

Regulation on Procedure and Criteria for Approval of Correspondents in Kosovo

KOSOVO INSURANCE BUREAU

Contents

DEFINITIONS	2
SCOPE	2
CHAPTER 1: CONDITIONS UNDER WHICH A BUREAU GRANTS, REFUSES OR WITHDRAWS ITS APPROVAL TO A CORRESPONDENT	2
1.1 ACTING AS CORRESPONDENT OF A FOREIGN INSURER IN KOSOVO	2
1.1.1 <i>Entities that can be accepted as correspondents in Kosovo</i>	2
1.1.2 <i>Conditions according to which a correspondent of a foreign insurer can be approved</i>	2
1.2. HOW CAN THE INSURER ASK FOR THE APPROVAL OF A CORRESPONDENT IN A KOSOVO?	3
1.2.1 <i>Procedure</i>	3
1.2.2 <i>Time limit</i>	3
1.2.3 <i>Date of activation</i>	3
1.3 ACTIVATION	4
1.4. CONDITIONS UNDER WHICH THE BUREAU CAN REFUSE THE APPROVAL OF A CORRESPONDENT	4
1.5. CANCELLATION OF THE MANDATE	4
1.5.1. <i>Cancellation by an insurer of its agreement with a correspondent (general rule):</i>	4
1.5.2. <i>Cancellation by a correspondent of its agreement with the foreign insurer that asked for its approval (general rule):</i>	4
1.5.3 <i>Decision of the Bureau which granted the approval to withdraw this approval</i>	4
1.5.4 <i>Situation of ongoing files</i>	5
1.6. SPECIFIC CASES: CASES OF MERGER, TRANSFER OF PORTFOLIO, WITHDRAWAL OF THE LICENSE, OR TERMINATION OF THE CORRESPONDENT’S ACTIVITY	5
1.6.1. <i>Merger of the correspondent with another entity</i>	5
1.6.2. <i>Bankruptcy, withdrawal of the correspondent’s license</i>	5
1.6.3. <i>Cases where the foreign insurer which requested the appointment of the correspondent is no longer a member of a Bureau (e.g. bankruptcy and cases provided for in the national law such as liquidation, withdrawal of license, etc.</i>	6
CHAPTER 2 RIGHTS AND OBLIGATION OF THE CORRESPONDENTS	6
2.1. AUTHORIZATION TO SETTLE CLAIMS IN THE NAME OF THE BUREAU.....	6
2.2. LIMITS OF THE MANDATE.....	6
2.3. RIGHTS OF THE KIB	6
2.4. OBLIGATIONS OF KIB	6
2.5. OBLIGATIONS OF THE CORRESPONDENT.....	7
2.5.1 <i>General commitments</i>	7
2.5.2 <i>Offer to the injured party</i>	7
2.5.3 <i>Duty in case of court proceeding</i>	7
2.5.4 <i>Other duty information toward the Bureau</i>	8
2.5.5 <i>Information by the correspondent of the insurer which requested its approval:</i>	8
2.6. FREEDOM AS REGARDS CONDITIONS OF REIMBURSEMENT AND HANDLING FEES	8
2.7. LACK OF REIMBURSEMENT OF THE CORRESPONDENT	8
CHAPTER 3 AUDIT OF THE CORRESPONDENT	9
CHAPTER 4 SANCTIONS	9
CHAPTER 5 DISCORDANCE WITH INTERNAL REGULATION OF COB AND OR MOU’S	9

Definitions

All terms used in this Regulation shall have the same meaning with the terms defined in Law on Compulsory Motor Liability Insurance 04/L-018 and Law on Insurance 05/L-045 and/or with the following definitions for the purpose of this Regulation

“insurer”: means any undertaking authorized to conduct the business of compulsory third party liability insurance in respect of the use of motor vehicles.

“member”: means any insurer who is a member of a Bureau.

