

Tartu University

Current Challenges of Estonian and  
European Insurance Law

21 – 22 March 2019

New Latvian legal act on regulation of  
insurance contract

Doc. Vadim Mantrov

- 1) Overview of the new legal act: *Insurance Contract Act (ICA)*
- 2) Significant changes introduced by the *ICA* in general insurance contract regulation
- 3) Lost possibility to improve general insurance contract regulation

# Overview of general insurance contract regulation

- The previous legal act *On insurance contract* → 1997: > 20 years on enforcement, three amendments, no debate for its replacement
- The new legal act *Insurance Contract Act (ICA)* → in force **since 01.06.2018.**: applicable to insurance contracts entered into force before that date
- The annotation to the draft Act: 33 changes in ‘regulation of insurance contract relationship’, **BUT**: ICA is based on the previous legal act
- **Significant & insignificant** changes
- ICA → imprudent adoption & lost possibility to improve regulation & failure to introduce modern approaches

- The annotation to the draft Act:
- ‘included also legal norms from the **Principles of European Insurance Contract Law**, by harmonising European and Latvian practice of insurance law’
- **Insurance period**: ‘to distinguish and envisage insurance period in which the insurance is effective in order to avoid confusion with the period of contractual relationship’
- **NB**: PEICL → contract period, insurance period & liability period ≠ doubtful compliance with general contract regulation in Latvia
- Right of the insurer to request carrying out **precautionary measures** (Art 11 of the draft Act) → not envisaged *expressis verbis* in the *ICA*

# Significant changes

- Refusal from regulation on applicable law which was incompatible with Art 7 of the Rome I Regulation (Art 3 *ICA*)
- Refusal to envisage the maximum term for insurance contract (Art 34 *ICA*)
- **Distinguished regulation of property & liability insurance** (Chapters VII & VIII *ICA*)
- **Property insurance** (Chapter VII *ICA*): introduced «evaluation method of losses» & eliminated unclarity concerning validity of insurance contract if the insured immovable property is alienated & improvement of subrogation regulation
- **Term of limitation period** (Art 39 *ICA*)

# Term of limitation period

- Art 39 (1) *ICA*
- **Claims** arising from insurance contract expire **within three years**. **A right to submit a claim to the insurer** about occurrence of the insured risk terminates if a person who is entitled to claim insurance redress does not exploit it **within three years** from the date of occurrence of the insured event.

# Lost possibility

- **Unclear regulation** from the previously effective Act **was overtaken** → essential elements of insurance contract, entry into force etc.
- **Regulation of grounds for refusal of insurance redress** → completely left for insurance contract parties, no relation with conduct that could increase probability of occurrence of the insured risk or damage caused to the insurer
- Providing of **initial information** about insurance object → the questionnaire principle was not introduced
- **Insurance of immovable property** → not envisaged insurance in agreed value (this sub-type of compensation principle is not envisaged anymore)
- **Direct action** → still the reference is kept to other normative acts, not envisaged at least in the case of compulsory insurance (except in motor insurance)



**LATVIJAS  
UNIVERSITĀTE**  
ANNO 1919

**Thank you for your attention!**

**Questions?**

[vadims.mantrovs@lu.lv](mailto:vadims.mantrovs@lu.lv)