

LAW NO. 22400

ON INSURANCE PRODUCERS AND ADVISORS REGIME

Buenos Aires, February 11, 1981.

In exercise of the powers conferred by section 5 of the Statute of the Argentine Revolution, The President of the Argentine Nation has passed and enacted the present law.

CHAPTER I

Scope

Section 1. This law governs the intermediary activity by promoting the procurement of insurance contracts, advising insured and potential insurers throughout the Argentine Republic.

CHAPTER II

Definitions

Section 2. The intermediary activity may be performed according to the following modes of intervention.

Direct Insurance Producer-Advisor: An individual who performs the jobs set out in section 1 and the supplementary provisions envisaged under this Law.

Producer and Advisor Organizer: An individual who is engaged in training, directing or advising the Producer-Advisors who are part of an organization. Said organization should consist of at least four (4) Direct Producer-Advisors, one of whom may be the organizer when acting in that capacity.

CHAPTER III

Insurance Producer-Advisor Register

Creation of a Register - Enforcement authority

Section 3. The Superintendent of Insurance in its capacity as enforcement authority of this Law shall create the producer-advisor register.

Registration - Requirements

Section 4. Those interested in engaging as producer-Advisors in any of the categories mentioned under section 2 hereof must be recorded in the register which is created as per the foregoing section:

For the registration, the following conditions shall be met:

- a)** Be domiciled in Argentina;
- b)** Not be included under any of the disqualifications as provided for under section 8;
- c)** Prove competence before the Board stated under Section 17 by way of an examination, the program of which shall be approved by the enforcement authority of this Law based on said Board's proposal. Employees of insurance companies proving a career of at least five (5) years prior to the date of publication of this Law in the Official Gazette, may be recorded in the producer-advisor register without taking the examination stated in the first paragraph of this subsection, provided that they do so within three hundred sixty (360) days after this Law comes into force. The enforcement authority by way of regulation shall decide in similar cases;
- d)** Pay the "registration fee" which may be determined from time to time by the enforcement authority, which may be renewed annually for such amount and under such conditions and opportunities as may be established by it.

Lack of payment of the registration fee shall automatically cancel the registration in the register.

The amounts collected in consideration for the registration fee shall be allocated to the expenses involved in enforcing this law.

CHAPTER IV

Remuneration

Determination of commissions

Section 5. The producer-advisors shall receive commissions agreed upon with the insurer, except in cases where the enforcement authority deems it necessary to set maximum or minimum amounts.

The producer and advisor organizer shall only get commissions for those transactions that have had the participation of the direct producer-advisors who have been assisted by it. In the case of own production, they will be entitled to commissions in their dual capacity.

Entitlement to commission

Section 6. The entitlement of producer-advisors to the commission is acquired when the insurer actually receives the premium amount or, proportionally, upon receiving each instalment on such insurance policies that are taken out with this mode. In case of any modification or termination of an insurance contract that results in premium refunds, the pro rata refund of the commission received by the producer-advisor shall apply.

The effective payment of the premium is equated with the compensation for existing obligations between the insurer and the policyholder. No payment made through the delivery of promissory notes, checks and any other promise or order to pay shall be deemed effective until it has been settled. In the case of an insurance in foreign currency, the commission may be agreed, at the request of the producer-advisor, in the same

currency as the premium, without prejudice to the exchange regulations prevailing at the time and the provisions contained in Sections 607, 608 and 617 of the Civil Code.

Unregistered individuals

Section 7. Individuals not registered in the producer-advisor register are not entitled to any commission or remuneration for the efforts of procuring insurance contracts. Insurance companies must refrain from transactions with persons not registered in the producer-advisor register. Paying commissions or any compensation to the above individuals is prohibited.