“correspondent”: means any insurer or other person appointed by one or more insurers with the approval of the Bureau of the country in which the person is established with a view to handling and settling claims arising from accidents involving vehicles for which the insurer or insurers in question have issued an insurance policy and occurring in that country.

Scope

This regulation is intended to provide the rules, conditions and criteria, according to which the Kosovo Insurance Bureau (KIB) grants, refuses or withdraws its approval to correspondents established Kosovo.

CHAPTER 1: CONDITIONS UNDER WHICH A BUREAU GRANTS, REFUSES OR WITHDRAWS ITS APPROVAL TO A CORRESPONDENT

1.1 Acting as correspondent of a foreign insurer in Kosovo

1.1.1 Entities that can be accepted as correspondents in Kosovo

KIB accepts as correspondent:

- Non-Life Insurance Companies in Kosovo who are member of KIB
- Claims Handlers licensed as such as per legal framework

The approval will be granted as of right when requested in the name of a member of another Bureau for any establishment (*branches, subsidiaries etc.*) of this member in Kosovo, provided that it is authorized to transact insurance against civil liability in respect of the use of motor vehicles.

In all cases, the request to appoint a correspondent has to be made according to the procedure described in Section 1.2 of the present document. KIB will send its approval and the date of activation to the correspondent.

1.1.2. Conditions according to which a correspondent of a foreign insurer can be approved

The correspondent should act in accordance with the provisions of Article 1.1.1 of this regulation and comply with the rules and provisions of the Internal Regulations, MoU's signed between KIB and National Bureau of other countries, and the applied legislation in Kosovo.

The request for approval is supported by the following information,

- Statutes;
- Number of claims handlers;
- Skills of claims handlers;
- Capacity to handle claims; network of experts (material damages, medical experts, lawyers)
- Financial Capacity

The files have to be handled in Kosovo. The victims must be able to have a contact and to consult their file in the official language(s) of the country.

1.2. How can the insurer ask for the approval of a correspondent in a Kosovo?

1.2.1 Procedure

Each foreign insurer may designate a correspondent in Kosovo which handles claims in the name of the Bureau and on behalf of the foreign MTPL insurer.

The approval of the request to nominate a correspondent falls within the exclusive competence of the Bureau.

Each request for approval of a correspondent in Kosovo, shall be sent to KIB by foreign Bureau of which the insurer is a member of. Request can be sent by fax, e-mail or letter.

This request must be supported by evidences that the proposed correspondent agrees to the requested approval (which can be any credible and clear declaration of acceptance)

The request shall be communicated by the Bureau of *which the insurer making the request is a member of* the Kosovo Insurance Bureau which shall grant, refuse or withdraw the approval to the correspondent.

1.2.2 Time limit

The Bureau granting the approval shall grant or refuse its approval within a period of three months from the request of the Bureau of which the insurer making the request is member. It shall send its decision as soon as possible to the Bureau that made the request.

1.2.3 Date of activation

The insurer requesting the approval of a correspondent may ask for a date of activation (while taking care of the necessary time limit to consider the request).

The Bureau granting the approval shall accept this date, except if there are any justified reasons to set another date. It shall notify its decision and the date of activation of the approval to the Bureau of which the insurer making the request is a member of and to the correspondent as soon as possible, but not more than 3 months from the date of receipt of the request.

In the event of no response being received, the approval shall be deemed granted and shall take effect on the expiry of that period.

1.3 Activation

Once the approval is granted, the correspondent has exclusive competence to handle and settle claims resulting and/or caused by the vehicles insured by the insurer having requested its approval.

If KIB is informed of an accident occurring in Kosovo, involving such a vehicle, it will forward this information to the correspondent for further action.

If the KIB receives a claim arising out of an accident involving such a vehicle, it will forward it without delay to the correspondent so that it may be handled and settled in conformity with the provisions of the Internal Regulations.

The date taken into account for the transmission of the file to the correspondent is

- Three days after the date of information of the Bureau

1.4. Conditions under which the Bureau can refuse the approval of a correspondent

If the above conditions are not fulfilled, KIB is entitled to refuse the agreement of the correspondent.

