Involved

Section 1.- Insurance and reinsurance activities carried out throughout the Argentine territory are subject to the legal provisions set forth herein and to the control exercised by the authority hereby created.

Insurance Scope

The term insurance used herein shall include all types and methods of the insurance activity. Reinsurance shall be also included, provided that reinsurance legal regulations in force are not affected.

Part II

Entities Subject to Approval.

Operating Entities.

Section 2.- Only the following may carry out insurance operations:

- a) Corporations, cooperatives and mutual insurance companies.
- b) The branches or agencies of foreign companies of the types set forth hereinabove.
- c) Official or mixed bodies and entities at a municipal, provincial or national level.

Prior Authorization.

The existence or creation of the abovementioned companies, branches or agencies, bodies or entities does not enable them to carry out insurance activities until authorization is granted by the control authority.

Parties included herein.

Section 3.- The parties included herein by the control authority are those carrying out operations similar to insurance operations, either based on their nature or their scope.

Term to Comply with the Law.

Liquidation.

Penalty.

When applicable, the control authority shall set a term of no more than ninety (90) days to comply with this law. New operations shall not be carried out during said term. In the event of non-compliance, the control authority shall order the

liquidation of the offender in accordance with Section 51, notwithstanding the penalty that may be applied in accordance with the provisions set forth in Section 61.

Private insurance official bodies and entities.

Section 4.- Official bodies and entities are subject to the provisions hereof when carrying out insurance or reinsurance activities. In the latter case, all legal regulations in force shall be complied with. They shall be organized with functional autonomy and financial autarky. If carrying out said activities is not their sole purpose, they shall establish a separate administration body with an independent capital structure.

Foreign Companies.

Section 5.- The branches or agencies referred to in Section 2, subsection b) shall be authorized to

carry out insurance activities under the conditions set forth herein for the corporations incorporated in the country, if there is reciprocity according to the laws of their domicile.

Local Representatives.

Branches or agencies shall be in charge of one or more representatives with sufficient powers to perform, together with the control authority and third parties, all legal acts related to the purpose of the company and to be subject to any legal action on behalf of the latter.

Representatives are not granted powers to extend or waive the authorization to carry out insurance activities or to voluntarily transfer the portfolio, unless expressly granted.

Branches in the country and branches or agencies abroad.

Section 6.- Authorized insurers may open or close branches in the country as well as branches or agencies abroad, with prior authorization from the control authority, which may establish general and uniform requirements and formalities to be met. Pursuant to the provisions set forth in Section 85, the delegation may be appealed before the Argentine Executive Power, whose decision shall be final.

Part III

Conditions of Authorization to Operate.

Authorization Requirements.

Section 7.- The entities referred to in Section 2 shall be authorized to operate as insurers if the following conditions are met:

Incorporation.

a) Having been incorporated in accordance with the laws in force and the specific provisions hereof.

Sole Purpose.

b) Having the sole purpose of carrying out insurance operations and, therefore, being able to sell and administer all assets in which their capital and reserves were invested in accordance herewith.

They may grant bonds or secure third-party obligations when carrying out economically and technically approved insurance operations.

Official bodies and entities shall comply with the provisions set forth in Section 4.

Minimum Capital.

c) Proving full subscription of minimum capital referred to in Section 30.

Foreign Companies.

d) Submitting the financial statements of the last five (5) fiscal years of the parent company in the case of foreign companies.

Term.

e) Having the minimum term required according to the branch of the insurance to be provided.

Plans.

f) Having insurance plans adjusted to the provisions set forth in Section 24 *et seq.*

Market coexistence. Resources.

g) Having appropriate insurance market performance. The decision denying the authorization on the grounds set forth in subsections a) to f) gives rise to an appeal in accordance with Section 83.

Pursuant to the provisions set forth in Section 85, the denial based on the condition of insurance market gives rise to the filing of an appeal before the Argentine Executive Power, whose decision shall be final.

Domicile.

The domicile of the authorized entities shall be the one set forth in their authorization to operate, and shall remain as such, for all purposes, until another one is established.

Prior Authorization Granted by the Control Authority.

Section 8.- All entities incorporated in the territory of the Argentine Republic for the purposes of carrying out insurance operations, as well as all branches or agencies of foreign companies wishing to carry out insurance operations in the

country, shall only do so upon registration with the Public Registry of Commerce of the relevant jurisdiction based on the entity's domicile.

Said registration shall only take place if, after the relevant control authority has carried out said incorporation, based on the type of company or association undertaken, the Argentine Superintendence of Insurance grants the relevant authorization to operate in accordance with the previous section.

Procedure.

For such purposes, the relevant control authorities, after the company has been incorporated, pursuant to Law No. 19,550 or the specific laws applicable based on the type of company or association, shall submit the file to the Argentine Superintendence of Insurance, which shall grant authorization to operate, where appropriate. In this case, the Argentine Superintendence of Insurance shall directly submit the file and a certified copy of the authorization to operate to the Public Registry of Commerce of the relevant jurisdiction based on the entity's domicile, for its registration by the registrar, where appropriate.

Prior authorization from the Argentine Superintendence of Insurance shall also be required, and the same procedure shall be applied for any amendments made to the incorporation deed or the bylaws and for capital increases, even if these do not require making amendments to the bylaws.

The Argentine Superintendence of Insurance shall also notify the relevant control authorities of the granting or denial of the authorization to operate or the denial of amendments or capital increases.

Registration with the Public Registry of Commerce of the relevant jurisdiction based on the entity's domicile must be completed within sixty (60) days as from receipt of the file. Failure to do this shall result in the automatic expiration of the authorization granted to operate. If registration takes place, the registrar shall submit a certified copy of the documents with their decision to the Argentine Superintendence of Insurance.

The decision to grant or deny authorization to operate by the registrar of the relevant jurisdiction based on the entity's domicile shall be final and shall only be appealed in the manner set forth herein.

Liability.

Founders, partners, shareholders, administrators, directors, board members, managers, receivers or members of supervisory boards shall be unlimited and jointly and severally liable for the obligations undertaken until the entity's registration with the Public Registry of Commerce or after said authorization to operate in insurance has been denied and registered in accordance with the provisions set forth in Section 49.

Sole Control.

The control of the operation and performance of all insurers, without exception, shall be carried out by the control authority set forth herein, excluding any other administrative, provincial or national authority. Notwithstanding the foregoing, the Argentine Superintendence of Insurance may request the latter to issue their opinion on matters related to corporate regulations where appropriate.

Incompatibilities.

Section 9.- Those convicted for crimes committed for profit or for crimes against property or legal authority or for common crimes excluding negligent crimes punishable by imprisonment or disqualification shall not become promoters, founders, directors, board members, receivers, members of the supervisory board, liquidators, managers, administrators or representatives of insurers subject hereto, as well as those included in the provisions on disqualifications, incompatibilities and prohibitions set forth in Law No. 19,550, until double the time of conviction has elapsed, and those who are under temporary detention pending trial for having committed the same crimes, until their dismissal with prejudice; those who go bankrupt or become insolvent or the entity's delinquent debtors; those disqualified for the use of current bank accounts and the issuance of checks, until one (1) year after their discharge; those who have been punished as directors, administrators or managers of a company declared bankrupt, or declared liable for the liquidation of an insurer pursuant to Section 53 or disqualified pursuant to Sections 59 to 61.

Challenge.

