

**LAW**  
**ON COMPULSORY TRAFFIC INSURANCE**  
**(consolidated text)<sup>1</sup>**

**I BASIC PROVISIONS**

**Subject matter**

**Article 1**

This Law governs compulsory traffic insurance, sets up the Guarantee Fund, defines its scope of authority and the manner of financing, and grants public functions to the Association of Serbian Insurers (hereinafter: the Association).

**Types of compulsory traffic insurance**

**Article 2**

For the purposes hereof, the types of compulsory traffic insurance (hereinafter: compulsory insurance) shall be as follows:

- 1) Accident insurance of passengers in public transport;
- 2) Third party liability insurance for owners of motor vehicles;
- 3) Aircraft passenger and third-party liability insurance for aircraft owners;
- 4) Third party boat insurance for boat owners.

The owner referred to in paragraph 1 hereof shall also include any user or other person registered as the owner of the means of transport in accordance with law.

Insurance against liability for damage caused to third parties concluded by the owner of the means of transport shall cover, under the conditions and in the way provided by this Law, the damages to third persons made by the means of transport, regardless of who was in the driver's seat.

**Meaning of terms**

**Article 3**

The terms used in this Law have the following meaning:

- 1) "Traffic accident" means an event where damage has occurred as a result of the use of a means of

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<sup>1</sup> The consolidated text of the Law was prepared based on the text of the Law on Compulsory Traffic Insurance (RS Official Gazette, No 51/09) and its amendments and supplements published in the RS Official Gazette, Nos 78/2011, 101/2011, 93/2012 and 7/2013 – Constitutional Court decision.

transport;

2) "Means of transport" which includes a motor vehicle, motor vehicle trailer, aircraft, boat or other vehicle covered by this Law, has the meaning as defined by the law which regulates the relevant type of traffic;

3) "User of a means of transport" is a natural or legal person using a means of transport by consent of the owner;

4) "Liable insurer" means an insurance undertaking with which the owner of a means of transport, which caused the damage, has concluded a compulsory insurance contract;

5) "Claimant" is any person entitled to compensation for damages pursuant to this Law;

6) "Multilateral agreement" means an agreement concluded between a national insurance bureau of a member state of the European Economic Area and other associated states, according to which each national insurance bureau guarantees for damages incurred in its territory by the use of motor vehicle normally based in the territory of another state, a signatory to the agreement, regardless of whether the vehicle is insured or not;

7) "Territory in which the motor vehicle is normally based" means the territory of a member state of the European Union (EU):

- whose registration plate is attached to the motor vehicle, regardless of whether the plates are permanent or temporary,

- which issued the insurance label or other identification mark similar to a registration plate attached to the motor vehicle, in case where registration is not required for a particular type of vehicle,

- in which the user of a motor vehicle holds residence, in case where it is not required that a particular type of vehicle has a registration plate or other identification mark similar to a registration plate,

- in which a traffic accident took place, in case where the motor vehicle involved in the accident does not have a registration plate attached to it or has a registration plate which does not correspond or no longer corresponds to the vehicle;

8) "Special Drawing Rights" (hereafter: SDR) means the basic calculation unit defined by the International Monetary Fund;

9) "Maximum Take-Off Mass" (hereinafter: MTOM) means the maximum permissible mass of aircraft at take-off which corresponds to the allowable weight specific to each type of aircraft and set out in the aircraft airworthiness certificate.

## **Contract on compulsory insurance**

### **Article 4**

The owners of means of transport, used for public transport, and the owners of other means of transport referred to in Article 2, paragraph 1 hereof, shall be required to sign a contract on compulsory insurance before the means of transport is used for transport.

In case bankruptcy proceedings are initiated against the insurance company, the concluded compulsory insurance contracts shall remain valid until their expiration date.

### **Effects of the contract on compulsory insurance**

#### **Article 5**

An insurance company shall enter into a contract on compulsory insurance at policy conditions and scales of premiums applicable at the time such insurance contract is made.

An insurance company may not refuse an application for compulsory insurance contract if the policyholder accepts the policy conditions and scales of premiums of the insurance company for that type of insurance valid at the time of applying for the insurance contract.

Policy conditions are an integral part of the compulsory insurance contract and the insurance company is obligated to hand them over to the policyholder when closing the contract.

The policy conditions which grant lesser rights to damaged parties than those provided by this Law shall have no legal effect.

Liability undertaken by an insurer under the compulsory insurance contract shall, if not agreed otherwise, begin from the expiration of the 24<sup>th</sup> hour of the day indicated on the insurance document as the date of commencement of coverage and shall cease upon the expiration of the 24<sup>th</sup> hour of the day indicated as the expiry date of coverage.

### **Notification on policy conditions and scales of premiums**

#### **Article 6**

An insurance company shall submit to the National Bank of Serbia (NBS) the policy conditions of compulsory insurance, the scales of premiums and the premium system with technical bases not later than 90 days prior to implementation, solely for the purpose of verification of their compliance with regulations, actuarial principles and the insurance profession rules.

At the same time, the insurance company shall submit to the NBS the opinion of a certified actuary on the sufficiency of insurance premium for the permanent settlement of all liabilities under the compulsory

insurance contract and insurance administration costs, as well as a three-year business plan of the company illustrating the sufficiency of the calculated premiums.

If the NBS determines that the policy conditions, the scales of premiums and the premium system referred to in paragraph 1 of this Article are not in compliance with legislation, actuarial principles and the insurance profession rules, it shall issue an order to the insurance company to bring them in line with legislation, principles or rules within 30 days.

If the NBS has issued the order from paragraph 3 hereof, the insurance company may not implement the policy conditions and premium system for compulsory insurance on account of which the order was issued, until the order from that paragraph has been observed.

### **Sum insured and sum assured**

#### **Article 7**

The amount payable by the insurance company under compulsory insurance shall be limited to the sum insured and/or assured applicable at the date of the loss event unless a higher sum has been provided for under the insurance contract.

The sum insured and/or assured referred to in paragraph 1 hereof means the maximum amount payable by the insurance company for a single loss event.

The RSD equivalent of the sum insured and/or assured, the compensation for small claims and franchise referred to in Article 92, paragraph 2 hereof shall be calculated at the middle exchange rate of the NBS on the date of the loss event.

### **Obligations of the owner and/or person operating the means of transport**

#### **Article 8**

A person operating the means of transport (hereinafter: a driver) shall keep the insurance policy or other evidence of a concluded insurance contract on hand while using the means of transport and shall present it upon request of an authorised official.

In case the means of transport is operated by a driver other than the owner of the vehicle, the owner of the vehicle shall provide the driver with the insurance policy during the use of the vehicle or with some other evidence of a concluded insurance contract, and the owner should also have the European Accident Report.

Notwithstanding the provisions of paragraph 1 hereof, the person operating an aircraft shall be obliged to present insurance policy or other evidence of a concluded compulsory insurance contract from Article 2, paragraph 1, items 1) and 3) of this Law, at the request of an authorised official prior to aircraft take-off or after landing.

In the event of a traffic accident, the driver shall be obliged to provide personal data and details of compulsory insurance policy to all persons involved in the accident who are entitled to compensation claims pursuant to this Law.

### **Insurance company's obligation to compile data**

#### **Article 9**

The insurance company shall compile, process and keep data for compulsory insurance on policyholders, insured means of transport, loss events and settlement of insurance claims.

In performing the activity referred to in paragraph 1 hereof, the insurance company shall organise, keep and maintain a database on:

- 1) policyholders;
- 2) means of transport;
- 3) loss events;
- 4) claim assessment and settlement.

Data referred to in paragraph 2 of this Article shall be compiled, processed, kept and used in compliance with the law governing the protection of personal data and regulations on the manner of compiling, keeping and submitting insurance data as prescribed by this Law.

The Association shall prescribe in detail the content of data referred to in paragraph 2 hereof, as well as the manner of their compilation, keeping and submission.

### **Compilation, keeping and use of the insurance company's database**

#### **Article 10**

The data referred to in Article 9, paragraph 2 hereof, shall be collected directly from persons the data pertain to or from other persons (participants in and witnesses of a loss event).

When the records of data referred to in paragraph 1 hereof are kept by the traffic security bodies, judicial entities, health, retirement and disability insurance funds, healthcare and social services institutions, data shall be compiled from these bodies and institutions.

Bodies, institutions and individuals possessing data or databases referred to paragraph 1 hereof shall deliver such data to the insurance company upon request.

Data referred to in paragraph 1 hereof shall be kept for ten years after termination of the insurance contract, and/or after the claim payment proceedings are concluded.

Data referred to in paragraph 1 hereof may be used, free of charge, by the claimants as well, at the time of filing the compensation claim with an insurance company.

### **Exemption from compulsory insurance**

#### **Article 11**

The provisions hereof shall not apply to the means of transport of the Serbian Armed Forces.

### **Application of provisions of the Insurance Law**

#### **Article 12**

Provisions of the law governing insurance services shall apply to the incorporation, operation and supervision of compulsory insurance companies (hereinafter: Insurance Law) unless otherwise provided herein.

### **Application of other laws**

#### **Article 13**

The law on contracts and torts and other relevant laws governing the contracts on specific classes of insurance shall apply to contracts on compulsory insurance, unless certain matters are regulated otherwise by this Law.

## **II. ACCIDENT INSURANCE FOR PASSENGERS IN PUBLIC TRANSPORT**

### **Obligation to provide accident insurance for passengers in public transport**

#### **Article 14**

Owners of means of transport used for public transport of passengers shall enter into a contract to provide accident insurance for passengers in public transport.

The contract referred to in paragraph 1 hereof shall be entered into by owners of:

- 1) Buses used for public transport on municipal, suburban, intercity and international lines and special service lines;
- 2) Buses used for transport of employees to and back from work;
- 3) Buses used for transport of children and students to and from kindergartens and schools;
- 4) Buses used for transport of tourists;
- 5) Passenger taxis and rented vehicles;

- 6) Rail vehicles for passenger transport;
- 7) All types of vessels used for transport of passengers on regular or special service lines, including those for cruises and transport of tourists;
- 8) All types of rented vessels referred to in item 7) hereof;
- 9) Aircraft for public passenger air transport (regular, charter flights and air taxi);
- 10) Tourist aircraft used for shorter over-flights and sightseeing flights, and rented aircraft;
- 11) Other means of transport, irrespective of their propulsion, used for passenger transport at the fare charged, in the form of a registered business.

The insurance contract referred to in paragraph 1 hereof does not exclude the obligation of concluding a liability insurance contract.

