

International Reinsurance in Russia: new rules of the game

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Russian courts have refused to enforce several arbitral awards rendered in London, UK under the English law. The disputes between the parties arose out of standard reinsurance contracts and the proceedings in UK were based on usual set of documents in reinsurance area. However, Russian courts have found breach of public policy in execution of reinsurance contracts via electronic means. Now originals of such contracts are required for recovery in Russia.

You can find more details of the case below.

In September 2017 the Supreme Court of Russian Federation reversed decisions of the lower courts which allowed recognition and enforcement of 12 English ad hoc arbitral awards. The Supreme Court has decided to reconsider the case in a new trial to check whether reinsurance contracts containing arbitration agreements were in fact executed by the parties.

The reason for the Supreme Court's concern was the fact that a reinsured company had only scan-copies of reinsurance contracts but not original documents. That is why the Supreme Court doubted the mere existence of legal relations between the parties. It is a common practice in international reinsurance: the parties pay not much attention to formalities and documents custody. Moreover, the reinsurer has been properly notified about arbitration in London and did not object to jurisdiction of the arbitral tribunal.

Upon new trial of the case the reinsured has filed sufficient evidence of legal relations between the parties, including payment of reinsurance premium and occurrence of losses. However, the courts have refused to enforce the arbitral awards on the ground of breach of Russian public policy through absence of original contracts and arbitration agreements.



The reinsured company is going to appeal to the Supreme Court who is in a position to finalize this two-year dispute.

In the light of recent case law KIAP would recommend to all participants of reinsurance market doing business with Russian insurance companies be careful with the official documents and keep original contracts at least ten years for the purposes of potential disputes. Otherwise there is the risk for participants to be deprived of their respective rights in Russia.

Should you have any questions please feel free to contact KIAP: info@kiaplav.ru