The control authority shall challenge those who are involved in the aforementioned prohibitions and shall order the entity within fifteen (15) days of having been notified of the above to take action for the immediate dismissal of those challenged. If the entity fails to act accordingly, the control authority shall deny said entity the authorization to operate, and in the event that these are entities already authorized by the Argentine Superintendence of Insurance, they shall be subject to a fine of up to ten thousand pesos (ARS 10,000), which shall be doubled in the event that they fail to act accordingly once again.

Compensation Based on Production.

Section 10.- Insurers shall not pay receivers and directors or their personnel, regardless of their hierarchy, title and duties, based on the total gross or net production or the gross or net production of any of the insurance types in particular, nor shall they do so based on a percentage of the entity's income or shares in the case of solidarity insurance companies.

Part IV

Solidarity Insurance Companies

Corporate Arbitration.

Section 11.- Bylaws may provide that conflicts with partners arising from the insurance agreement should be solved by the arbitration body they establish, when agreed to by the affected member in each case. If so provided, they shall regulate the entity's incorporation and operations, as well as the corporate social resources allowed.

Reinsurance.

Section 12.- joint and several liability insurance companies may reinsure with any reinsurer and accept reinsurance and retrocessions even from those who are not partners, under the conditions set forth by the control authority, provided that its bylaws and the reinsurance legal regulations in force authorize so.

Producers.

Section 13.- joint and several liability insurance companies may hire assistants on commission to enter into insurance agreements with their partners.

Representatives and Voting at Meetings.

Section 14.- Assistants on commission shall not represent partners at the meetings.

At meetings, only partners holding an insurance agreement in force in the fiscal year may vote.

Real Estate.

Section 15.- The purchase or sale of real estate requires the authorization of members at the meeting.

Optional Reserves.

Members at the meeting may decide to hold optional reserves.

Return on Surplus.

Liquid surplus made in the fiscal year shall be returned to partners based on premiums taken during said fiscal year or as otherwise set forth in the regulations of participation approved by the control authority in each case.

Administration. Prohibition.

Section 16.- The corporate administration or management shall not be totally or partially delegated to third parties.

Compensation.

Bylaws may establish that directors, receivers and board members receive payment for the performance of their duties, prior approval by the members at the meeting.

Challenge.

The control authority shall challenge the compensation that is not proportionate to the economic-financial capacity of the company or does not adjust, according to the practice of the market, to the task performed.

All requirements, disqualifications, incompatibilities, attributions, duties and liabilities of those in corporations are applicable to receivers.

Cooperatives.

Scope of Hiring.

SECTION 17.- Cooperatives shall only be able to contract insurances with their partners, which must be holders of the insurable interest at the time of the contracting.

Mutual Insurance Companies.

Partners: Requirements.

Section 18.- The bylaws shall establish the requirements to be a partner and the grounds for losing such character.

Membership.

Only the parties who enter into an insurance agreement with the company shall become partners, and they shall stop being members upon termination of the insurance agreement, unless otherwise provided in the bylaws by stating that said members may take a hiatus for no more than one (1) year.

Advantages, Privileges, Preferences.

Equality between partners must be maintained on an equal footing. No advantage or privilege may be granted to the initiators, founders, board members, directors or receivers, nor preference over any part of the social fund.

Honorary Partners and Benefactors.

The bylaws may provide categories of honorary partners and benefactors without attributing social rights.

Guarantee Fund.

Section 19.- They shall have a guarantee fund that shall be equal to the capital required by Section 7, Subsection c).

Partners: Liability.

The bylaws shall establish the proportional partners' liability, with the exception of the fees and benefactors, for when the guarantee fund is affected, which should be limited.

Date.

Section 20.- The General Meeting shall meet annually within four (4) months of the end of the fiscal year.

Quorum.

It shall operate on the first call with the quorum of the majority of partners, unless a greater requirement is set forth in the bylaws; on a second call it shall work with any number.

Majority.

Decisions shall be adopted by a majority of the votes present, calculated per member, unless a greater requirement is set forth in the bylaws.

Representatives.

Bylaws may authorize representation by a proxy. A proxy may not represent more than two (2) partners. Directors may not be proxies.

Board of Directors.

Section 21.- Management shall be in charge of a board consisting of at least five (5) partners, elected at the meeting, for a term of no more than three (3) years. Board members may be re-elected.

Receivers.

Section 22.- The audit is exercised by receivers elected among partners at the meeting.

They last up to three (3) years in their functions and can be re-elected.

Part V

Insurance branches, plans and technical and contractual elements

Insurance Branches.

Section 23.- Insurers shall not operate in any branch of insurance without being expressly authorized to do so.

Plans, technical and contractual elements.

Insurance plans, as well as their technical and contractual elements, must be approved by the control authority before its application.

General Rule.

Section 24.- The plans, in addition to the elements required by the control authority according to the characteristics of each of them, must contain:

- a) The text of the insurance proposal and that of the policy.
- b) The premiums and their technical grounds.
- c) The bases for the calculation of technical reserves, when there are no applicable general rules.

Special rules for the life branch.

The plans to operate in branch life insurance shall also contain:

I) The text of the questionnaires to be used.

II) The principles and technical bases for the calculation of the premiums and of the pure reserves, having to indicate, in the case of insurance with participation in the profits of the branch or with accumulation funds, the rights granted to the insured parties, the justifications of the plan and the procedure to be used in the formation of said fund.

III) The bases for the calculation of the surrender values of the policies reduced in their amount or term (insurance paid), and of the loans to the insured parties.

The elements referred to in Subsections b) and c) as well as those identified as Subsections II) and III) must be accompanied by an authorized actuarial opinion.

Prohibited Plans.

The following are prohibited:

1. Plans related to tontines, extraordinary tax and drawings.

2. Covering risks arising from operations related only to financial credit, except for financial credit operations related to mortgage, which may be covered provided that it does not lead to an increase in cost to borrowers of said credit, and under the terms of the regulations set forth for said purpose by the Argentine Superintendence of Insurance (Superintendencia de Seguros de la Nación). (*Subsection replaced by Section 31 of [Law No. 27,440](#) O.G. 5/11/2018*)

Policies.

Section 25.- The text of the policies shall comply with Sections 11, second part, and 158 of law 17.418, and be accompanied by an authorized legal opinion.

The control authority shall ensure that the contractual conditions are fair.

The policies must be written in the national language, except for maritime risks that may be written in a foreign language.

Premiums.

Section 26.- The premiums must be sufficient for the fulfillment of the obligations of the insurer and its permanent economic-financial training.

The commissions can be freely established by the insurers within the minimums and maximums authorized by the control authority.

The control authority shall observe premiums that are insufficient, abusive or arbitrarily discriminatory.

Uniform net minimum premiums may be approved only by reasoned resolution when the stability of the market is affected. The control authority shall proceed at

the request of any of the associations of insurers after hearing the other associations of insurers.

Life insurance with participation.

Section 27.- The profits of the insurance of the life branch with participation shall be determined and paid annually and they may also be imputed to future or accredited premiums in an account that shall enjoy an interest no lower than that charged by the insurer for the loans on policies or applied to the granting of additional benefits authorized by the control authority.

Approval of plans, modifications and premiums.

Section 28.- In the case of insurance plans corresponding to branches already authorized to the insurer or of the modification of its technical or contractual elements, the control authority shall resolve within ninety (90) days of the submission of the respective request for approval. When managing, with respect to plans already approved to the insurer, exclusively the modification of premiums or the application of special premiums, the control authority shall resolve within thirty (30) days of the submission of the respective request for approval.

Prohibited Operations.