Licenses for using means of transport, and/or other document of the authorised body which serves as evidence that the vehicle referred to in paragraph 2 hereof may be used for transport, shall be issued upon submission of evidence to the authorised body on the concluded insurance contract from paragraph 1 hereof.

The owner of the means of transport referred to in paragraph 2 hereof shall write the insurance contract data from paragraph 1 hereof in a visible place in the vehicle and on the ticket, showing in particular the name of the insurer and the rights of passengers ensuing from the contract.

### **Definition of passenger in public transport**

#### **Article 15**

For the purposes hereof, passengers in public transport mean:

- 1) Persons on board means of transport used for public transport who intend to travel, regardless of whether they have bought a ticket or not;
- 2) Persons on the grounds of a station, pier, port, airport or close to the means of transport prior to boarding who intend to travel;
- 3) Persons who have ended their trips and left the means of transport, but remain close to the means of transport being within the grounds of a station, pier, port, or airport.

The passengers referred to in paragraph 1 hereof shall also include persons entitled to travel free-of-charge.

The passengers referred to in paragraph 1 hereof shall not include any persons whose job involves their

presence in the means of transport.

### **Amount of the sum assured**

#### **Article 16**

The amount of the minimum sum assured of the contracted accident insurance cover for passengers in public transport shall be established per passenger by the Government, upon the proposal of the NBS.

The sum assured from paragraph 1 hereof may not be lower than:

- |   |            |
|---|------------|
| 1) in the event of death of a passenger   | EUR 8,000  |
| 2) in the event of passenger's permanent loss of general working ability (disability)                             | EUR 16,000 |
| 3) in the event of temporary inability to work and actual and necessary medical treatment costs for the passenger | EUR 4,000  |

The decision referred to in paragraph 1 hereof shall be published in the Official Gazette of the Republic of Serbia.

### **Right to payment of the sum assured**

#### **Article 17**

A passenger affected by accident, or a payee specified by the policy conditions in case of such passenger's death, shall be entitled to request direct payment under the insurance contract by the insurance company with which insurance has been contracted as provided by Article 14, paragraph 1 hereof.

In cases where an accident occurs and insurance has not been contracted by the owner of the means of transport, as provided by Article 14, paragraph 1 hereof, or such owner has contracted insurance with an insurance company in respect of which bankruptcy proceedings were initiated, the person referred to in paragraph 1 hereof may request payment of the sum assured from the Guarantee Fund according to the provisions of this Law.

The passenger or the insurance payee shall be entitled to the sum assured referred to in Article 16 hereof irrespective of whether such passenger or payee is entitled to compensation arising from carrier's liability.

### **III. THIRD PARTY LIABILITY INSURANCE FOR OWNERS OF MOTOR VEHICLES**

#### **1. Contract on motor third party liability insurance and its effect Obligation to provide motor third party liability insurance**



## **Article 18**

Owners of motor vehicles shall be required to enter into a contract providing insurance against liability for damage caused to third parties by using motor vehicles resulting in death, bodily injury, health hazard, destroyed or damaged goods, excluding damage caused to any goods taken to be transported (hereinafter: motor third party liability insurance).

Notwithstanding the provision of paragraph 1 hereof, motor third party liability insurance covers damage caused to the goods taken to be transported provided that such goods are personal belongings of the persons being in such vehicles.

The damage referred to in paragraph 1 hereof shall also include the damage caused to third parties by goods falling off motor vehicles.

### **Motor third party liability insurance contract – insurance policy**

## **Article 19**

The motor third party liability insurance contract – insurance policy shall be uniform across the territory of the Republic of Serbia.

The contents of the insurance policy referred to in paragraph 1 hereof and the manner of keeping records of issued policies shall be prescribed by the NBS.

The insurance policy form from paragraph 1 hereof shall be printed by the NBS – Institute for Manufacturing Banknotes and Coins.

### **Concluding a motor third party liability insurance contract and registration of a vehicle**

## **Article 20**

The owner of a motor vehicle subject to registration requirement shall, at the moment of registration, extending of registration validity or obtaining temporary registration plates, provide evidence of the concluded motor third party liability insurance contract, to the body authorised for vehicle registration.

The owner of a motor vehicle not subject to annual registration shall enter into a contract on motor third party liability insurance at the time he obtains the respective license to use such vehicle, and shall renew the insurance contract during the time the vehicle is being used.

### **Persons not entitled to claim damages**

## **Article 21**

The following persons shall not be entitled to claim damages under motor third party liability insurance:

- 1) Owner of a motor vehicle whose usage caused him damage, for damaged property;
- 2) Driver of a motor vehicle whose usage caused him damage;
- 3) Person entering a motor vehicle of his free will and aware that the vehicle was illegally taken away, and the vehicle being the one the use of which caused damage to that person;
- 4) Person affected by damage:
  - (1) Caused by motor vehicles used during officially approved automobile and go-kart racing or parts of such competition on closed race-tracks, aimed at developing maximum speed, as well as during the tests (trainings) for such racing;
  - (2) Due to the effect of nuclear energy during transport of nuclear material, and/or the effect of dangerous cargo during its transport;
  - (3) Caused by military operations, military manoeuvres, riots, or acts of terrorism provided there is a cause-and-effect relationship between such actions and the damage that occurred.

#### **Amount of the sum insured**

#### **Article 22**

The minimum amount of the sum insured for which motor third party liability insurance may be contracted shall be established by the Government upon the proposal of the NBS.

The amount from paragraph 1 hereof may not be lower than:

- 1) For personal injury, caused by a single loss event, regardless of the number of damaged parties  
EUR 1,000,000
- 2) For damage to property, caused by a single loss event regardless of the number of damaged parties  
EUR 200,000.

Other minimum sums insured for which insurance contracts may be concluded, defined by criteria in Article 26 regarding compensation for damages to persons, shall be established by the Government, upon the proposal of the NBS.

In cases where there is more than one claimant and the total compensation for damages exceeds the amount referred to in paragraph 1 hereof, the entitlement of the claimants against the insurance company shall be reduced pro rata to the amount specified in that paragraph.

The decision referred to in paragraph 1 hereof shall be published in the Official Gazette of the Republic of Serbia.

## **Notification on traffic accident**

### **Article 23**

The owner of a motor vehicle, and/or a person involved in traffic accident, shall notify the liable insurance company about the traffic accident within 15 days from the date the accident occurred.

## **Claim for compensation and the right to file a lawsuit**

### **Article 24**

The claimant shall exercise his entitlement to claim under motor third party liability insurance by filing it directly to the insurance company.

The claimant may file the claim to the insurance company with which he concluded a motor third party liability insurance contract, if the contract provides for this possibility, and if this is in accordance with the business policy of the insurance company.

Should the insurance company fail to submit a reasoned offer of compensation for damages, and/or the notification referred to in Article 25, paragraph 5 of this Law within 90 days from the date of claim receipt, and/or should the insurance company fail to pay the small claim within the deadline referred to in Article 27 hereof, the claimant may file a lawsuit against the company before the court and notify the NBS of such proceedings.

The lawsuit from paragraph 3 hereof filed before the expiration of the deadline from paragraph 3 hereof shall be deemed premature.

The insurance company shall enter the claim referred to in paragraph 1 hereof into a special register of claims on the day such claim is received, in order of receipt.

In case of compensation based on the request from paragraph 2 hereof, the insurance company that paid damages shall be entitled to recourse from the insurance company whose insured is found liable for the damage.

## **Procedure and deadlines for deciding on compensation claims**

### **Article 25**

The insurance company shall determine the liability and the amount of the claim within 14 days from claim receipt, and shall make a reasoned offer of compensation to the claimant and settle the claim.

In cases where the claim presented is incomplete, the insurance company shall address the claimant in writing within 8 days after claim receipt and request the documentation to be completed.

Notwithstanding paragraph 1 hereof, if it is not possible to determine the liability and the amount of claim

within 14 days from claim receipt, the insurance company shall determine the liability and the amount of the claim within 45 days from claim receipt in case of damage to property, and within 90 days from claim receipt in case of personal injury, and make a reasoned offer of compensation to the claimant and settle the claim within the deadline of the next 14 days.

In case where the offered amount of claim from paragraphs 1 and 3 hereof is lower than the compensation amount requested by the claimant, the insurance company shall offer and execute the payment of the undisputed portion of its obligation to the claimant as an advance payment within the deadlines defined in these paragraphs. The acceptance of this undisputable portion of compensation does not affect the entitlement to claim the disputed amount of compensation.

In cases where the insurance company assesses that no liability exists for compensation, it shall notify the claimant in writing thereof, including the respective explanation, within 8 days from the liability assessment, and in accordance with the deadlines for deciding on the claim presented as set forth in paragraphs 1 and 3 hereof.

### **Compensation in case of personal injury**

#### **Article 26**

An insurance company shall establish the pecuniary amount of compensation in case of personal injury by applying the prescribed compensation criteria.

### **Compensation of small claims**

#### **Article 27**

The claims worth less than EUR 1,000 in the dinar equivalent accompanied with evidence which establishes the liability of the insurance company shall be considered small claims.

The insurance company shall pay the compensation from paragraph 1 hereof within 8 days from receipt of the compensation claim.

The insurance company shall pay the compensation for the damage within the deadline referred to in paragraph 2 hereof also when it is established in the claim assessment procedure that the claim is worth less than EUR 1,000 in the dinar equivalent, even when the claim is not categorised as the claim under paragraph 1 hereof.

### **Stating objections and subrogation of the insurance company**

#### **Article 28**

When a claimant submits a compensation claim to the insurance company, the company may not state objections in its reply to such claim which it could state towards the claimant based on the law or insurance

contract due to non-compliance with the law or contract.

The insurance company which paid compensation to the claimant shall be entitled to subrogation against any person liable for the damage up to the amount of compensation paid out, interest on such compensation, and the costs of proceedings, if the obligation of the insurance company has not taken effect according to the conditions of the motor third party liability insurance contract.

### **Compensation in the event of forfeiture of insurance rights**

#### **Article 29**

An insured person shall forfeit his insurance rights in the following instances:

- 1) if the driver did not use the motor vehicle for the purpose for which it was intended;
- 2) if the driver did not possess a valid driver's license for the appropriate vehicle category, except during the driving lessons when a driving candidate was operating the vehicle in compliance with the regulations governing such lessons;
- 3) if the driver's license was taken away or the vehicle was removed from the traffic, or the driver was forbidden to operate the vehicle, and/or the driver was forbidden to use a foreign driver's license in the territory of the Republic of Serbia, both as protective measures;
- 4) if the driver was operating a motor vehicle under the influence of alcohol above the regulated limit, narcotics and/or illegal medicines or other psychoactive substances;
- 5) if the driver caused the damage intentionally;
- 6) if the damage occurred because the vehicle was technically defective and the driver of the vehicle was aware of this circumstance;
- 7) if the driver after the traffic accident left the location of the accident without providing his personal details and insurance data.

