

# Investment Insurance: A New Regulatory Framework

*FAO investors, insurers, policyholders, beneficiaries and other participants in the insurance market*

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**Pepeliaev Group reports that, from 1 July 2026, a new law<sup>1</sup> has entered into force regulating a new insurance product on the Russian market – life insurance with investment returns.**

## **Background**

Various forms of life insurance have been encountered on the Russian insurance market. However, the market has gradually moved away from traditional models, under which an insurer provides insurance cover in exchange for regular, non-refundable premiums, towards more sophisticated products incorporating an additional investment component in the insurance model. Until 2009, there was no specific statutory regulation of such products and they were structured through complex contractual arrangements. In 2009, investment life insurance (**ILI**) was introduced. In 2025, unit-linked life insurance (**ULI**) was added. From 2026, however, new ILI contracts in their previous form are no longer available and they are being replaced by a new product, namely **life insurance with investment returns**.

## **Two Products Are Better Than One**

The rationale for introducing and maintaining two investment-based life insurance models (ULI and life insurance with investment returns) lies in their different legal frameworks. Under both models, the insurance premium is divided into two components: an insurance component and an investment component. Under ULI, however, the investment component is used to purchase units in mutual investment funds, which are owned by the policyholder and selected at the policyholder's discretion. The investment return is not guaranteed and depends entirely on market performance.

Under **life insurance with investment returns**, by contrast, it is the insurance company that is entirely responsible for the investment component of the premium.

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<sup>1</sup> Federal Law No. 172-FZ of 10 June 2026 "On Amendments to Certain Legislative Acts of the Russian Federation".

## **Pepeliaev Group comment**

This highlights the key difference between the former investment life insurance (ILI) product and the new insurance product. As a rule, ILI did not guarantee any investment return; only the repayment of the premiums paid was guaranteed. Insurance companies were free to manage the investment portion of the premium at their discretion, often investing it in high-risk financial instruments. The previous model has now effectively been split into two: a more secure and predictable investment option - life insurance with a declared return - is intended for retail investors, while a more sophisticated product - life insurance with a calculated return - is designed for qualified investors.

## **A Well-Forgotten Old Product?..**

Life insurance with investment returns is intended to be an enhanced replacement for the discontinued investment life insurance product. Under the legislation that is coming into force, as the table shows, there are two types of such insurance:

- life insurance with declared investment returns; and
- life insurance with calculated investment returns.

## **Comparison of the Two Types of Life Insurance**

	<b>Life insurance with declared investment returns</b>	<b>Life insurance with calculated investment returns</b>
<b>Available to</b>	Any individuals	Only to individuals who are qualified investors
<b>Entry threshold</b>	Not established by statute	A minimum one-off insurance premium of RUB 6 million
<b>Investment return</b>	Fixed, determined by the insurer	Not fixed, depending on the market value as well as the performance of other assets

It should be noted that the insurer will be responsible for substantiating the return generated by the assets, the achievement of benchmark values or the occurrence of relevant events, and their impact on the amount of investment income accrued and payable. The benchmark values and the occurrence of such events cannot depend on the insurer's own activities.

## **What else is changing?**

The new law introduces amendments to the contents of insurance rules. They must now specify the procedure and deadlines for calculating and paying investment income in respect of the above types of insurance.

In addition, the insured amount and the surrender value under a life insurance contract will no longer depend on the performance of any particular asset<sup>2</sup>. However, exceptions are provided for where the insured amount and the surrender value can be increased, but not reduced, depending on:

1. the consumer price index for goods and services in the Russian Federation;
2. the key interest rate of the Bank of Russia;
3. another money market indicator published by the Bank of Russia.

The new rules apply to legal relationships arising from voluntary life insurance contracts entered into after 1 July 2026.

### **What to think about and what to do**

Investors and policyholders are advised to consider both the economic and legal aspects of the new insurance product, comparing its advantages and disadvantages in light of their individual circumstances and objectives, and assessing the risks. Insurers are advised to adapt their existing product portfolios to the new regulatory framework.

### **Help from your adviser**

Pepeliaev Group's specialists have extensive experience in advising on all matters relating to the insurance and financial markets.

We are ready to provide comprehensive legal support to investors and other insurance market participants in applying the new regulatory framework and drawing up rules for these new insurance products.

### **Contact details**



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<sup>2</sup> Including the occurrence of the circumstances provided for in the second paragraph of subparagraph 23, paragraph 1, Article 2 of Federal Law No. 39-FZ of 22 April 1996 "On the Securities Market".