Section 29.- Insurers shall not:

- a) Have assets in condominium, without prior authorization from the control authority.
- b) Encumber their assets with real property rights, except that in the case of real estate for their own use it is in guarantee of the balance of acquisition price and under the conditions established by the control authority.
- c) Issue debentures or issue letters and promissory notes for their placement.
- d) Discount the documents receivable from insured parties or third parties or negotiate the checks they receive, unless the latter are transmitted by endorsement in favor of a specific person.
- e) Face their obligations to the insured parties through their own bills or promissory notes or those issued by third parties.
- f) Make payments, except by means of checks drawn to the order of the creditor, except for what the control authority may establish regarding the management of the so-called "fixed fund".
- g) Resort to bank credit for any reason, except with the purpose of building real estate for rent or sale, with prior authorization in each case from the control authority.
- h) Dispose of assets for no valuable consideration, except in the case of contributions for charitable or cultural purposes or with net and earned profits for the fiscal year in accordance with the provisions of the bylaws and as resolved by members at the meeting.

i) Grant bonds or guarantee obligations of third parties, except as provided in Section 7, Subsection b).

j) Integrate other companies, except for the case of Section 35, Subsection f).

The control authority may also consider prohibited any operation similar to those included in the list of the abovementioned prohibitions.

Part VI

Management of Insurance Company

Minimum Capital.

In the event of temporary illiquidity of insurers, the ARGENTINE SUPERINTENDENCE OF INSURANCE under the UNDERSECRETARIAT OF FINANCIAL SERVICES of the SECRETARIAT OF FINANCE of the MINISTRY OF ECONOMY may exempt them from the prohibition set forth in Subsection g) hereof. (*Paragraph added by Section 1 of [Decree No. 558/2002](#) O.G. 4/3/2002*).

Insurers may constitute debt subject to the general and special privileges arising from insurance contracts, and subject to the regulations set forth by the control authority. (*Paragraph added by Section 1 of [Decree No. 558/2002](#) O.G. 4/3/2002*).

Section 30.- The control authority shall establish, with a uniform and general criterion for all insurers without exception, the amount and rules on minimum capital to which the insurers to be authorized or those that are already authorized shall be subject.

Foreign Companies.

The branches or agencies of foreign companies must have and file in the country funds equivalent to the minimum capital required of the insurers constituted therein.

Decrease in minimum capital due to losses.

Regularization and restructuring plan.

Section 31.- If the entity experiences one of the cases provided for in Section 86 hereof, the ARGENTINE SUPERINTENDENCE OF INSURANCE under the UNDERSECRETARIAT OF FINANCIAL SERVICES of the SECRETARIAT OF FINANCE of the MINISTRY OF ECONOMY shall order said entity to give explanations within FIVE (5) business days. After explanations are given and, depending on the nature and seriousness of the cause, the control authority may order the entity to correct said situation within a maximum period of FIFTEEN (15) business days or, in order to submit a Regularization and Restructuring Plan, within the same period, which shall be approved by the control authority and complied with within the terms and conditions set forth therein.

The Regularization and Restructuring Plan may include different mechanisms:

a) Capital contributions.

b) Merger.

c) Administration with purchase option or merger.

d) Portfolio assignment, in which case the Sale of Goodwill Act and the advertising set forth in Section 47 hereof are inapplicable.

e) Exclusion from the estate of certain assets (tangible or intangible) and liabilities of the insurer and their transfer to another insurer for good and valuable consideration and/or the creation of trusts.

The Sale of Goodwill Act and the advertising set forth in Section 47 hereof shall not apply to acts arising herefrom.

The assets excluded shall not be seized by application of this subsection, unless they are aimed at collecting payment of a mortgage or secured loan. Precautionary measures shall not be issued in the case of said assets. If any of these measures is initiated or issued, the intervening judge, for the purposes of allowing the powers set forth herein to be used, shall order the immediate lifting of all attachments and/or general restraining orders issued.

All acts authorized, entrusted or ordered by the control authority that involve transfers of assets and liabilities are not subject to judicial authorization nor can they be considered ineffective in relation to the creditors of the insurer that owns the excluded assets, even when there is a state of insolvency prior to the exclusion.

The insurer's creditors shall not have any action or right against the purchasers of said assets, unless they have special privileges regarding certain assets.

The control authority, for the purposes of complying with the Regularization and Restructuring Plan and allowing the entity to continue operating, may accept, on a temporary basis, exceptions to the corresponding limits and technical relations, without the need to forbid entering into new insurance contracts.

During the restructuring process of an insurer, the provisions hereof and the resolutions of the ARGENTINE SUPERINTENDENCE OF INSURANCE under the UNDERSECRETARIAT OF FINANCIAL SERVICES of the SECRETARIAT OF FINANCE of the MINISTRY OF ECONOMY shall prevail over the rules that regulate the type of company involved, and over the resolutions or acts of the supervisory bodies of the legal entity.

(Section replaced by Section 2 of [Decree No. 558/2002](#) O.G. 4/3/2002).

Section 32.- Insurers shall freely establish their withholding tables, without prejudice to any observations the control authority may put forward and the reinsurance legal regulations in force.

Technical Reserves.

Section 33.- The control authority shall determine, in a general and uniform manner and as necessary to meet the obligations to the insured parties, the reserves for technical matters and pending claims that the insurers shall have

The insurers that have obligations arising from the insurance and reinsurance contracts to be paid in foreign currency shall constitute the corresponding technical reserves in the same or other permitted currencies that the control authority may establish.

Amortization and Contingency Funds and Reserves

They may also impose liens on assets to secure the technical undertakings arising from certain contractual types or modalities, with prior authorization of the ARGENTINE SUPERINTENDENCE OF INSURANCE under the UNDERSECRETARIAT OF FINANCIAL SERVICES of the SECRETARIAT OF FINANCE of the MINISTRY OF ECONOMY. (Paragraph added by Section 4 of [Decree No. 558/2002](#) O.G. 4/3/2002).

Section 34.- The insurers must constitute, by the profit and loss account or by distribution of profits, as determined by the control authority, the amortization and contingency funds and the reserves that said entity establishes in general terms, without prejudice to the funds that the control authority establishes with respect to each entity according to its economic-financial situation.

Calculation of Coverage: Possible Branches.

Section 35.- The amounts of the reserves established in Section 33 and of the security deposits of reserves retained from the reinsurers - minus the liquid assets and the security deposits of reserves retained by the reinsurers- must be invested entirely in the assets established hereinbelow, with preference for those that suppose greater liquidity and sufficient profitability and guarantee:

Investments: Assets.

a) Securities or other national public debt bonds or government securities, loans to be paid by the government through the SECRETARIAT OF TREASURY of the MINISTRY OF ECONOMY or the CENTRAL BANK OF THE ARGENTINE REPUBLIC and internal public debt bonds of the provinces issued in accordance with their respective Constitutions and also those of municipalities that have the guarantees of the respective municipalities. (Subsection replaced by Section 14 of [Decree No. 1387/2001](#) O.G. 11/2/2001)

b) Government securities of foreign countries, up to the amount of technical reserves corresponding to policies issued in the currency of those countries.

c) Corporate bonds having authorized public offering issued by joint stock companies, limited liability companies, cooperatives and civil associations and debentures, in both cases with special or floating first-degree guarantee on assets located in the country or with a guarantee of Mutual Guarantee Companies (SGR) of Guarantee Funds. (Subsection replaced by Section 49 of [Law No. 27,264](#) O.G. 8/1/2016).

d) Loans with pledge or mortgage in the first degree on assets located in the country, excluding mineral deposits or fields, quarries and mines. The loan shall not exceed fifty percent (50%) of the sale value of the property, especially appraised for this purpose by the insurer.

e) Real estates located in the country for own use, building, rent or sale.

f) Shares of corporations incorporated in Argentina or foreign companies included in Section 124 of Law No.19,550 or of foreign companies whose main purpose is rendering public services within the Nation which are listed on stock exchanges within Argentina or abroad.

g) Loans secured by securities, debentures and shares set forth in Subsection a), b), c) and f), up to fifty percent (50%) of their market value.

h) Financial operations fully guaranteed by banks or other financial entities duly authorized to operate in Argentina by the Central Bank of the Argentine Republic, with prior authorization from the control authority in each case, and provided that the economic-financial status of the insurer allows it.