The deprivation of rights referred to in paragraph 1 hereof does not affect the right of the claimant to compensation.

The insurance company which paid out compensation to the claimant, referred to in paragraph 2 hereof, shall be entitled to subrogation against the person liable for the damage up to the amount paid for the damages, interest paid on such compensation and the costs of proceedings.

### **Compensation for the damage caused by unauthorised person**

#### **Article 30**

The motor third party liability insurance shall also include, pursuant to this Law, damages caused by the

use of a motor vehicle used and/or driven by an unauthorised person.

The insurance company which paid out compensation to the claimant, as referred to in paragraph 1 hereof, shall be entitled to subrogation against the person liable for the damage up to the amount paid for the damage, interest paid on such compensation and the cost of proceedings.

### **European Accident Report**

#### **Article 31**

In case of a traffic accident, the participants involved are obliged to complete, sign and exchange European Accident Report forms, pursuant to the law regulating the road traffic safety. A correctly completed European Accident Report form may be used by the claimant or insured party as a claim for compensation on the basis of motor third party liability insurance.

An insurance company shall be obliged to deliver a European Accident Report form to the policyholder along with the motor third party liability insurance policy.

While using a motor vehicle, a driver shall keep on him the European Accident Report form which he must present at the request of an authorised person.

### **Change of owner of a motor vehicle**

#### **Article 32**

Should there be a change of the owner of a motor vehicle within the motor third party liability insurance contract validity period, the rights and obligations under the contract shall be transferred to the new owner and shall apply until the current insurance period has expired.

### **Territorial validity of motor third party liability insurance**

#### **Article 33**

The motor third party liability insurance shall cover damages occurring in the territory of EU member states and the territory of International Insurance Card System member states or in the territory of states whose national insurance bureaus are signatories to the Multilateral Agreement, without payment of the additional insurance premium.

### **Compensation for damages caused abroad**

#### **Article 34**

The liable insurance company shall cover damages occurring due to the use of motor vehicle in the territory of EU member states and the territory of International Insurance Card System member states or in

the territory of the states whose national insurance bureaus are signatories to the Multilateral Agreement, up to the amount established by the regulations on motor third party liability insurance of the state in which the damage occurred. If the minimum sum insured of the state is lower than the amount referred to in Article 22 of this Law, the damage shall be covered up to the amount specified in that Article.

If the liable insurance company from paragraph 1 hereof does not pay the compensation for the damage, it shall be compensated by the Association.

The Guarantee Fund, in accordance with concluded international agreements, shall be responsible for the damage incurred by a driver of an uninsured motor vehicle, normally based in the territory of the Republic of Serbia, in the territory of EU member states or in the territory of the states whose national insurance bureaus are signatories to the Multilateral Agreement, or in the territory of the state in which a registration plate serves also as an international certificate of motor third party liability insurance.

### **Recourse claims of legal entities in the field of social insurance**

#### **Article 35**

Legal entities involved in health, disability and retirement insurance may, on account of payments made for their beneficiaries, make recourse claims from insurance companies under motor third party liability insurance in the amount of the actual damage, up to the amount of the highest liability of the company in cases where such claims may be made towards the persons liable for damage, according to relevant regulations.

The actual damage referred to in paragraph 1 hereof shall be the costs of medical treatment and other unavoidable costs caused by medical treatment, as well as adequate amount of pension of the claimant and/or a member of his family, which is established as a capitalised amount according to the remaining period of insurance service and according to the number of years the person would need to become entitled to old-age pension.

An insurance company shall pay 5% of gross motor third party liability insurance premium to the account of a legal entity which provides and is engaged in compulsory health insurance (hereinafter: Republic Fund) in accordance with the law governing compulsory health insurance.

The percentage from paragraph 3 hereof calculated on the amount of gross motor third party liability insurance premium from the previous month shall be paid by the insurance company by the 20<sup>th</sup> day of the current month.

All actual damages towards the Republic Fund from paragraph 2 hereof shall be deemed settled upon the payment of the amount referred to in paragraph 3 hereof.

## **2. Compensation for damages caused by using motor vehicles registered abroad**

## **International certificate of motor third party liability insurance cover**

### **Article 36**

A driver entering the territory of the Republic of Serbia by a motor vehicle normally based in the territory of a state whose national insurance bureau is not a signatory to the Multilateral Agreement, must hold a valid international certificate of motor third party liability insurance which is valid across the territory of the EU, or some other type of document which serves as evidence of insurance coverage.

The international certificate referred to in paragraph 1 hereof is substituted by a registration plate for a motor vehicle normally based in the territory of the state whose national insurance bureau is a signatory to the Multilateral Agreement.

In case the motor vehicle was sent from the territory of an EU member state into the Republic of Serbia, the risk shall be deemed to be located in the Republic of Serbia during the period of 30 days from the date the vehicle is received by the buyer, even if the vehicle is not registered in Serbia.

## **Validity of international certificate of motor third party liability insurance cover**

### **Article 37**

The international certificate and evidence referred to in Article 36, paragraph 1 hereof shall be understood to mean a certificate and evidence recognised as valid by the Association, in accordance with concluded international agreements.

Any obligations arising from the certificates referred to in paragraph 1 hereof shall be guaranteed by the Association up to the amount specified in Article 22 hereof.

## **Border insurance**

### **Article 38**

A driver of a vehicle normally based in the territory of a state whose national insurance bureau is not a signatory to the Multilateral Agreement, who does not hold a valid international certificate or evidence of motor third party liability insurance referred to in Article 36 hereof, must conclude a contract for motor third party liability insurance (border insurance cover) which is valid in the territory of EU member states, for the duration of the driver's stay in the territory of the EU member state, which shall not be shorter than 15 days.

Legal compliance of the drivers of motor vehicles with foreign registration plates from paragraph 1 hereof and Article 36 of this Law, shall be overseen by the body responsible for internal affairs in the Republic of Serbia. When motor vehicles, normally based in the territory of another EU member state or a third country, enter the territory of the Republic of Serbia from the territory of another EU member state, the body responsible for internal affairs in the Republic of Serbia shall undertake non-systematic checking which is



not aimed exclusively at motor third party liability insurance verifications.

### **Compensation for damages caused by using foreign registration motor vehicles**

#### **Article 39**

A person who suffered any damage caused by a motor vehicle with foreign registration plates used in the territory of the Republic of Serbia for which there is a valid international certificate or other evidence of motor third party liability insurance, shall submit his compensation claim to the insurance company which has obtained the authorisation of the Association to perform activities related to the international agreement on the liability insurance of owners of motor vehicles for damages arising from the use of motor vehicles in the country or abroad.

Where the minimum sum insured of the respective country exceeds the sum insured from Article 22 hereof, the damage shall be compensated up to the contracted insurance amount, and/or pursuant to the insurance policy of the motor vehicle with foreign plates.

Should the insurance company to which any claims for compensation referred to in paragraph 1 hereof have been submitted, fail to pay compensation within 60 days from claim receipt, the claimant shall be entitled to submit a compensation claim to the Association.

Should the Association fail to pay compensation within 30 days from claim receipt, the claimant may file a lawsuit against the Association or the insurance company referred to in paragraph 1 hereof, and inform the NBS thereof.

### **Compensation on the grounds of border insurance**

#### **Article 40**

Compensation for any damages caused by using a motor vehicle with foreign registration plates, provided that the owner of such vehicle has contracted motor third party liability insurance with a domestic insurance company, shall be paid by such insurance company pursuant to the provisions of this Law relating to insurance contracted by the owners of locally registered motor vehicles.

### **Compensation for damages caused by uninsured foreign registration motor vehicles**

#### **Article 41**

Payment of compensation for damages caused by using foreign registration motor vehicles, in cases where owners of such vehicles have not contracted motor third party liability insurance, shall be provided by the Guarantee Fund.

### **3. Compulsory insurance premiums – premium system Determining and calculating compulsory insurance premiums**

## **Article 42**

The insurance company shall calculate the premium for each tariff group within the compulsory insurance premium system on the basis of relevant data for each tariff group.

Data used for the calculation of premium for each tariff group within the premium system shall be data from concluded insurance contracts, reported, settled, paid and reserved claims, costs related to settlement and payment of claims, and other information necessary for risk assessment and premium calculation.

The insurance company shall submit the data from paragraph 2 hereof to the Association within the timeframe prescribed by the Association.

The Association shall process the data from paragraph 2 hereof and shall publish them on its website at least once a year.

## **Bonus-malus system**

### **Article 43**

An insurance company shall include a bonus-malus system in its premium system and scales of premiums and shall apply it when concluding motor third party liability insurance contracts.

The basic criteria of the bonus-malus system, the data required for its application and the maximum bonus shall be prescribed by the NBS.

An insurance company may establish additional criteria which are not contrary to the criteria referred to in paragraph 2 hereof.

## **4. Selling insurance policies and insurance company operation**

### **Article 44**

Apart from the persons referred to in the Insurance Law, motor third party liability insurance policies may also be sold by legal entities authorised for motor vehicle inspection in accordance with regulations on road traffic safety (hereinafter: motor vehicle inspection station).

The sale of motor third party liability insurance policies through motor vehicle inspection stations shall not be considered an insurance agency activity within the meaning of the Insurance Law.

The sale of motor third party liability insurance policies through motor vehicle inspection stations shall be performed only by the staff of the station licensed for insurance agency activities in accordance with the Insurance Law.

Apart from contracts on sale of insurance policies, the insurance company and motor vehicle inspection station, and their related parties, shall not conclude agreements on lease of premises or perform other legal

activities which constitute the source of income and benefits for the inspection station from the funds of the insurance company or its related party.

The inspection station shall not be entitled to collect the insurance premium.

#### **Article 45**

The management loading in motor third party liability insurance business shall not exceed 23% of the gross premium of such insurance.

Motor third party liability insurance administration costs, including the acquisition costs, shall not be higher than the management loading referred to in paragraph 1 hereof, and the commission on sold motor third party liability insurance policies shall not exceed 5% of the gross premium of such insurance.

In its financial report, the insurance company shall provide a comparative income and expenses overview and determine and disclose profit and/or surplus and loss and/or deficit in the performance of motor third party liability insurance activities.

The insurance company shall retain 1.2% of gross motor third party liability insurance premium as a part of loss prevention and shall deposit such amount on a quarterly basis in a special account intended for introduction, running and improvement of the system for surveillance, control and regulation of traffic-video surveillance of the roads.