CHAPTER V Disqualifications

Absolute Disqualifications

Section 8. The following shall not be included in the insurance producer-advisor register:

- a)** Those who may not engage in trade;
- b)** Those who have become bankrupt due to a fraudulent or non-fraudulent bankruptcy until ten (10) years after their bankruptcy discharge; those in causal bankruptcy or in insolvency proceedings up to five (5) years following bankruptcy discharge; the directors or managers of companies whose conduct is described as guilty or fraudulent, up to ten (10) years after discharge;
- c)** Those convicted with accessory disqualification from public office, those convicted of theft, robbery, embezzlement, bribery, issuance of bad checks and crimes against public trust, those convicted of crimes perpetrated in the establishment, operation and liquidation of companies, or in insurance contracts. In all cases, until after ten (10) years of having served sentence;
- d)** Adjusters and appraisers;
- e)** Directors, auditors, managers, assistant managers, general agents, general managers, board members, risk inspectors and claim inspectors of the insurance companies, whatever their legal status;
- f)** Clerks or employees of the Superintendence of Insurance and the National Institute of Reinsurance and senior clerks of the rate chambers of the associations of insurers;
- g)** Insurance producer-advisors acting as consultants for the duration of this Law being unregistered and who are excluded from the register for violations thereof, without prejudice to the penalties provided for in section 13.

The enforcement authority shall order the cancellation or suspension of the registration of individuals who, after being recorded in the producer-advisor register may be included in or incur the disqualifications set out in this section, to which end it shall keep a special register.

Relative Disqualification

Section 9. Directors, managers, administrators and employees who are linked with certain customers of the institutions they provide services to, are prohibited from acting as a producer-advisor.

CHAPTER VI

Functions and duties

Section 10. Insurance producers-advisors have the functions and duties listed below:

1. Direct insurance producer-advisors:

- a) To manage insurance transactions;
- b) To report on the identity of the people hired through them as well as on their background and moral and material standing, at the request of the insurers;
- c) To report to the insurer about the risk conditions and assist the insured for the purposes of the most appropriate coverage;
- d) To thoroughly instruct the insured or interested party on the contract provisions, contract construction and verify that the policy includes the terms and conditions under which the insured has decided to have the risk covered;
- e) To report to the insurer on any changes to the risk that happens to be known. When authorized by the respective insurer, to collect the insurance premiums. In such case they shall deliver the premiums amount paid within the agreed term, which shall not exceed the limits set by regulation.
- f) Within a period not exceeding seventy two (72) hours, to deliver or transfer to the insurer -when not expressly authorized to collect for it- the premiums amount received from the insured;
- h) To advise the insured over the duration of the contract on their rights, duties and responsibilities, specifically with regard to claims;
- i) In general, to execute, promptly and with due diligence, the instructions received from the potentially insurable, policyholders or insurers, according to their functions;
- j) To report to the enforcement authority on any circumstance which might put them under any of the disqualifications envisaged in this Law.
- k) With regard to advertising and promotion, to follow the general requirements in force for the insurers, and if referring to a particular entity, to obtain their prior authorization;
- l) To keep an initialized record of all the insurance transactions consummated by it under the conditions established by the enforcement authority;
- m) When required, to show evidence of its record in the producer-advisor register.

2. Producer and advisor organizers:

- a) When required by insurer, to report all personal background of the producer-advisors under its organization;
- b) To select, assist and advise direct producer-advisors who are part of its organization and facilitate their work;
- c) To collect insurance premiums if such has been approved in the manner and with the obligations envisaged under subparagraphs f) and g) of item 1;
- d) In general, to help carry out with due diligence and promptness the instructions received, whether directly or through the producer-advisors related to it, from the

potentially insurable, policyholders and insurers according to their functions.

e) To report to the enforcement authority on any circumstance which might put them under any of the disqualifications envisaged in this Law as well as those related to the producer-advisors of its organization, when they become aware thereof;

f) With regard to advertising and promotion, to follow the rules included in sub paragraph k) of item 1 above.

Section 11. Fulfilling the role of insurance producer-advisor as described above, does not in itself involve any legal subordination or employee status with the insurer or the insured.

Section 12. The insurance producer-advisor is bound to perform its duties by virtue of the legal provisions and technical principles applicable to the business in which they operate and to act with diligence and good faith.

CHAPTER VII

Penalties

Section 13. Breach of duties and obligations by producer-advisors as provided under section 10 of this law, shall make them liable to the penalties included in section 59, Law No. 20091, and may also lead to the cancellation of their registration in the producer-advisor register.