The control authority shall establish, in general terms, the percentages of investment in such assets and may challenge investments made in assets that do not meet the characteristics of liquidity, profitability and guarantee or those for which the acquisition price is higher than their sale value; in which case, the control authority shall adopt the necessary measures so that the investment appears in the financial statement with a value equivalent to the sales value at the current market price.

The assets acquired with liens shall be computed for the percentages of investments considering their total amount, net of the amortizations; for the balance of coverage such assets shall be considered with the deduction of the lien.

Calculation of coverage: life branch.

In the life branch, insurers may also deduct from reserves to invest the loans granted to the insured parties, the payable premiums due and the outstanding fractions of premiums.

Other Authorized Investments.

The capital, the legal reserve and the contingency funds, and the reserves set forth in Section 34, with any deduction made for the acquisition of assets used for the installation, exploitation and development of the insurance business and premium credits, shall be invested in such assets, without being subject to any percentages, or in other assets, with prior authorization from the control authority.

The instruments representative of the investments must be kept in Argentina, except for the exceptions that the control authority expressly authorizes in each case.

Passive reinsurance.

SECTION 36.- When the insurer reinsures abroad in accordance with the legal regulations of reinsurance in force, they must effectively retain the technical reserve corresponding to the assigned part of the original premium.

Active Reinsurance.

In the acceptance of reinsurance from abroad, the relevant technical reserves may be retained abroad.

Facultative reinsurance

These provisions do not apply to facultative reinsurance.

Termination Covenant.

In contracts entered into with foreign reinsurers, a termination covenant must be agreed upon for cases of non-compliance, supervening economic-financial difficulties for the reinsurer and other circumstances that may endanger the interests of the insurer based in Argentina, such as war, invasion, civil war, rebellion, sedition, governmental measures or other similar events. In these cases, the reinsurer shall be bound to return the unearned premiums until the moment of termination; the insurer, in turn, shall have the right to keep the retained reserves until the reinsurer fully complies with their obligations, and the insurer may use such reserves for the purpose of fulfilling said obligations if the remittances are not made within a reasonable period of time.

Part VII

Administration and Financial Statements.

Administration.

Section 37.- Insurers must register their operations in the books and registers that the control authority establishes, which shall be drawn in the national language and with the formalities that the control Authority stipulates. The relevant documentation shall be filed in a methodical manner to facilitate the audit tasks.

Documentation regarding the insurance contracts shall be kept for a minimum period of ten (10) years as of their expiration.

Annual Financial Statements.

Section 38.- Insurers must submit to the control authority, At least thirty (30) days prior to the date of the meeting, in the forms established by said entity, the annual report, balance sheet, profit and loss account and the report issued by the receivers or the supervisory board where appropriate, accompanied by the opinion of an authorized independent professional.

Closing of the fiscal year.

The fiscal year shall close on June 30 of each year. The relevant General Meeting shall be held within the following four (4) months; this term shall also apply to cooperative and mutual insurance companies.

Foreign Companies.

The fiscal year closing date of the foreign branches and agencies is that of their parent company, unless they opt for the date of June 30 of each year. Within six (6) months of that date, they shall submit the aforementioned relevant elements corresponding to the operations carried out in the country. The annual report shall be replaced by the representative's report.

Life Insurance.

Life insurers shall attach an actuarial report signed by an authorized independent professional.

Accounting rules and chart of accounts.

Section 39.- The control authority shall dictate accounting standards and establish a chart of accounts, both in a uniform manner. Insurers who wish to deviate from these standards or from that plan must obtain the prior approval of the proposed modifications from the control authority.

Quarterly Balance Sheets.

Section 40.- The insurers are not obliged to submit quarterly balances, but the control authority may demand them from a certain insurer when it deems it convenient.

Publication of the financial statement of the year.

Only the publication of the financial statement for the year is mandatory for all insurers without exception, said publication may be synthesized according to the official forms. The control authority shall set forth the standards that insurers shall follow for the publication of their financial statements.

Assets Valuation.

Section 41.- The control authority shall establish uniform rules for the valuation of the assets.

Commissions to be paid amortized: life insurance branch

Section 42.- The insurance companies in the life insurance branch shall include in the assets of their financial statements the item "commissions to be amortized", which shall consist of the acquisition commissions that have been paid for the new businesses carried out, which, for the "commissions to be amortized" item, shall not exceed the maximum limit set by the control authority, within eighty percent (80%) of the amount of an annual fee premium for periods of premiums of twenty (20) years or more, or whole life premiums, with a decrease of two and a half percent (2 ½%) of the annual premium for every year less in duration. The commissions to be paid amortized shall be established separately for each year of payment.

The balances of the commissions corresponding to completed, expired or terminated insurance that are yet to be amortized shall be discharged from that account and canceled as a loss.

The life insurance commissions for the purpose of "commissions to be amortized", shall be amortized in five (5) years maximum and in a proportion not less than twenty percent (20%) per year in the balance sheets, starting from the first fiscal year in which they are incorporated to the assets.

Legal Reserve.

Section 43.- Without prejudice to the provisions of the control authority in accordance with what is established in Section 34, the insurers shall allocate as a legal reserve no less than five percent (5%) of the net and earned profits that the income statement for the fiscal year shows, up to a twenty percent (20%) of their capital stock.

Cooperatives.

Cooperatives shall allocate said percentage to the abovementioned reserves, but without such limitation.

Reimbursement.

Provided that the legal reserve is reduced for any reason, it shall be fully reimbursed with the first profits.

Objections to the financial statement.

Section 44.- The control authority may object the financial statement. When the observations have the result of suppressing or diminishing the profits or surpluses of the fiscal year, it may order that their distribution be suspended or limited correlatively.

Report on the Insurer's Status.

Section 45.- Insurers shall submit, at the request of all insured parties, and of any other interested party, the annual report, balance sheet, profit and loss account and the receiver's or supervisory board's report, as the case may be.

Part VIII

Merger and Portfolio Assignment.

Requirements.

Section 46.- Merger of insurers or the portfolio's total or partial assignment shall be authorized by the control authority.

The portfolio's total or partial assignment may only be made to insurers located in the country as set forth herein.

Publication.

Section 47.- Insurers agreeing to the portfolio's total or partial assignment shall submit the proposed agreement to the control authority and shall publish notices of said assignment in the official gazettes of the headquarters and of the branches for a period of three (3) days for the insured parties to make objections based on reasonable grounds before said authority within fifteen (15) days as from the last publication thereof.

Resolution.

After said term expires, the control authority shall issue a resolution within thirty (30) days. The approval may be denied if the background and proven facts show that the interests of the insured parties are not sufficiently protected.

Appeals.

The aforementioned denial is subject to appeal according to Section 83.

Approval: Effects.

After the agreement has been approved, it shall be binding to the assignor, the assignee, the insured parties and their beneficiaries. Regarding other creditors, the provisions on the transfer of commercial facilities are applicable, where appropriate.