The obligation of insurance companies from paragraph 4 hereof shall apply for five years.

The funds referred to in paragraph 4 hereof shall be used in accordance with the law regulating road traffic safety.

### **5. Special provisions on implementing motor third party liability insurance**

#### **1) Claims representative**

#### **Article 46**

A representative authorised to decide on a motor third party liability insurance claim (hereinafter: claims representative) shall be a person who on behalf of and for the account of the liable insurer collects information, undertakes measures needed to make a decision on the claim and in the country of permanent residence of the injured party carries out adequate payment for damages against claims arising from a traffic accident in an EU member state which is not the country of permanent residence of the claimant, and/or in a third country whose national insurer's bureau is a member of the International Insurance Card System, in the case the damage is caused by use of a motor vehicle insured and normally based in one of EU member states, other than the country of permanent residence of the claimant.

The claims representative must have all necessary powers of representation of the insurance company in

relation to the claimant and government bodies and must have registered offices or permanent residency in that country.

The claims representative must be trained to process compensation claims in the official language of the country for which he has been appointed.

The claims representative may work for one or more insurance companies.

Notwithstanding the provisions of paragraph 1 hereof, the injured party may effect compensation directly from the person responsible for the accident or from the liable insurance company.

Legal entities referred to in Article 35 hereof and other legal entities to which the entitlement to compensation of the injured party has been transferred under this Law, shall not be entitled to effect compensation from the claims representative.

#### **Article 47**

An insurance company carrying out activities of motor third party liability insurance in the territory of the Republic of Serbia shall appoint its claims representatives in all other EU member states.

Through the Information Centre referred to in Article 50 of this Law, the insurance company shall inform the information centres of other EU member states of the names and registered offices or permanent residency of its claims representatives referred to in paragraph 1 hereof.

#### **Article 48**

The appointment of claims representatives in EU member states shall not influence the substantive law applied in the processing of compensation claims nor shall it alter court jurisdiction.

#### **Article 49**

The liable insurance company or its authorised representative shall, within three months from the date of claim receipt, submit to the claimant the following:

- 1) a reasoned offer of compensation for damages – insofar as liability for compensation for damages and the amount of damages are not disputable,
- 2) a reasoned reply – insofar as liability for compensation for damages and the amount of damages are disputable.

If the insurer or its claims representative miss the stipulated deadline from paragraph 1 hereof and do not deliver to the claimant a reasoned offer of compensation for damages or a reasoned reply, the claimant may file a lawsuit against the liable insurer in the place of his permanent residence.

The NBS shall notify the competent supervisory body of the EU member state in case the liable insurer or

its claims representative breaches the provisions of paragraph 1 hereof.

## **2) Information Centre**

### **Article 50**

The Information Centre shall be established within the Association for the purpose of ensuring the efficient realisation of compensation claims caused by the use of motor vehicles.

The Information Centre shall:

- 1) collect data relevant for payment of compensation claims and keep a register of data,
- 2) enable access to the data referred to in item 1 hereof,
- 3) offer assistance to claimants when seeking data from the register referred to in item 1) hereof, and data from the registers of information centres of EU member states.

The register referred to in paragraph 2, item 1) hereof shall contain the following data:

- 1) registration markings, types, brands and the types and serial numbers of chassis of motor vehicles registered in the Republic of Serbia,
- 2) motor third party liability insurance policy reference numbers for motor vehicles under item 1) hereof,
- 3) duration of the insurance coverage under motor third party liability insurance contracts,
- 4) business names and registered offices of insurance companies offering insurance cover under insurance contracts referred to in item 3) hereof,
- 5) name and surname, date of birth, permanent residence and/or name and registered office of the insured party,
- 6) names and permanent residence or registered offices of claims representatives appointed by an insurance company from the Republic of Serbia in other EU member states,
- 7) a list of motor vehicle owners in the Republic of Serbia exempt from the obligation of motor third party liability insurance.

Data from paragraph 3 hereof shall be collected from insurance companies and the records of motor vehicles registered in the Republic of Serbia.

At the request of the injured party, the Association shall also request data referred to in paragraph 3 of this Article from the registers of information centres of other EU member states.

An insurance company and a body authorised to keep records of motor vehicles registered in the Republic of Serbia are obliged to regularly forward data referred to in paragraph 3 hereof to the Association.

Data referred to in Article 3, items 1) to 5) hereof shall be kept on file by the Information Centre for no less than ten years after the deregistration of a motor vehicle or after the expiry of an insurance policy.

To provide assistance in collecting data referred to in paragraph 2, item 3) hereof, the Information Centre shall cooperate with information centres of other EU member states.

### **Article 51**

The Information Centre shall, without delay, enable access to the following data from its registers or registers of information centres of other EU member states to claimants during ten years after a traffic accident:

- 1) business name and registered office of the liable insurance company,
- 2) number of the insurance policy issued by the company referred to in item 1) hereof,
- 3) name and surname and/or business name and permanent residence and/or registered office of the claims representative in the Republic of Serbia, appointed by the liable insurance company.

Upon the request of the claimant, the Information Centre shall collect data on the name and surname and/or business name and permanent residence and/or registered office, of the owner, the usual driver or registered user of the motor vehicle if the claimant has a legitimate legal interest in obtaining such information. The Information Centre shall collect data primarily from insurance companies and from bodies authorised for motor vehicle registration.

The Information Centre shall collect for the claimant data on the name and surname and/or business name and permanent residence and/or registered office of the person liable for the damage caused by the use of the motor vehicle exempt from the obligation of motor third party liability insurance.

### **Article 52**

The Information Centre shall enable access to and use of data in accordance with this Law to all claimants and other participants in a traffic accident.

Processing, storage, access to and use of data which are personal by their nature must be carried out in accordance with the provisions of Article 9, paragraph 3 hereof.

## **3) Claims Compensation Bureau**

### **Article 53**

The Claims Compensation Bureau shall be established within the Association.

The claimants with permanent residence in the Republic of Serbia may file a claim for compensation to the Claims Compensation Bureau if the traffic accident took place in another EU member state or in a third

country whose national insurer's bureau is a member of the International Insurance Card System, and has been caused by a motor vehicle insured and/or normally based in another EU member state.

The Claims Compensation Bureau is liable only in exceptional instances where the liable insurer and/or its claims representative did not fulfil their obligations as stipulated by this Law.

The claimant referred to in paragraph 2 hereof may present his compensation claim to the Claims Compensation Bureau if:

1) within three months from the date the claimant filed the compensation claim to the liable insurer or its claims representative, the liable insurer or its authorised representative have not proceeded in accordance with Article 49 hereof.

2) the liable insurer in the Republic of Serbia has not appointed a claims representative except in the case the claimant has already submitted the compensation claim directly to the liable insurance company and if that person, within three months after filing the claim, has received a reasoned reply from the liable insurance company.

3) it was not possible to identify the motor vehicle and/or liable insurer within two months from the date of filing the compensation claim.

#### **Article 54**

The Claims Compensation Bureau shall be obliged to decide on a compensation claim within the period of two months from the date the compensation claim was filed. The Claims Compensation Bureau shall suspend the proceedings if the insurance company or its claims representative fulfil their obligations as stipulated in Article 49 hereof.

The Claims Compensation Bureau shall immediately inform the following parties of the receipt of a claim for compensation and of the fact that it shall, within two months from claim receipt, proceed in an appropriate manner:

- 1) the liable insurance company or its claims representative,
- 2) the compensation body in the EU member state in which the head office of the insurance company, with which the contract on motor third party liability insurance was concluded, is registered,
- 3) the person who caused the traffic accident, if that person is known.

#### **Article 55**

The claimant referred to in Article 53, paragraph 2 hereof may not submit the compensation claim to the Claims Compensation Bureau if he has initiated legal proceedings against the person who caused the traffic accident or the liable insurer.

Legal entities to which, based on law, the rights of the claimant have been transferred in regards to the compensation from the person causing the accident or liable insurance company and legal entities referred to in Article 35 hereof, have no rights to the realisation of claims for compensation from the Claims Compensation Bureau.

If the Claims Compensation Bureau has paid compensation to the claimant referred to in Article 53, paragraph 2 hereof, it shall have the right to reimbursement of the sum paid for damages and expenses from the competent compensation body of the EU member state in which the insurance company, in accordance with concluded international agreements, concluded the contract on motor third party liability insurance.

In accordance with concluded international agreements, the Claims Compensation Bureau shall be obliged to reimburse the sum paid for compensation to the compensation body of the EU member state, provided that this concerns obligations on the basis of a contract on motor third party liability insurance of an insurance company registered in the territory of the Republic of Serbia.

#### **Article 56**

If it is not possible to identify the motor vehicle which caused the damage or if within a two-month period from the date of filing the claim for compensation it is not possible to determine the liable insurer, the claimant referred to in Article 53, paragraph 2 hereof may file the claim for compensation with the Claims Compensation Bureau.

The Claims Compensation Bureau which has compensated damages to the claimant has the right to reimbursement of sum for compensation and expenses, in accordance with concluded international agreements:

- 1) in the event that it is not possible to determine the liable insurance company – from the Guarantee Fund in the EU member state in which the motor vehicle is normally based,
- 2) in the event that it is not possible to identify the motor vehicle – from the Guarantee Fund in the EU member state in which the traffic accident occurred,
- 3) in the event of vehicles from third countries – from the Guarantee Fund in the EU member state in which the traffic accident occurred.

#### **Article 57**

The funds necessary for the functioning of the Claims Compensation Bureau shall consist of the contributions from insurance companies dealing with motor third party liability insurance. The Association shall establish the amount of necessary funds and inform insurance companies thereof. The contribution of an insurance company shall be proportionate to its share in the number of concluded motor third party liability insurance contracts in the Republic of Serbia for the previous year.



Insurance companies are required to pay the contributions from paragraph 1 hereof within 15 days after receipt of the information from the Association.

Funds of the Claims Compensation Bureau shall be deposited in a separate account of the Association.

#### **4) Loss events register**

##### **Article 58**

The Loss events register shall be established within the Association for the purpose of holding data on loss events and/or compensation claims under motor third party liability insurance, which shall include data for the last 5 years during which the insured had a motor third party liability insurance contract.

The insurance company is obliged, for the purpose of the register referred to in paragraph 1 hereof, to submit to the Association data on loss events and/or claims covered by motor third party liability insurance contracts for each vehicle and the insured.