Section 14. Exceptions to the foregoing rule shall be any behaviour breaching the provisions of items 1 paragraph f) and g), and 2, paragraph c) of section 10, which will be judged and punished as per section 60, Law No. 20091.

Section 15. The assistance or cooperation in any way in the performance of the activities covered hereunder by any individual, who being bound to do so, is not recorded in the corresponding register, shall be considered as serious offense, thus section 59, Law 20091 shall be applied.

Section 16. The provisions of Law 20091 shall govern the procedure for applying these penalties as well as the appeals that may be filed, its effects and confirmation.

CHAPTER VIII

Honorary Advisory Board

Formation

Section 17. Honorary Advisory Board shall be formed, whose duty is to advise the enforcement authority on matters concerning the construction, observance and possible

amendments to this law, and provide assistance in the drafting of examination programs provided for under section 4, paragraph c).

Composition and functions

Section 18. The Honorary Advisory Board shall be composed of the members of the Security Advisory Board representing the various departments of the insurance companies and a representative of the producer-advisors, to be appointed by the Superintendence of Insurance of the Nation.

The Board may meet with a quorum of more than half of its members and be chaired by the Superintendent of Insurance or other officer appointed by him. The Board shall meet as determined by the Superintendent of Insurance or at the request of one of its members. Views or discussions will be recorded in a minutes' book that will be held to that purpose.

Members of the Honorary Advisory Board will remain three (3) years in office, may be reappointed and will serve honorary. Their term of office shall expire on 31st January of the appropriate year, and replacement members will join as from that date. However, the replaced members shall continue in office until replacement members take over.

CHAPTER IX Common Provision

Section 19. Notwithstanding the provisions of section 1, the provision of section 4, paragraph c) shall apply only when the location of risks or the address of the insured and/or producer-advisor is within the City of Buenos Aires, Greater Buenos Aires or urban centres of over two hundred thousand (200,000) inhabitants. The beneficiaries of this exemption shall not participate in transactions that involve insured risks or individuals located or residing in the areas mentioned above.

CHAPTER X General Provisions

Section 20. Producer-advisors may form companies of any of the types acknowledged by the Commercial Code, with the sole purpose of carrying out the activities included in section 1.

These companies must conduct such activities through registered producer-advisors and be recorded in a special register held by the enforcement authority.

Section 21. Whatever the particular form or type of company organization, at least four (4) of its members, or all, if there are fewer members, must be registered as

producer-advisors under any of the intermediary modes, with one of them acting as director or manager of the entity.

Section 22. The penalties for infringement committed by a partnership of producer-advisors or individually by a partner fulfilling a corporate decision shall also apply in such case to the other registered members and to the equity of the partnership, according to the rules of law. If, however, the offense were perpetrated by one of the members of a partnership of insurance producer-advisors, it being possible to prove its exclusive personal liability, the penalty will not apply to the other members individually, and the liability of the partnership shall be fixed according to the rules of law.

CHAPTER XI

Transitional provisions

Section 23. The Superintendent of Insurance shall establish, by resolution, the timing in which the exam regime set out in section 4 paragraph c) hereof will become effective.

Section 24. Insurance producer-advisors acting as such at the date of publication of this law shall be recorded in the Register referred to in section 3 above, within such period as established by the enforcement authority. Such producer-advisors will be exempted from the requirement in paragraph c), section 4, if by means of a certificate issued by one or more insurance companies they can show evidence of having performed forty (40) transactions with seven (7) different insurers, within two years preceding the date of publication thereof. Endorsement issuance shall not be considered as transactions for the purposes hereof.

Section 25. This Law shall come into force one hundred and eighty (180) days after its publication in the Official Gazette.

Section 26. Decrees No. 4177 dated March 12, 1953 (Official Gazette, March 24, 1953), No. 9124 dated May 27, 1953 (Official Gazette, June 9, 1953) and No. 4041 dated December 10, 1953 (Official Gazette, December 23, 1953) are hereby abrogated.

Section 27. Be it known, published, passed to the National Bureau of the Official Registry and, in due course, be filed.