Manner.

The assignment agreement may be executed in a public or private instrument.

Part IX

Revocation of the Authorization to Operate.

Appropriate Cases.

Section 48.- The control authority shall revoke the authorization granted in accordance with Section 7 in the following cases:

- a) The insurer does not effectively start their operations within six (6) months.
- b) Failure to comply with the provisions set forth in Section 31, in the event of loss of minimum capital.
- c) The insurer does not carry out operations pursuant to its bylaws, the conditions of the authorization or Section 4, or fails to dismiss challenged parties pursuant to Section 9 after the fines set forth therein have been applied.
- d) The dissolution takes place for any reason, in accordance with the Argentine Commercial Code.
- e) The parent company of a foreign company is dissolved, is liquidated, goes bankrupt, or undergoes a similar process, or if a branch or authorized agency closes.

f) Liquidation takes place in accordance with the provisions of Sections 50, 51 and 52.

g) The provisions of Section 58 are applied.

Procedure.

The resolution of the control authority shall be issued in accordance with the procedure established in Section 82.

Effects.

Section 49.- The final decision to revoke the authorization to operate means automatic dissolution, and the insurer shall therefore carry out the liquidation process immediately.

Registration of the revocation.

The registrar of the relevant jurisdiction based on the entity's domicile shall register the revocation of the authorization to operate, after being duly notified by the Argentine Superintendence of Insurance. Under no circumstances shall said decision be reviewed by the former.

Part X

Liquidation.

Voluntary Liquidation.

Liquidator.

Section 50.- After the insurer voluntarily dissolves as such, liquidation shall take place according to its bylaws, notwithstanding the control authority's supervision.

Court-Appointed Liquidator.

If the insurer fails to carry out the liquidation process without delays or if the protection of the interests of the insured parties so requires, the control authority may request its appointment as liquidator from the competent ordinary judge. The decision shall be issued in the presence of the insurer, in oral proceedings carried out for such purpose, and shall only be appealable without a stay of execution.

Compulsory Liquidation due to dissolution.

Liquidator.

Section 51.- If liquidation takes place as a result of the decision to revoke the authorization to operate issued by the control authority, the latter shall undertake it through a person appointed by the competent ordinary judge.

Bankruptcy Substitute Proceedings.

Insurers shall not request for reorganization proceedings ("concurso preventivo") or be declared bankrupt.

If the compulsory liquidation set forth in the first paragraph had not been initiated and the requirements for the declaration of bankruptcy were met, the competent ordinary judge shall order the dissolution of the company and its liquidation by the control authority.

Additional Bankruptcy Proceedings under the Commercial Code.

Section 52.- In the cases of Sections 50 and 51, the control authority shall adjust liquidation to the provisions on bankruptcy proceedings under the commercial code, and shall have all the powers of a receiver in the latter.

It may terminate insurance agreements with a fifteen (15) day notice, notifying the insured parties by registered letter with acknowledgment of receipt or any other suitable means. The insurer shall be liable for all losses taking place in the interim, unless the insured party enters into another insurance agreement. In the life insurance branch, the portfolio shall be previously assigned by bid in accordance with the provisions set forth therein. If the assignment is not possible, the provisions of the previous paragraph shall apply.

Penalties.

Section 53.- The control authority shall submit to the judge who heard the case the insurer's background information in order to apply all measures set forth in the law on bankruptcy proceedings in relation to the insurer's administrators, directors, board members, receivers, members of the supervisory board and managers in the event of fault or fraud and, where applicable, the punishment set forth in the Criminal Code for fraudulent or negligent bankruptcy shall be applied.

Privileges.

Section 54.- Insurers have the general privilege set forth in Section 270 of the law on bankruptcy proceedings:

a) The insured parties or their beneficiaries in the life insurance branch, for the capital or income owed or for mathematical reserves, in the same degree of the credits set forth in Subsection 1) of the aforementioned Section and to the same extent as the one granted by Section 271 thereof to capital arising from salaries.

b) Credits arising from claims in other types of insurance.

The privilege set forth in Section 264 of the aforementioned law also applies to liquidation expenses, including those accrued by the control authority.

Part XI

Assistants' Intervention.

Liabilities.

Section 55.- Producers, intermediaries, representatives, experts and liquidators of insurance are bound to perform in accordance with the legal provisions and

technical principles applicable to the operation in which they intervene and to act with due diligence and good faith.

Part XII

Publication.

Limitation of the Use of the Term Insurance and Similar Expressions.

Section 56.- The words "insurance", "insurer" or typical expressions or characteristics of insurance operations shall not be used in trade names or banners by those who are not authorized as insurers in accordance herewith.

Penalty.

Those who violate the provisions hereof shall be subject to the legal regulations set forth in Section 61.

Prohibition of Misleading Advertising.

Section 57.- Advertising containing false, ambiguous or misleading information or that may be misleading as regards the nature of operations, the behavior or economic-financial status of an insurer or as regards the agreements entered into by the latter is hereby prohibited, as well as using incorrect means or means that would be misleading in order to do business.

Branches and agencies of foreign companies shall state this status, detailing the domicile of the parent company, and separate all data related to their activities in the country from data concerning the parent company or other branches.

Part XIII

Punishment.

Insurers.

Section 58.- When an insurer fails to comply with the provisions hereof or the regulations provided for hereof or fails to comply with the measures set forth pursuant hereto by the control authority, and this results in insurance activities being carried out irregularly or in a decrease in the insurer's economic-financial capacity or an actual obstacle to the supervision, the insurer shall be subject to the following penalties, which shall be reasonably applied according to the insurer's behavior, the seriousness of the action and the insurer's recurrence:

a) To be put on notice.

b) Warning.

c) Fine ranging between 0.01 percent and 0.1 percent of the total amount of premiums and surcharges accrued (net amount of cancellations) in the previous fiscal year, which shall be at least 0.5 percent of the minimum capital required. *(Subsection replaced by Section 155 of [Law No. 24,241](#) O.G. 10/18/1993)*

d) Suspension of up to three (3) months to operate in one or more authorized branches or revocation of the authorization to operate as an insurer, in cases of carrying out insurance activities irregularly or a decrease in the insurer's economic-financial capacity.

The insurer may not allege fault or deceit of its officials or employees to be exempt from liability.

Assistants.

Section 59.- Producers, intermediaries, representatives, experts and liquidators who are not the insurer's dependents and who fail to comply with the rules referred to in Section 55 or who do not submit the reports requested by the control authority by virtue of its duties shall be subject to the following penalties:

a) To be put on notice.

b) Warning.

c) Fine up to five thousand Argentine pesos (ARS 5,000).

d) Disqualification for up to five (5) years.

Punishment shall be applied according to the duties of the breaching party, the seriousness of the breach and the breaching party's recurrence. Offenders shall be jointly and severally liable for the payment of the fine. Insurers shall not pay said fines, nor pay any compensation if disqualification is ordered.

Unpaid fines shall become detention at the rate of one day of detention for every forty Argentine pesos

(ARS 40), not to exceed sixty (60) days.

Undue withholding of Premiums.

Section 60.- Producers and intermediaries and other representatives who do not deliver the premiums received to the insurer in due time shall be punished by imprisonment of one (1) to six (6) years and disqualification for a double time of the sentence.

Execution of Agreements Not Included Herein.

Section 61.- Those who directly or indirectly announce in any manner or offer to carry out insurance operations without being authorized to act as insurers in accordance herewith shall receive a fine of up to fifty thousand Argentine pesos (ARS 50,000).