##### **Article 59**

The insurance company shall issue a certificate of filed compensation claims to the insured under his motor third party liability insurance within 15 days of claim filing, and the certificate shall refer to the period from Article 58, paragraph 1 hereof.

#### **5) Engagement in motor third party liability insurance by persons from the EU and/or another foreign country**

##### **Article 60**

An insurance company of an EU member state and/or foreign country and a branch of such insurance company which are authorised to engage in compulsory insurance in the territory of the Republic of Serbia under the Insurance Law, shall be members of the Association and shall be subject to the provisions stipulated in Article 75 of this Law.

The insurance company or branch referred to in paragraph 1 hereof shall appoint a representative with registered offices or permanent residence in the Republic of Serbia and shall notify the NBS and the Association of his name or title and address.

The appointed representative referred to in paragraph 2 of this Article shall, on behalf of and for the account of the insurance company or the branch referred to in paragraph 1 of this Article, process and compensate claims to claimants, represent the company before courts and competent bodies of the Republic of Serbia.

The appointed representative referred to in paragraph 2 of this Article may also carry out the activities of the claims representative referred to in Article 46 hereof.

The appointed representative referred to in paragraph 2 of this Article shall carry out activities referred to in paragraphs 3 and 4 in the Serbian language.

#### **IV INSURANCE FOR AIRCRAFT OWNERS AGAINST LIABILITY FOR DAMAGE CAUSED TO THIRD PARTIES AND PASSENGERS**

##### **Obligation of aircraft owners to provide insurance against liability for damage caused to third parties and passengers**

###### **Article 61**

Aircraft owners shall enter into a contract to provide insurance against liability for damage caused to third parties and passengers by using such aircraft.

The third party from paragraph 1 hereof shall mean any person, other than passengers and flight and cabin crew of the aircraft on duty during the flight.

The passenger from paragraph 1 hereof shall mean any person travelling in the aircraft, with the consent of the aircraft owner, other than flight and cabin crew of the aircraft on duty during the flight.

The insurance contract referred to in paragraph 1 hereof shall cover damages to cargo and luggage as well.

The insurance contract referred to in paragraph 1 hereof need not cover damages to cargo and luggage if the aircraft is not used for commercial purposes.

The insurance contract referred to in paragraph 1 hereof shall cover damages caused by war and terrorism, aircraft hijacking, sabotage, unlawful seizure of an aircraft and civil commotion.

Notwithstanding paragraph 6 hereof, for aircraft with MTOM of less than 500 kg, which is not used for commercial purposes and/or is used for pilot training, sport or amateur flights within the airspace of the Republic of Serbia the insurance contract referred to in paragraph 1 hereof need not include war and terrorism risk.

The owner of foreign aircraft entering the airspace of the Republic of Serbia must be insured against liability for damage referred to in paragraph 1 hereof unless the compensation of damages has otherwise been secured or unless otherwise provided by international treaties.

Notwithstanding paragraph 8 hereof, the owner of aircraft which is not registered in the Republic of Serbia, and/or an EU member state and/or aircraft which is registered outside the territory of the EU and whose flights do not include landing at or taking off from the territory of the EU and/or the Republic of Serbia, but only flights in the airspace of the Republic of Serbia, need not have damages to passengers, cargo and luggage covered by the contract on insurance from paragraph 1 hereof.

Aircraft shall be registered and re-registered after the evidence of insurance contract from paragraph 1

hereof has been presented to the authorities in charge of such registration.

Owners of aircraft not subject to compulsory annual registration shall contract the insurance referred to in paragraph 1 hereof at the time of obtaining the respective license to use such aircraft.

### **Amount of the sum insured**

#### **Article 62**

The minimum sum insured per loss event defined by the insurance contract from Article 61, paragraph 1 hereof shall be determined by the Government based on the proposal of the NBS.

The minimum sum insured referred to in paragraph 1 of this Article may not be lower than:

- 1) For damage caused to third parties:
  - (1) For motor propelled gliders with MTOM above 20 kg: SDR 10,000
  - (2) For free flying balloons with crew: SDR 20,000
  - (3) For aircraft with MTOM of:
    - Less than 500 kg SDR 750,000
    - Less than 1,000 kg SDR 1,500,000
    - Less than 2,700 kg SDR 3,000,000
    - Less than 6,000 kg SDR 7,000,000
    - Less than 12,000 kg SDR 18,000,000
    - Less than 25,000 kg SDR 80,000,000
    - Less than 50,000 kg SDR 150,000,000
    - Less than 200,000 kg SDR 300,000,000
    - Less than 500,000 kg SDR 500,000,000
    - 500.000 kg and more SDR 700,000,000
- 2) For individual passenger SDR 250,000
- 3) For personal belongings of passengers in the aircraft cabin: SDR 1,000
- 4) For cargo and registered luggage, per kg: SDR 17

Notwithstanding paragraph 2, item 2) hereof, the minimum sum insured per loss event, determined by the insurance contract from Article 61, paragraph 1 hereof for aircraft with MTOM of 2,700 kg or less, which is not being used for commercial purposes, of individual passenger is SDR 100,000.

The decision from paragraph 1 hereof shall be published in the Official Gazette of the Republic of Serbia.

### **Application of compensation-related provisions**

#### **Article 63**

The provisions of this Law relating to the compensation for damages caused to third parties by using motor vehicles, as well as the provisions of the laws on contracts and torts and the law governing the ownership and legal relationships in air traffic, shall apply, as appropriate, to any issues of liability of owners of aircraft for damage caused to third parties and passengers not governed by the provisions of this section.

### **V INSURANCE FOR BOAT OWNERS AGAINST LIABILITY FOR DAMAGE CAUSED TO THIRD PARTIES**

#### **Obligation of boat owners to provide insurance against liability for damage caused to third parties**

#### **Article 64**

The owner of a boat with engine power exceeding 15 kW, which is entered in the register pursuant to boat registration regulations, shall enter into a third-party liability insurance contract that provides cover in the event of death, bodily injuries or health hazard due to the use of the boat.

The damage referred to in paragraph 1 hereof shall also include any damage caused to third parties due to objects falling or getting thrown off a boat.

The third party referred to in paragraph 1 hereof shall not be a person transported in a boat.

The owner of a foreign boat navigating in the territorial waters of the Republic of Serbia must be insured against liability for damage referred to in paragraph 1 hereof unless the payment of damages has otherwise been secured or unless otherwise provided by international treaties.

Boat registration and re-registration shall be performed upon presentation of evidence of insurance cover from paragraph 1 hereof to the authorities in charge of such registration.

#### **Amount of the sum insured**

#### **Article 65**

The minimum sum insured per loss event for which the insurance referred to in Article 64, paragraph 1 hereof may be contracted shall be defined by the Government based on the proposal of the NBS.

The minimum sum insured referred to in paragraph 1 hereof may not be lower than EUR 200,000.

The decision from paragraph 1 hereof shall be published in the Official Gazette Republic of Serbia.

### **Application of compensation-related provisions**

## **Article 66**

Provisions of this Law relating to compensation for damages caused to third parties by using motor vehicles, as well as the provisions of the laws on contracts and torts and the law governing the ownership and legal relationships in inland and maritime navigation, shall apply, as appropriate, to any issues of liability of boat owners for damage caused to third parties not governed by the provisions of this section.

## **VI SUPERVISION MEASURES**

### **Types of measures**

## **Article 67**

When in carrying out supervision, the NBS determines that the insurance company has violated obligations from Articles 6, 9, 24 to 27, 39 and 40, 42 to 45 and 70, 106 and 108 hereof, it may impose the following measures, irrespective of the measures envisaged by the Insurance Law, namely:

- 1) it may publicly disclose, at the company's expense, information on the company's failure to execute obligations or failure to execute them in a timely manner, or information about the company's operation in contravention of regulations;
- 2) it may revoke the approval granted to the general manager or another responsible person in the company in line with the Insurance Law;
- 3) it may temporarily prohibit the company to engage compulsory insurance;
- 4) it may revoke the company's license to engage in compulsory insurance;
- 5) it may impose a pecuniary fine on the company, as well as on the president and/or a member of the company body.

### **Fine**

## **Article 68**

The fine referred to in Article 67, item 5) hereof, sanctioning the actions of the insurance company shall be no less than 1% or more than 5% of the pecuniary portion of core capital of the company prescribed for carrying out operations in the area of compulsory insurance, while the fine to the president and/or a member of the company body shall be no less than one or more than the total of 12 salaries received by these persons in the period prior to the date of rendering the fine-imposing decision.

The fines from paragraph 1 hereof shall be paid into the budget of the Republic of Serbia.

Once delivered to the person referred to in paragraph 1 hereof, the fine-imposing decision shall represent a

legally enforceable document.

### **Criteria for imposing measures**

#### **Article 69**

The NBS shall render a decision on the measures referred to in Article 67 hereof based on the assessment of:

- 1) The gravity, and/or the consequences of a failure to carry out obligations defined by this Law or a failure of the insurance company to do so in a timely manner and the extent of these consequences, as well as based on the assessment of the company's operation in contravention of regulations;
- 2) Extent of endangering the stability of the insurance market, and/or development of compulsory insurance;
- 3) History of previous regulatory violations and irregularities in operation of the insurance company;
- 4) Demonstrated readiness and ability of the insurance company's bodies to remedy the irregularities established in the company's operation.

### **VII PUBLIC FUNCTIONS ASSIGNED TO THE ASSOCIATION OF SERBIAN INSURERS**

#### **Article 70**

The Association, the members of which are all insurance companies carrying out operations in the area of compulsory traffic insurance, shall perform the following public functions:

- 1) Perform activities of a national insurance bureau arising from international treaties on insurance of owners of motor vehicles against third party liability for damage incurred by motor vehicles used locally or abroad;
- 2) Prescribe and print forms and supervise the use of international insurance cards issued to owners of motor vehicles against liability for damage caused by using motor vehicles locally or abroad, as well as process compensation claims under such insurance coverage (green card);
- 3) Maintain the Information Centre, Claims Compensation Bureau and the Loss events register;
- 4) Collect, process, keep, deliver, and/or publish on its website data significant for carrying out operations assigned by this Law, including data on claims filed under each insurance policy for the implementation of the bonus-malus system, which insurance companies are obliged to submit to the Association;
- 5) Represent insurance companies before the state and other competent bodies in the country and before international insurance organisations;

- 6) Determine the amount of contribution to be paid by insurance companies for the provision of funds for carrying out the operations of the Association assigned to it under this Law;
- 7) Adopt the Code of Conduct in compulsory insurance operations;
- 8) Conduct other tasks defined by this Law.

The ministry in charge of finance shall approve the amount of contributions referred to in paragraph 1, item 6) hereof, of which the Association shall inform the NBS.

