

# Changes to the Deposit Insurance Scheme in Azerbaijan

January 19, 2021

In order to maintain the financial stability in the midst of the prolonged COVID-19 pandemic and the related volatility in international oil markets, the President of Azerbaijan signed into law the amendments to the Law “On Deposit Insurance” and the Law “On the Total Insurance of Deposits” adopted by the Milli Mejlis (the Azerbaijani Parliament) on December 18, 2020.

These amendments have changed the existing deposit insurance scheme in Azerbaijan

## The concept of eligible deposits has been expanded

The definition of eligible deposits in the Law “On Deposit Insurance” has been expanded and now includes the following:

- Funds belonging to individuals placed in a notary's deposit account (for example, in the course of real estate transactions) are considered eligible for deposit insurance upon the occurrence of an insurance event;
- Funds not exceeding AZN 20,000 deposited in bank accounts opened by individuals for the purposes of entrepreneurial activities.

In addition, as of April 5, 2021, the ceiling for insurance compensation to be received by the holders of eligible deposits will be increased from AZN 30,000 to AZN 100,000.

## The effectiveness of temporary (total) insurance coverage has been extended

The effectiveness of the Law “On the Total Insurance of Deposits”, under which the Azerbaijani Deposit Insurance Fund insures all eligible deposits, regardless of the amount, with duly licensed local banks that are members of the Fund, has been extended until April 5, 2021.

## Your Key Contacts



**James E. Hogan**  
Office Managing Partner,  
Baku  
D +994 12 4 90 75 65  
[james.hogan@dentons.com](mailto:james.hogan@dentons.com)



**Ulvia Zeynalova-Bockin**  
Partner, Baku  
D +994 12 4 90 75 65  
[ulvia.zeynalova-bockin@dentons.com](mailto:ulvia.zeynalova-bockin@dentons.com)