When entering into insurance agreements without the relevant authorization, these shall be null and void and the fine shall be doubled, notwithstanding any liability incurred against the other party due to said nullity.

If the breaching party is a corporation, cooperative or mutual company, its directors, administrators, receivers or members of the supervisory board, where

appropriate, and managers shall be jointly and severally liable for the fines and consequences of the nullity of the agreements entered into. If the breaching party is another type of company, joint and several liability shall reach all partners.

If the breaching party were a branch or agency of a foreign company, the liability shall correspond to the commercial intermediary, manager or representative.

Unpaid fines shall become detention at the rate of one day of detention for every FORTY ARGENTINE PESOS (ARS 40), not to exceed six (6) months.

The disqualification set forth in Section 59 shall be applied in all cases as additional punishment.

The provisions in this Section are applicable to the cases provided for in Section 3 after the control authority has declared all relevant operations included herein.

Term and Procedure.

Section 62.- Fines shall be paid within ten (10) days as from the issuance of the final resolution by the control authority. The control authority shall judicially claim said payment.

Offences.

Section 63.- Penalties applicable hereunder do not exclude the ones that may be applied for offences set forth in the Criminal Code or other laws.

Report.

If the control authority proves that an offence has been committed or that actions that may constitute an offence have been performed, it shall report this to the competent criminal judge by submitting the certified copy of the relevant background.

Imprisonment.

For imprisonment to be applied as set forth in Sections 59 and 61, the national judge of the national criminal and correctional court of first instance of the City of Buenos Aires and the relevant national judge in other provinces of the country shall intervene.

CHAPTER II

Control Authority.

Part I

Argentine Superintendence of Insurance

Control Authority.

Section 64.- Control of all insurers is exercised by the Argentine Superintendence of Insurance with the duties set forth herein.

Argentine Superintendence of Insurance.

Section 65. The Argentine Superintendence of Insurance is a self-sufficient entity with functional and financial autonomy, under the Ministry of Treasury and Public Finance. It is in charge of an official who holds the title of Superintendent of Insurance appointed by the Argentine Executive Power.

Officials.

Section 66.- The Argentine Superintendence of Insurance shall have all staff necessary to comply with its duties, which shall preferably consist of university graduates in economics or law for the technical duties.

Conflicts.

No official or employee of the Argentine Superintendence of Insurance may have interests in insurance entities, nor hold positions in the latter, except for the exceptions set forth by law or when they arise from being an insured party. Moreover, they shall have no direct or indirect interest in the activities or compensation of producers, intermediaries, experts and liquidators of insurance.

Duties and Powers.

Section 67.- The duties and powers of the Argentine Superintendence of Insurance are the following:

- a) Perform all duties set forth herein for the control authority.
- b) Issue resolutions of a general nature in the cases set forth herein and all other resolutions necessary for their application.
- c) Oppose to the incorporation, bylaws and their amendments, internal regulations, capital increases, the meetings held and the insurance plans or branches added of all insurers incorporated in the country or abroad without exception that do not comply with the general laws, the specific provisions hereof and all general regulations issued by the control authority regarding the aforementioned matters, provided that the bylaws of Solidarity insurance companies do not include rules that may distort their corporate nature or imply impairment of the exercise of their partners' corporate rights.
- d) Challenge, where appropriate, the contributions made by application of Section 29, Subsection h), that are not related to the economic-financial capacity of the entity or to conducting its business.
- e) Adopt all resolutions necessary to carry out the supervision of each insurer, take the necessary measures and apply the penalties provided for herein.
- f) Supervise the actions of producers, intermediaries, expert witnesses and liquidators, who are not the insurer's dependents, in the manner and by the means it deems appropriate, intervene in the relevant reports and apply penalties for breach.
- g) Advise the Executive Branch on matters related to insurance.

h) Plan its budget annually, which shall be submitted to the Executive Power for approval.

i) Collect the funds referred to in Section 81 and administer them.

j) Appoint, hire, promote, remove and punish its staff, and adopt any other internal measure that applies to its operation.

k) Be in charge of:

- A Registry of Insurance Entities, in which all decisions to grant or revoke authorization to operate are registered in numerical order.

- An updated personal record on liability and seriousness related to promoters, founders, directors, board members, receivers or members of the supervisory board, where appropriate, liquidators, managers, administrators and representatives of insurers subject to the provisions hereof, for which purpose the Argentine Superintendence of Insurance may request all reports it deems necessary to any national, provincial or municipal authority or body.- A record of unauthorized professionals to act in that capacity before the Argentine Superintendence of Insurance.

- A record of penalties stating all penalties applied in accordance with the provisions set forth in Sections 58 to 63.

The Argentine Superintendence of Insurance may initiate legal actions and act in any legal proceeding as plaintiff or defendant, in criminal proceedings as complainant, and appoint proxies for such purposes.

Audit.

Section 68.- By virtue of its duties, the Argentine Superintendence of Insurance may examine all items related to insurers' operations, and in particular, require to see the business books and supporting documentation, and check that these match, make certified copies, audits and verifications.

Availability of Elements.

Insurers are bound to keep all items related to their operations at the domicile of their headquarters or branches available to the Argentine Superintendence of Insurance.

Documentation.

Section 69.- In addition to the documents that insurers shall submit as set forth herein, the Argentine Superintendence of Insurance may request any other documents that it deems necessary by virtue of its duties.

Affidavits.

The Argentine Superintendence of Insurance may request them affidavits about specific facts or data.

Other Parties Bound.

Section 70.- Obligations arising from Sections 68 and 69 include the administrators of insurance entities as well as all producers, intermediaries, experts and liquidators who are not the insurer's dependents. Moreover, any individual or legal entity is bound to provide all information required by the control authority, which is deemed necessary for the fulfillment of their purpose, even when subject to the control of other state, national, provincial or municipal bodies, pursuant to specific laws, and to show their business books and supporting documentation to auditors, to the Argentine Superintendence of Insurance, when this is deemed necessary to determine their condition in relation to the provisions hereof or otherwise set the conditions under which they operate with an authorized insurer or with an individual or legal entity in relation to which said body had initiated legal actions for the purposes set forth in Section 3 hereof.

Audit and Financial Statement Reports.

Section 71.- The official carrying out the insurer's audit or control of their financial statements shall submit a written report. Should there be observations by the Argentine Superintendence of Insurance, the latter shall deliver to the insurer a copy of parts of the inspection on which it is based.

Attendance to Meetings.

Section 72.- The Argentine Superintendence of Insurance may attend the General Meetings of those entities subject to its control and the appointed official shall report on this.

Search, Law Enforcement Officers' Help and Seizure.

Section 73.- The Argentine Superintendence of Insurance may require search warrants to be issued and law enforcement officers' help to perform its duties. It may seize all documents that it deems appropriate by virtue of its auditing tasks.

Confidential Proceedings.

Section 74.- All proceedings performed by virtue of the control provided for herein shall be confidential. Only the insurer or the State may submit them as evidence in civil proceedings.

Data not intended to be used in advertising and affidavits shall also be confidential.

Officials and employees of the Argentine Superintendence of Insurance shall keep the proceedings confidential outside the performance of its duties.

Annual Report.

Section 75.- The Argentine Superintendence of Insurance shall publish before May 1 of each year its annual report corresponding to the previous year, which shall contain:

a) General statistics of the several insurance branches in analytical form.

b) An overview of the activities of the group of insurers based on the profits of the fiscal year and a similar analysis of the transformations that their investments may have suffered.

c) Detailed information about the business and the profits of the fiscal year of each entity separately.

d) A statement of its performance throughout several stages of its activity.

e) Any comments made in practice by the Superintendent on the operation and organization of the Argentine Superintendence of Insurance, as well as any reforms that are deemed appropriate to proposed.