The Association shall calculate income and expenses pertaining to the performance of public functions and shall submit that calculation to the ministry in charge of finance.

At request, the Association shall provide data for the implementation of the bonus-malus system to the NBS and to the insurance company.

#### **Article 71**

Public functions performed by the Association shall be supervised by the ministry in charge of finance.

Should the ministry in charge of finance determine that the public functions are not performed in line with international treaties and this Law, it shall order that the established irregularities be rectified within the specified period.

#### **Article 72**

The Government shall approve the provisions of the Statute of the Association pertaining to the performance of public functions, based on the previously acquired opinion of the ministry in charge of finance of the Republic of Serbia and the NBS.

The Association shall submit its annual reports to the Government regarding the performance of public functions no later than 31 March of the current year for the previous year.

### **VIII GUARANTEE FUND**

#### **Establishment of the Guarantee Fund**

#### **Article 73**

The Guarantee Fund shall be established by this Law.

The Guarantee Fund shall be established as a legal entity. The legal capacity of a legal entity shall be acquired on the date of its entry into the register.

The head office of the Guarantee Fund shall be in Belgrade.

The funds for the establishing and start of operations of the Guarantee Fund shall be provided from the

budget of the Republic of Serbia.

## **Activities**

### **Article 74**

The Guarantee Fund shall be established for the purpose of financial protection of passengers in public transport and third party claimants in cases where the damage has been caused by the use of uninsured or unidentified means of transport, as well as for damages payable by the insurance company in respect of which bankruptcy proceedings have been initiated under this Law.

In performing the activities referred to in paragraph 1 hereof, the Guarantee Fund shall:

- 1) receive, assess and liquidate claims for compensation;
- 2) pay the sum insured i.e. compensation;
- 3) settle recourse claims in cases foreseen by this Law;
- 4) form reserves.

The Guarantee Fund may subcontract an insurance company to process the compensation claims, pay the sum insured i.e. compensation and settle recourse claims.

## **Assets of the Guarantee Fund**

### **Article 75**

The funding sources of the Guarantee Fund shall be:

- 1) insurance companies' contributions;
- 2) budget funds of the Republic of Serbia in the first year of operation;
- 3) investment income and other income of the Guarantee Fund;
- 4) other sources in line with law.

The funds collected from contributions of insurance companies shall serve as coverage for the obligations from Article 74 hereof and for operating expenses of the Guarantee Fund.

Insurance companies shall secure the funds from paragraph 2 hereof by allocation of funds from the compulsory insurance premium.

The contributions of insurance companies are stated as a percentage of the gross premium of compulsory insurance realised in the previous month.

The amount of contributions shall be determined by the board of directors of the Guarantee Fund, subject to approval of the Government.



## **Purpose of the funds**

### **Article 76**

The funds of the Guarantee Fund shall be used for payment of the sum insured i.e. compensation of damages to claimants, specifically:

- 1) caused by the use of a motor vehicle, aircraft, boat or other means of transport for which no compulsory insurance has been contracted within the meaning of this Law;
- 2) caused by the use of an unknown motor vehicle, aircraft or boat;
- 3) caused by the use of a motor vehicle, aircraft, boat or other means of transport for which compulsory insurance was contracted with the insurance company against which bankruptcy proceedings have been initiated.

The insurance company shall not be liable for the obligations of the Guarantee Fund referred to in paragraph 1 of this Article.

## **Exclusion of the right to recourse**

### **Article 77**

Legal entities performing activities in the field of health, pension and disability insurance, as well as other legal entities and natural persons, which have in any way directly indemnified the claimant against the damage caused by the use of uninsured or unknown means of transport, as well as damage caused by the use of means of transport for which a compulsory insurance contract was concluded with an insurance company against which bankruptcy proceedings have been initiated, may not make recourse claims to the Guarantee Fund.

## **Administering and investing claims compensation funds**

### **Article 78**

The Guarantee Fund shall hold funds for payment of the sum insured, i.e. for settlement of claims in the special deposit account opened with the NBS.

Funds from paragraph 1 of this Article shall be invested by the Guarantee Fund pursuant to regulations governing the depositing and investment of assets of an insurance company.

Funds from paragraph 1 hereof may not be subject to enforced collection.

## **Accountability**

## **Article 79**

The Guarantee Fund shall guarantee for its liabilities with its assets.

### **General acts and salaries**

## **Article 80**

The Guarantee Fund shall have a statute and other general acts, in line with law and statute.

The statute shall be adopted by the board of directors of the Guarantee Fund with the approval of the Government.

The statute shall be submitted to the NBS for issuing an opinion prior to being submitted to the Government for approval. The board of directors of the Guarantee Fund shall be obliged to consider the objections of the NBS. When submitting the statute to the Government, the board of directors of the Guarantee Fund shall inform the Government about the objections which have not been accepted and the reasons for the non-acceptance.

The statute of the Guarantee Fund shall govern the organisation and operation of the Guarantee Fund.

Salaries, compensations and other income of the Guarantee Fund employees shall be subject to regulations governing salaries, compensations and other income of public servants.

### **Bodies of the Guarantee Fund**

## **Article 81**

The bodies of the Guarantee Fund shall be the board of directors and the general manager.

### **Members and appointment of the board of directors**

## **Article 82**

The board of directors shall have five members, including the president.

The president and members of the board of directors shall be appointed and revoked by the Government, namely:

- 1) President and one member – based on the proposal of the ministry in charge of finance;
- 2) One member – based on the proposal of the NBS;
- 3) Two members – based on the proposal of the Association of Serbian Insurers.

The president and members of the board of directors shall be appointed for the period of four years and may be reappointed.

The president and members of the board of directors are not employees of the Guarantee Fund.

The president and members of the board of directors shall receive remuneration for their work for the Guarantee Fund.

### **Competences of the board of directors**

#### **Article 83**

The board of directors shall:

- 1) adopt the statute and other general acts of the Guarantee Fund;
- 2) make decisions on the amount of contributions of insurance companies referred to in Article 75 hereof;
- 3) adopt annual plans of the Guarantee Fund;
- 4) adopt the annual operating report of the Guarantee Fund;
- 5) adopt annual accounts and audit report of the Guarantee Fund;
- 6) appoint and recall the certified auditor who shall audit the annual accounts of the Guarantee Fund;
- 7) pass its rules of procedure;
- 8) perform other activities as defined by law and the statute of the Guarantee Fund.

### **General manager**

#### **Article 84**

The general manager of the Guarantee Fund shall be appointed and revoked by the board of directors, with the approval of the Government.

The general manager of the Guarantee Fund shall be appointed for the period of four years and may be reappointed.

The general manager of the Guarantee Fund shall represent and act on behalf of the Guarantee Fund, propose to the board of directors acts and decisions within their respective competences, and ensure that the decisions made by the board of directors are acted upon.

The general manager of the Guarantee Fund shall also perform other activities within the competence of the Guarantee Fund unless this Law provides for such activities to fall under the competence of the board of directors.

### **Requirements for appointment of the president and members of the board of directors and general manager**

#### **Article 85**

To be appointed for the president and member of the board of directors, or general manager of the Guarantee Fund, a person must:

- 1) be a national of the Republic of Serbia;
- 2) have a university degree;
- 3) be a recognised expert in the field of insurance, law, or economy;
- 4) not have been in the past three years a member of the board of directors or supervisory board, or a general manager or senior executive of a legal entity against which forced liquidation or bankruptcy proceedings were initiated or completed;
- 5) not have been unconditionally sentenced to imprisonment for the period longer than six months nor sentenced for an offence making him unfit for the post.

### **Conflict of interest**

#### **Article 86**

The president and members of the board of directors of the Guarantee Fund, as well as members of their families, may not own shares, founders' stakes or debt securities, or act as outsourced consultants or members of bodies of insurance companies, audit companies which audit the financial statements of the Guarantee Fund or other legal entities cooperating with the Guarantee Fund in carrying out the tasks within its scope of competence.

The general manager of the Guarantee Fund may not be a functionary within the meaning of the law governing the prevention of conflict of interest in conducting public office, or a functionary of a political organisation or trade union or an outsourced consultant or a member of bodies of legal entities from paragraph 1 hereof.

### **Surplus or deficit of income over expenses**

#### **Article 87**

Any surplus of income over expenses disclosed in the income statement of the Guarantee Fund shall be transferred to the following year and taken into account when determining the amount of necessary assets of the Guarantee Fund for the coming period.

The surplus of expenses over income of the Guarantee Fund shall be covered by contributions referred to in Article 75 hereof for the coming period, depending on the due outstanding obligations of the Guarantee Fund.

### **Supervision**

## **Article 88**

Operation of the Guarantee Fund shall be supervised by the NBS.

The supervision from paragraph 1 of this Article shall be performed pursuant to regulations governing supervision of operation of insurance companies.

If any illegalities are established in operation of the Guarantee Fund during supervision, the NBS shall impose measures to rectify them pursuant to regulations which define the measures the NBS may take against insurance companies.

Operation of the Guarantee Fund shall be subject to audit pursuant to law.

## **Annual accounts of the Guarantee Fund**

### **Article 89**

The Guarantee Fund shall submit its annual accounts for the previous year, together with the report on its operations and the certified auditor's report, to the NBS and the ministry in charge of finance by no later than 30 April of the current year.

## **Application of the provisions governing the right to payment of the sum insured, i.e. compensation**

### **Article 90**

The provisions hereof relating to the exercise of the claimant's right to payment of the sum insured i.e. right to compensation shall accordingly apply to the Guarantee Fund as well, unless provided otherwise by the provisions in this section.

## **Payment of the sum insured or compensation in cases where no compulsory insurance was contracted**

### **Article 91**

Any damages caused by the use of a motor vehicle, aircraft, boat or other means of transport in cases where the owners contracted no compulsory insurance and they were required to do so pursuant to the provisions of this Law, shall be paid in the same amount and under the same terms as if the compulsory insurance was contracted on the date of the loss event.

After the sum insured or compensation has been paid, the recourse shall be claimed from the owner of a motor vehicle, aircraft, boat or other means of transport who failed to contract compulsory insurance in the amount equal to the amount of compensation paid out, interest accruing since the payment of compensation, and fees and costs of proceedings.

## **Compensation for damages caused by the use of unknown means of transport**

### **Article 92**

Damages due to death, bodily injury or health hazard caused by the use of an unidentified motor vehicle, aircraft or boat shall be paid up to the amount to which the liabilities of the insurance company are limited by this Law in respect of any damage caused by the use of such means of transport, as at the date of the loss event.

In case of damages caused by the use of an unknown motor vehicle, the Guarantee Fund shall indemnify the damage to property if it has compensated a party in the accident for grave bodily injury requiring hospitalisation with the 10% franchise, providing it is not more than EUR 500 in the dinar equivalent on the day of the loss event.

In cases it is established, after the settlement of compensation, that a motor vehicle, aircraft or a boat has caused the damage, the recourse shall be claimed from the insurance company with which compulsory insurance was contracted, in the amount equal to the compensation paid out, interest accruing since the payment of compensation, and costs of the proceedings.

### **Payment of the sum insured or compensation by insurance companies against which bankruptcy proceedings have been initiated**

#### **Article 93**

Where compulsory insurance was contracted with an insurance company in respect of which bankruptcy proceedings have been initiated, damages caused by the use of a motor vehicle, aircraft, boat or other means of transport shall be compensated by the Guarantee Fund.

The rights of the claimant in respect of the bankruptcy estate shall be transferred to the Guarantee Fund that has paid the sum insured and/or compensation. The Guarantee Fund holds the right to file this claim until the completion of bankruptcy proceedings of the company referred to in paragraph 1 of this Article.

### **Obligations of claimants at the time of claim filing**

#### **Article 94**

The claim for compensation in cases referred to in Article 74, paragraph 1 hereof, shall be filed to the Guarantee Fund by the claimant.

Claimants shall be required to support their claims referred to in paragraph 1 of this Article by appropriate evidence showing that such damage was caused by the uninsured, unidentified or means of transport insured with an insurance company against which bankruptcy proceedings have been initiated.

### **Lawsuit against the Guarantee Fund**

## **Article 95**

If the Guarantee Fund does not respond to the claim within 90 days of claim receipt, the claimant may file a lawsuit against the Guarantee Fund and inform the NBS thereof.

## **Payment of the sum insured or compensation to persons who are not nationals of the Republic of Serbia**

## **Article 96**

Persons who are not nationals of the Republic of Serbia and who have suffered damage in the territory of the Republic of Serbia by using a motor vehicle, aircraft, boat or other means of transport in cases referred to in Article 74, paragraph 1 hereof, shall be entitled to payment of the sum insured i.e. compensation pursuant to the provisions of this Law.

## **IX PENALTIES**

### **Economic offences**

## **Article 97**

Any company or other legal entity shall be fined from RSD 100,000 to 3,000,000 for economic offence:

- 1) if, being the owner of a means of transport, it fails to enter into a contract providing compulsory insurance for the means of transport, before it is used for transport (Article 4, paragraph 1, Article 14, paragraph 1, Article 18, paragraph 1, Article 61, paragraph 1, and Article 64, paragraph 1);
- 2) if, being the owner of a means of transport, it fails to provide for the driver of the means of transport to have the insurance policy during the period of the use of the means of transport or to have another evidence of the closed contract on insurance, and as the owner of the motor vehicle also to have the European Accident Report (Articles 8, 31, 36, 38 and 105);
- 3) if, being the owner of a means of transport used for public transport of passengers, it fails to indicate the data on the closed contract on compulsory insurance in a prominent position in the means of transport and on the fare ticket (Article 14, paragraph 5);
- 4) if, being the owner of a means of transport, it fails to notify the liable insurance company about the traffic accident within the period specified in Article 23 hereof (Articles 23, 63 and 66);
- 5) if the sale of motor third party liability insurance policies within the entity is conducted by persons who are not licensed to perform insurance agency activities (Article 44, paragraph 3);
- 6) if it closes a contract with the insurance company or with a related party of the insurance company in contravention of Article 44, paragraph 4 of this Law;

The responsible person in such a company or other legal entity shall also be fined from RSD 20,000 to 200,000 for the economic offence referred to in paragraph 1 hereof.

### **Article 98**

An insurance company shall be fined from RSD 300,000 to 3,000,000 for economic offence:

1) if it fails to enter into contract on compulsory insurance in line with the policy conditions and scales of premium applicable at the time such insurance contracts are closed or refuses an application to close such contract or fails to submit the policy conditions and the European Accident Report along with the insurance contract (Article 5, paragraphs 1 to 3, and Article 31, paragraph 2);

2) if it starts implementing the conditions of compulsory insurance, tariff and the premium system before the deadline from Article 6, paragraph 1 hereof has expired or after the issuing of the order from paragraph 3 of that Article;

3) if it closes the contract on compulsory insurance in contravention of Article 7 hereof;

4) if it fails to compile, process and store data on the insureds, insured means of transport, loss events, claim settlement and other data based on compulsory insurance and fails to keep a database or to submit data to the Association in the prescribed manner (Article 9, and Article 42, paragraph 3);

5) if it fails to close a motor third party liability insurance contract using the insurance policy form which is uniform for the territory of the Republic of Serbia (Article 19, paragraph 1);

6) if on the day of receiving a compensation claim it fails to record the claim in the special register of claims, in the order of receipt, or fails to establish the liability and the amount of the claim within the prescribed time limit, if it fails to submit a reasoned offer for indemnity and fails to pay the undisputed part of the compensation, or the compensation to the claimant, and/or fails to notify the person that there was no liability for the indemnity (Article 24, paragraph 4, Articles 25 and 27, Article 39, paragraph 3, Article 40, Article 49 and Article 106);

6a) if it does not pay in the funds pursuant to Article 35 hereof;

7) if the insurance premium is not determined pursuant to Articles 42 and 43 of this Law;

8) if it closes a contract with a vehicle inspection station or its related parties in contravention of Article 44, paragraph 4 of this Law;

9) if it allows the vehicle inspection station to collect the insurance premium (Article 44, paragraph 5);

10) if it operates in contravention of the provisions of Article 45 hereof;

11) if it fails to appoint the claims representative for claim settlement in EU member states (Article 47);



- 12) if it fails to submit the data prescribed by Article 50, paragraph 6 hereof to the Association;
- 13) if it fails to timely issue the certificate referred to in Article 59 hereof;
- 14) if it fails to pay the contributions to the Guarantee Fund, i.e. to the Association pursuant to the provisions of Articles 57, 70, 75 and 112 hereof;
- 15) if it operates in contravention of Article 108 hereof.

The responsible person in such insurance company shall also be fined from RSD 100,000 to 200,000 for the economic offence referred to in paragraph 1 hereof.

### **Article 99**

The responsible person in the Association shall be fined from RSD 100,000 to 500,000 for economic offence:

- 1) if it fails to settle the claim to the claimant within the deadline defined in Article 39, paragraph 4 hereof;
- 2) if it does not publish timely on its website the data referred to in Article 42, paragraph 4 and Article 70, paragraph 1, item 4 hereof;
- 3) if it fails to set up the Information Centre, Claims Compensation Bureau and Loss events register and fails to ensure their operation in line with this Law (Articles 50 to 58 and 70);
- 4) if it fails to submit the data in accordance with Article 70, paragraph 4 hereof.

### **Offences**

#### **Article 100**

Any entrepreneur owner of a means of transport shall be fined RSD 10,000 to 300,000 for offence:

- 1) if, being the owner of a means of transport, it fails to enter into a contract providing compulsory insurance for the means of transport before the means of transport is used (Article 4, paragraph 1, Article 14, paragraph 1, Article 18, paragraph 1, Article 61, paragraph 1, and Article 64, paragraph 1);
- 2) if, being the owner of a means of transport, it fails to provide for the driver of the means of transport to have the insurance policy during the period of the use of the means of transport or to have another evidence on the closed contract on insurance, and as the owner of the motor vehicle also to have the European Accident Report (Articles 8, 31, 36, 38, and 105);

3) if, being the owner of a means of transport used for public transport of passengers, it fails to indicate the data on the closed contract on compulsory insurance in a prominent position in the means of transport and on the fare ticket (Article 14, paragraph 5);

4) if, being the owner of a means of transport, it fails to notify the liable insurance company about the traffic accident within the period specified in Article 23 Article 23, 63, and 66);

The natural person – owner of a means of transport shall be fined from RSD 10,000 to 50,000 for the offence referred to in paragraph 1 hereof.

### **Article 101**

A driver of a means of transport shall be fined from RSD 10,000 to 50,000 for offence:

1) If during the period of use of means of transport the said person does not have an insurance policy on him or other evidence of insurance cover, international motor third party liability insurance document or other evidence that such insurance is contracted or border insurance and the European Accident Report or fails to produce them at request of an authorised official, or if in case of a traffic accident he fails to provide personal details and data on insurance or fails to exchange the filled in European Accident Report with all the participants in the accident who are entitled to file claims under that policy (Articles 8, 31, 36, 38 and 105);

2) If he fails to provide the data referred to in Article 9, paragraph 2 hereof (Article 10, paragraphs 1 and 3);

The natural person – participant in the loss event shall be fined from RSD 100,000 to 200,000 for the offence referred to in paragraph 1, item 2 hereof.

## **X TRANSITIONAL AND CLOSING PROVISIONS**

### **1. Transitional provisions which shall be implemented until accession to the EU**

#### **Article 102**

The provisions of Articles 1 to 101 hereof shall be implemented until the accession of the Republic of Serbia to the EU, notwithstanding the issues regulated differently by the provisions of Articles 103 to 108 hereof.

#### **Article 103**

The compulsory motor third party liability insurance contract shall cover the damages occurring in the territory of the Republic of Serbia, unless otherwise regulated by an international treaty.

The owner of a motor vehicle shall be obliged to close a contract on motor third party liability for damages

occurring abroad and to have an international document evidencing it, prior to crossing the state border in the said vehicle.

The insurance company which has issued to the owner of the motor vehicle the international document certifying the existence of a motor third party liability insurance with risk coverage abroad is obliged to pay compensation to the claimant for damages caused abroad by the use of this vehicle up to the amount defined by regulations on motor third party liability insurance of the country in which the damage occurred i.e. in line with the international treaties if the international document is valid in the country where the damage has occurred.

The Association shall prescribe and print out the forms of the international document from paragraphs 2 and 3 of this Article and supervise its use, as well as process all compensation claims in relation to this insurance.

#### **Article 104**

Foreign legal entities conducting operations in the field of health, pension, and disability insurance shall be entitled to make recourse claims to an insurance company pursuant to Article 35 hereof under the condition of reciprocity.

A person who is not a national of the Republic of Serbia and who has suffered damage in the territory of the Republic of Serbia by the use of a motor vehicle, aircraft, boat or other means of transport in cases referred to in Article 74, paragraph 1 hereof, shall be entitled to compensation pursuant to the provisions hereof under the condition of reciprocity.