The Argentine Superintendence of Insurance shall provide at cost price the number of copies of the annual report requested.

Part II

Insurance Advisory Board.

Members.

Section 76.- The Superintendent of Insurance is assisted by an Insurance Advisory Board consisting of five (5) members appointed upon proposal, one from corporations domiciled in the City of Buenos Aires, one from corporations domiciled outside the City of Buenos Aires, one from the cooperative and mutual insurance companies and one from each of the insurers set forth in Section 2, Subsections b) and c).

Appointment.

Section 77.- Each authorized insurer shall vote for three (3) main candidates and three (3) alternate board members to be appointed for their sector.

Votes shall be signed by an authorized person before the control authority, and shall be delivered to said control authority by certified mail or in person, so that the Board counts them on December 15 of the corresponding year, and if that day is a holiday, the first following business day. Insurers who wish to attend this event may do so.

With the result of the election, a list of three candidates shall be drawn up for main and alternate board members for each sector among those who had obtained the majority of votes. The Argentine Executive Power shall appoint the main and alternate board members elected from the aforementioned lists.

Alternate board members shall act in the absence or incapacity of main board members, notwithstanding the right to attend Board meetings with voice but without vote.

Requirements.

Section 78.- To become a member of the Board the following requirements shall be met:

- a) To have at least (5) years of seniority in one or several insurers.
- b) To effectively perform as manager or member of the board of directors of an insurer while they are members of the Advisory Board.

Members of the Advisory Board shall hold office for three (3) years and may be re-elected. The term shall end on January 31 of the corresponding year and the replacement members shall join as of that date. However, the replaced members shall continue in office until replacement members take their position. Positions of the main and alternate board members are honorary.

Duties.

Section 79.- The Advisory Board shall have the following duties:

a) Give their opinion on the following matters that shall be consulted by the Superintendent:

1. Bills, decrees and general resolutions that shall be complied with by insurers or insurance assistants.
2. Rules for determining net assets, accounting systems, balance sheets forms and statistics.
3. General policies, general rates and tariffs.
4. Amounts of the annual fee and the uniform rate on premiums.

b) Submit to the Superintendent initiatives aimed at promoting insurance development in different aspects.

c) Give its opinion on general matters that may arise and for which it would be appropriate, according to the Superintendent's opinion, to know its view.

Operation.

Section 80.- The Advisory Board shall meet regularly on the day previously set for such purpose, and shall do so if the Superintendent deems it necessary or at the request of any of the main board members.

Meetings shall be held at the headquarters of the Argentine Superintendence of Insurance in the presence of at least three (3) main board members and shall be chaired by the Superintendent. Comments or judgments made during the meeting shall be recorded in a minute and shall be considered as the opinion of the Board when most of the members present have expressed the same idea.

The bills or decrees that the control authority shall submit for the consideration of the Executive Power shall include, when appropriate, the opinion given on that matter by the Advisory Board.

Members of the Board shall keep official relations within their duties solely with the Superintendent of Insurance.

Part III

Funds.

Section 81.- The Argentine Superintendence of Insurance shall pay its operation costs and those of the Advisory Board with the following funds:

Annual Contribution

a) Annual contribution of the insurers, at their sole charge, at the rate of three per ten thousand of the direct insurance premiums, net of cancellations. This contribution may not exceed two thousand Argentine pesos (\$2,000) per insurer.

Rate.

b) A uniform rate that shall be fixed by the Executive Power and that shall not exceed six per thousand of the amount of the premiums paid by the insured party. It shall be collected by insurers as withholding intermediaries, being settled on a quarterly basis on direct insurance, net of cancellations. *(The rate is raised to 6 per thousand pursuant to Section 1 of Decree No. 504/87 O.G. 7/31/1987).*

Fines.

c) All fines applied pursuant to this law.

Surcharge.

d) The surcharge for lack of timely payment of the charges mentioned above in Subsections a), b), and c). It shall be automatically accrued and calculated at the rate of two percent (2%) per month.

Property or Funds

e) Property acquired on any title and that already owned.

As set forth in Subsection b), one per thousand (1 0/00) of the premiums shall be allocated from the collection by way of a uniform rate to the creation of an incentive fund for the entire staff, whatever the category, which shall be distributed annually.

Surplus of one fiscal year shall move to the following.

Payment Date

The annual fee must be paid within the first fortnight of February of the corresponding year, using the tickets established for such purpose by the Argentine Superintendence of Insurance and it shall be paid in full regardless of the month in which the authorization to operate in insurance is obtained or expires.

The uniform rate shall be settled quarterly on the forms determined by the Argentine Superintendence of Insurance. Submitting the affidavit and paying the resulting rate shall be made within fifteen (15) days following the end of the corresponding calendar quarter. Payments shall be made through a deposit in the

Banco de la Nación Argentina, headquarters, to the order of the Argentine Superintendence of Insurance.

Judicial Collection.

If the annual fee or the uniform rate is not paid within the terms set forth, or the fine is not paid within the term pursuant to Section 62, the Argentine Superintendence of Insurance shall issue a debt ticket that shall be a lawful enforceable title, and shall require collection to the National Civil and Commercial Court of First Instance of the City of Buenos Aires.

Prohibition.

Insurers shall not compensate credit and debit balances stated in their declarations as uniform rate.

Part IV

Procedure and Appeals.

Rules of Procedure.

Section 82.- Final decisions of special nature of the Argentine Superintendence of Insurance shall be issued by reasoned ruling, based on the hearing in each case, subject to the following standards: comments or complaints shall be notified for ten (10) business days to those affected, liable or charged, who, upon responding such notice, shall:

- a) File pleas-in-bar and demurrers.
- b) Submit all documentary evidence or indicate the file, office or notarial registry where it is located.
- c) State any testimonial evidence to be produced, identifying the witnesses, with a brief statement of the facts of which they shall give testimony.
- d) Propose expert witness evidence and points of expertise indicating the expert witness specialization.
- e) State any other evidence to be used and its purpose.

The Superintendent of Insurance, or the official to whom they delegate the preliminary proceedings, may reject, by reasoned ruling, any evidence stated or offered, thus complying with the last paragraph of this section.

After notice has been responded and the evidence offered has been accepted, these shall be received within a period not exceeding twenty (20) business days. Hearings shall be public, unless they are requested to be private and there is no contrary public interest. At the first hearing, provided that the expert evidence offered is deemed appropriate, points of expertise shall be determined and a single expert witness shall be elected by drawing from the lists prepared annually by the Court of Appeals, consisting of actuaries, public accountants and university professionals specialized in the matter. In the event said lists of expert witnesses are not prepared, the Court of Appeals shall be requested to appoint one, for which purpose

the Argentine Superintendence of Insurance shall act expressing the field of expertise and the proposed points. After the expert witness' report has been submitted, the Argentine Superintendence of Insurance, at one party's request or to furnish additional evidence, may summon the expert witness to give explanations, which shall be considered at a hearing set for that purpose, or given in writing, as provided by the control authority according to circumstances of the case.

If reports have been submitted as evidence, the Argentine Superintendence of Insurance shall have the same powers granted to judges by the Argentine Code of Civil and Commercial Procedure.

In the same discovery period, the official in charge of the proceedings may order any measure of evidence, summon and bring witnesses, obtain reports and certified copies of public and private instruments and produce expert witness reports of any nature.