#### **Article 105**

A driver of a motor vehicle with foreign registration plates entering the territory of the Republic of Serbia shall hold a valid international document on motor third party liability insurance which is valid in the territory of the Republic of Serbia and covers damages at least up to the amount set herein.

The documents recognised as valid by the Association, as a member of the system of the International Insurance Card System (Green Card), are international documents referred to in paragraph 1 hereof.

The Association shall be the guarantor for liabilities based on the document referred to in paragraph 1 hereof up to the amount of the sum insured valid on the day of loss event.

The Association shall timely notify the authorities in charge of internal affairs of the international document referred to in paragraph 1 hereof which is considered valid.

The validity of the international document on insurance shall be verified by the relevant authorities in charge of internal affairs at the border-crossing, at the time a motor vehicle enters the territory of the

Republic of Serbia, as well as in the course of regular traffic control.

The international document from paragraph 1 hereof shall also be required for any motor vehicle transported to the Republic of Serbia by certain means of transport, except for vehicles not intended for use in the Republic of Serbia.

Persons not holding a valid international document referred to in paragraph 1 hereof shall be required to contract the motor third party liability insurance at the border (border insurance) with a local insurance company, valid solely in the territory of the Republic of Serbia.

Border insurance from paragraph 7 hereof shall be closed for the period of stay in the Republic of Serbia.

#### **Article 106**

Damages for which compensation claims are below EUR 500 in the dinar equivalent and for which evidence is enclosed with the claim based on which it is possible to determine the liability of the insurance company, shall be deemed small claims.

The insurance company is required to pay the compensation from paragraph 1 of this Law within 8 days from claim receipt.

The insurance company shall pay the compensation within the deadline from paragraph 2 hereof also in the event when in the claim assessment procedure it is determined that the damage is lower than the dinar equivalent of EUR 500, regardless of the fact that the claim was not categorised as a claim from paragraph 1 hereof.

#### **Article 107**

The minimum sum insured per loss event for which the insurance referred to in Article 61, paragraph 1 hereof may be contracted shall be:

- 1) For aircraft used for public transport of passengers and goods in local and international air traffic:

(1) Weight up to 2,700 kg	EUR 50,000
(2) Weight from 2,701 kg to 5,700 kg	EUR 110,000
(3) Weight from 5,701 kg to 27,000 kg	EUR 310,000
(4) Weight from 27,001 kg to 72,000 kg	EUR 620,000
(5) Weight exceeding 72,000 kg	EUR 1,000,000

- 2) For other aircraft regardless of the purpose they are used for (hang gliders, ultra light gliders, paragliders, gliders, balloons, motor hang gliders, ultralight motor aircraft, self-propelled aircraft and other

aircraft)

EUR 40,000

### **Article 108**

Insurance companies carrying out operations in the area of motor third party liability insurance shall implement common policy terms, premium system with unified technical bases for these operations and minimum scales of premium, which also contain the bonus-malus system referred to in Article 43 hereof.

The NBS shall issue prior consent to the common policy terms, premium system and scales of premium from paragraph 1 hereof adopted by the Association, as well as to their amendments and supplements.

## **2. Harmonisation of operation and closing provisions**

### **Harmonisation of operation of insurance companies and setting up of database**

#### **Article 109**

Insurance companies carrying out operations in the field of compulsory insurance shall be required to harmonise their operation with the provisions of this Law within 60 days from its effective date, except if the deadline for specific issues is set differently by the provisions of this Law.

The insurance company shall set up databases referred to in Article 9, paragraph 2 of this Law within six months from the effective date of the act referred to in Article 9, paragraph 4 of this Law.

### **Harmonisation of operation of the Association**

#### **Article 110**

Within 60 days from the effective date of this Law, the Association shall harmonise its statute provisions pertaining to the conduct of public functions and submit it to the Government for approval pursuant to Article 72 hereof.

The obligations of the guarantee fund within the Association originated up to the effective date of this Law shall be settled by the Association in line with regulations in effect prior to the effective date of this Law.

Within 90 days from the effective date of this Law, the Association shall adopt the regulation referred to in Article 9, paragraph 4 of this Law.

The Information Centre referred to in Article 50 hereof shall start operating within one year from the effective date of this Law.

The Loss events register referred to in Article 58 hereof shall be set up one year after the effective date of this Law, and as of that time the insurance company shall start issuing the certificate of claim referred to in Article 59 hereof for the period for which it has appropriate data.

## **Commencement of operation of the Guarantee Fund**

### **Article 111**

Until the commencement of operation of the Guarantee Fund, the tasks falling within its scope of operation shall be conducted by the Association, in line with the regulations in effect up to the effective date of this Law.

The Association shall conduct operations arising in connection with liabilities of the guarantee fund within the Association under compulsory insurance contracts closed with insurance companies whose licenses for conducting operations in the field of insurance were revoked up to the effective date of this Law, through the special purpose account of the guarantee fund within the Association.

The Association shall open the special purpose account of the guarantee fund within the Association referred to in paragraph 2 of this Article once this Law comes into effect.

As at the day of the commencement of operation of the Guarantee Fund, the Association shall transfer to the fund the assets, rights and obligations in relation to those assets, pertaining to the territory of the Republic of Serbia, as well as the accompanying equipment, archival records, and documents which served for the conduct of operations of that fund, apart from those related to the settlement of obligations from paragraph 2 hereof. The Guarantee Fund shall also take over the staff of the Association performing operations of the Guarantee Fund from paragraph 1 of this Article on the effective date of this Law.

### **Sources of funding for the settlement of obligations by the guarantee fund within the Association**

#### **Article 112**

The sources of funding of the guarantee fund within the Association for covering obligations from Article 111, paragraph 2 of this Law shall be: additional contributions of insurance companies and other sources in compliance with regulations valid up to the effective date of this Law.

Additional contributions from paragraph 1 of this Article shall be paid by insurance companies from the compulsory insurance premium and the assets arising from the recourse claims to persons who had not closed a liability insurance contract, in the manner and within deadlines and scope determined by the minister in charge of finance.

Other sources referred to in paragraph 1 of this Article shall be the assets obtained from the budget of the Republic of Serbia, a part of the privatisation proceeds of insurance companies, donations of local and foreign legal entities and other assets as determined by the minister in charge of finance.

The amount of assets received from the budget of the Republic of Serbia shall be determined by the minister in charge of finance.

The Deposit Insurance Agency, performing the function of the bankruptcy receiver for the insurance company from which the license to conduct operations in the field of insurance was revoked up to the effective date of this Law and against which the bankruptcy proceedings have been initiated, shall be obliged to submit monthly reports on reported receivables to the ministry in charge of finance as well as the projection of the expected payment of obligations in the course of the following three months for claims incurred under compulsory insurance contracts closed with this insurance company.

The Association shall make investments from the assets intended for settlement of liabilities of the guarantee fund within the Association, pursuant to regulations governing the depositing and investment of assets of an insurance company.

### **Appointment of members of the board of directors of the Guarantee Fund**

#### **Article 113**

The Government shall appoint the Chairman and members of the board of directors of the Guarantee Fund 60 days before the Guarantee Fund commences its operation, at the latest.

### **Adoption of the statute and appointment of the general manager of the Guarantee Fund**

#### **Article 114**

The board of directors of the Guarantee Fund shall pass a statute of the Guarantee Fund and appoint the general manager of the Guarantee Fund 30 days at the latest from the appointment of the president and members of the board of directors.

### **Deadline for passing regulations for enforcement of this Law**

#### **Article 115**

Regulations for the enforcement of this Law from Article 19, paragraph 2, Article 26, Article 42, paragraph 3 and Article 43, paragraph 2 of this Law, shall be passed within six months from the effective date of this Law.

### **Start of compulsory insurance requirement for boat owners**

#### **Article 116**

A boat owner from Article 64, paragraph 1 of this Law shall close a contract on insurance referred to in that Article, in line with the provisions of this Law, not later than the day of inscription of the boat in the appropriate register, i.e. by the day of renewal of such inscription.

### **Deferred implementation of certain provisions of the Law**

#### **Article 117**

Certain provisions of this Law shall be implemented as of:

- 1) Provisions of Articles 6, 27, 33, 34, 36, 37 and 38, Article 42 paragraph 1, Articles 46 to 49, Article 50 paragraph 3, item 6) and paragraph 8, Article 51, Articles 53 to 57 and Article 60, as of the day of Serbia's accession to the EU;
- 2) the provisions of Article 22 five years after the effective date of this Law and the provisions of Article 43, paragraph 3 three years after the effective date of this Law;
- 3) the provisions of Article 42, paragraphs 2 to 4, and Article 43 paragraph 1, one year after the effective date of this Law;
- 4) the provisions of Article 61, paragraphs 2 to 7 and Article 62 as of 1 January 2010;
- 5) the provisions of Article 96, as of the date of Serbia's accession to the World Trade Organization.

### **Regulations becoming null and void**

#### **Article 118**

As of the effective date of this Law, provisions on compulsory insurance of the Property and Personal Insurance Law (FRY Official Gazette No 30/96, 57/98, 53/99 and 55/99 and RS Official Gazette No. 55/04) (Articles 73 to 108, 111, and 112) and the provisions of Articles 143 to 146 shall become null and void, except for the provisions of Article 86 of that Law which shall become null and void five years after the effective date of this Law.

As of the date of Serbia's accession to the EU, the provisions of subsection 1, section X hereof (Articles 102 to 108), shall become null and void except for:

- 1) provisions of Article 104, which shall become null and void on the date of Serbia's accession to the World Trade Organization;
- 2) provisions of Article 107, which shall become null and void on 1 January 2010;
- 3) provisions of Article 108, which shall become null and void on the 90<sup>th</sup> day following the date of Serbia's accession to the EU.

### **Effectiveness of this Law**

#### **Article 119**

This Law shall come into effect on the 90<sup>th</sup> day following the day of its publication in the Official Gazette of the Republic of Serbia.



**Stand-alone Articles of the Law on Amendments to the Law on Compulsory Traffic Insurance**

**(RS Official Gazette, No 78/2011)**

**Article 2**

The Guarantee Fund from Article 73 of the Law on Compulsory Traffic Insurance (RS Official Gazette, No 51/09) shall start carrying out the activities specified in that Law as of 30 June 2012 at the latest.

**Article 3**

This Law shall come into effect on 20 October 2011.

**Stand-alone Article of the Law on Amendments and Supplements to the Law on Compulsory Traffic Insurance (RS Official Gazette, No 101/2011)**

**Article 12**

This Law shall come into effect on the eight day following the day of its publication in the Official Gazette of the Republic of Serbia.