Once the discovery stage ends, the affected parties, liable or charged, shall submit a brief within five (5) business days.

The Superintendent of Insurance shall issue a final reasoned resolution within fifteen (15) business days.

Decisions made during the case proceedings are unappealable, notwithstanding that the Court of Appeals is aware of the issues that are reproduced before it in the brief on which the appeal is based.

The appellant may submit the evidence rejected by the control authority again before the Court of Appeals. If such evidence is accepted, the same resolution shall provide for the reception of said evidence by the Argentine Superintendence of Insurance. Once proceedings are referred within three days, the Argentine Superintendence of Insurance shall receive the evidence and return the file to the Court of Appeals within three days of having been produced.

Appeal.

Section 83.- Final decisions of the special nature of the Argentine Superintendence of Insurance are appealable before the National Court of Appeals on Commercial Matters of the City of Buenos Aires. Individuals, companies and associations domiciled in the rest of the country which are not authorized insurers or are not requesting authorization to operate from the Argentine Superintendence of Insurance may choose to appeal before the National Court of Appeals on Administrative Litigation of the City of Buenos Aires; they shall state this option when filing the appeal.

The appeal shall be filed with the Argentine Superintendence of Insurance within a period of five (5) business days after notice has been received, with a brief stating the grounds and, where appropriate, reproducing the grievances motivated by decisions made during the administrative procedure, as well as by the evidence that has been rejected and that the parties deem relevant. If the appeal is not founded, as set forth herein, it shall be declared void. The Argentine Superintendence of Insurance shall grant or deny the appeal within five (5) business days and, if applicable, shall send the file to Court of Appeals within the following five (5) business days.

The appeal shall be granted closed to new evidence and with stay of execution, except in the case of Sections 31 and 44, where it is granted without a stay of execution.

The Court shall issue judgment within fifteen (15) business days.

Remedy of Complaint.

If the appeal is denied by the Argentine Superintendence of Insurance or is not provided within the term, the aggrieved party may appeal directly to the Court of Appeals, requesting that the denied appeal be granted. The term to file a complaint shall be five (5) days and the Court of Appeals shall require the file within three (3) days and shall issue judgment on whether the appeal has been well or wrongly denied within ten (10) business days and without any proceedings taking place. In the latter case, the court shall order that the appeal proceed.

Appeals Set Forth in Law No. 48.

Section 84.- If the final judgment of the Court of Appeals revokes or amends the decision of the Argentine Superintendence of Insurance, the latter may file the appeals authorized by Law No. 48.

Administrative Appeal.

Section 85.- General resolutions issued by Argentine Superintendence of Insurance are reviewable by the Superintendent at the request of one party, and their denial is appealable to the Executive Power. The appeal shall take place without a stay of execution. It may be filed by an insurer or by any of the associations having them as members within a period of thirty (30) days, counted as from its publication in the Official Gazette or since the general resolution is made public by any means.

In the case of resolutions provided for in Section 6 and 7, Subsection g), the appeal filed with the Executive Power shall only be for the aggrieved party, shall be filed within a period of nine (9) business days, and shall be granted without a stay of execution.

Precautionary Measures.

Section 86.- If the resolution issued by the Argentine Superintendence of Insurance imposes the payment of a fine, the latter may request a pre-judgment attachment on the property of the breaching party.

If the resolution provides for the suspension or the revocation of the authorization to operate in insurance, the Court of Appeals shall order, at the request of the Argentine Superintendence of Insurance, the administration and judicial intervention of the insurer, which shall not be performed by the control authority.

The Argentine Superintendence of Insurance may order, without a hearing, to prohibit the insurer, as regards its investments, from performing any disposition or administrative act specifically stated and from entering into new insurance contracts in the following cases:

a) Loss of minimum capital. (*Subsection replaced by Section 3 of [Decree No. 558/2002](#) O.G. 4/3/2002*).

b) Decrease in economic or financial capacity, or manifest disproportion between said capacity and the risks taken or deficit in coverage of undertakings towards insured parties.

c) Infringement to the rules on inflows and outflows of funds of income government securities and securities in general in escrow.

d) The insurer's lack of submission of financial statements regarding publicity, financial position, or enforceable undertakings and liquidated claims to be paid within statutory terms.

e) Irregularities in the creation or performance of the administrative and supervisory bodies or of the meetings held.

f) Irregularities in the administration or accounting that would prevent from knowing the entity's financial position.

g) Difficulties in liquidation leading to delayed or defaulted payments.

In order to make these measures effective, the Argentine Superintendence of Insurance shall issue its resolution to public entities (at a national, provincial or municipal level) or private entities as it deems appropriate.

Measures may be lifted to fulfill obligations with insured parties, to reinvest the property in question (in which case they shall prevail over their replacement), or if it is verified that the insurer is operating under normal conditions.

Administrative or judicial appeals filed against the resolution ordering any of said measures shall only be without a stay of execution.

(Second and third paragraphs replaced by Section 155 of [Law No. 24,241](#) O.G. 10/18/1993)

Publication.

Section 87.- General resolutions of the Argentine Superintendence of Insurance, as well as those specifically issued based on Sections 3, 6, 7, 31, 46, 48, 56, 58, 59 and 61, shall be published for one (1) day in the Official Gazette, even if they are not final. The decision granting authorization to operate in accordance with Section 7 shall be published, where appropriate, once the entity has been registered with the Public Registry of Commerce of its domicile and the control authority has received a certified copy of the documents granted by the registrar stating their decision, as set forth in Section 8.

(Expression "even if they are not final" added by Section 155 of [Law No. 24,241](#) O.G. 10/18/1993)

CHAPTER III

Final and Temporary Provisions.

Section 88.- The new composition of the Advisory Board that is established herein shall be applied as of the expiration of the term of office on the first January 31 after this law becomes effective.

Effectiveness.

Repealed Provisions.

Section 89.- This law shall become effective six (6) months after its enactment, and as from said date the following shall be repealed: "Legal Regulations of the Argentine Superintendence of Insurance", Law No. 11,672 dated 1943, Section 150 (revised text, 1962), Section 52 of Decree-law No. 14,682/46 (Law No. 12,921); Section 39 of Law No. 15,021; Section 61 of Law No. 15,796; Section 61 of Law No. 16,432; Sections 140 and 141 of the internal tax laws (revised text, 1938); the Decree dated January 2, 1923, on transfers of portfolios of insurance companies, Decree No. 23,350/39, Decree No. 61,138/40, Decree No. 7,607/61, Decree No. 1,063/63, and any other provisions which are contrary to this law.

Within thirty (30) days as from the date of enactment hereof, the Argentine Superintendence of Insurance shall submit to the Ministry of Treasury and Public Finance a bill on its organizational structure and functional grouping appropriate to the mission and functions as set forth herein. If said bill is not approved within the following thirty (30) days, the six (6) month term provided for in the previous paragraph for the effectiveness hereof shall be automatically extended for the longer term used in the approval of said bill.

Section 90.- Be thus notified, published, delivered to the National Bureau of Official Registry and filed.

LANUSSE

Carlos G. N. Coda

Carlos Alberto Rey

Gervasio R. Colombres.

Previous Regulations

- *Section 81, Subsection b) modified by Section 1 of Decree No. 766/78 O.G. 4/11/1978.*

- *Section 35, Subsection a) replaced by Section 1 of [Law No. 23.488](#) O.G. 3/25/1988.*

- *Section 35, Subsection c) replaced by Section 46 of [Law No. 23.576](#) O.G. 7/27/1988.*