1.5. Cancellation of the mandate

1.5.1. Cancellation by an insurer of its agreement with a correspondent (general rule):

The insurer which wants to cancel its agreement with a correspondent shall inform the Bureau of which it is a member of about its wish to cancel the nomination of its correspondent. This Bureau shall inform KIB which granted the agreement. KIB shall inform the correspondent of the date of the termination of its mandate. Even if it falls within the competence of KIB to set the date of cancellation, the insurer can request a termination date (taking into account, the time limit necessary to the Bureau to consider the request). KIB shall respect this date except if there are serious and justified reasons to set another date, especially in light of the victims' interests and unpaid reimbursement demands from the correspondent to the insurer.

1.5.2. Cancellation by a correspondent of its agreement with the foreign insurer that asked for its approval (general rule):

If a correspondent wants to terminate the mandate with the foreign insurer which asked for its approval, it shall inform KIB first and then the insurer which shall then follow the procedure explained in paragraph 1.5.1 here above.

If, for exceptional reasons, it is not possible to apply this procedure, the correspondent shall inform the KIB. KIB will give the information to the Bureau of which the insurer concerned is a member. The correspondent may propose a date for the cancellation of this agreement, but if it cannot agree with the insurer which requested its agreement on this matter, the Bureau which gave the agreement shall fix the date from which the cancellation will take effect in line with the victim's interests.

1.5.3 Decision of the Bureau which granted the approval to withdraw this approval

KIB, can withdraw its approval if it appears that the correspondent makes serious and repeated breaches to the national law or to the Internal Regulations.

The procedure applicable in case of withdrawal is governed by Chapter 4 (Sanction) here below

1.5.4 Situation of ongoing files

Apart from specific agreements between the foreign insurer, the former and the new correspondent, approved by the Bureau which granted the approval, the dispute shall be settled according to the rules specified in paragraph 1.3 here above.

If there is no problem, and the foreign insurer, the former and the new correspondent agree, there is nothing preventing the former correspondent from continuing to handle the old files.

If it is proved that the victim's interests are no longer protected, the Bureau shall take over the handling and settlement of a claim from the correspondent.

In the event of a dispute, the Bureau may offer good advice to the parties and should be entitled to propose a specific agreement with the aim of protecting the victims' interests.

KIB, can withdraw its approval if it appears that the correspondent makes serious and repeated breaches to the national law or to the Internal Regulations.

The procedure applicable in case of withdrawal is governed by Chapter 4 (Sanction) here below.

In case of emergency, the Bureau can withdraw its approval immediately, after receiving information from the insurer transmitted by the Bureau which requested the appointment of the correspondent.

1.6. Specific cases: cases of merger, transfer of portfolio, withdrawal of the license, or termination of the correspondent's activity.

1.6.1. Merger of the correspondent with another entity

In case of merger of a correspondent with another entity, its mandate shall not be cancelled as of right. The Bureau which granted the approval has to conform to the decision of the insurer which requested the approval. Should this insurer request to cancel its mandate with the correspondent, such request shall be transmitted according to the procedure provided in paragraph 1.5.1 here above.

1.6.2. Bankruptcy, withdrawal of the correspondent's license

If KIB is informed of the changes to the correspondent's situation, which can give rise to difficulties for the compensation of victims, or can infringe the foreign insurer's interests, it will inform the Bureau which requested the approval.

KIB immediately has to withdraw the approval at each suitable date to protect the victims and the foreign insurer's interests, and will take over the ongoing files from the correspondent, except if another solution which is favorable to the victim, is set up between the parties.

If the correspondent is authorized to continue its activity (for instance: in case of run off or transfer of portfolio) the correspondent can continue to handle ongoing files, if there is no danger to the victims' interests.

1.6.3. Cases where the foreign insurer which requested the appointment of the correspondent is no longer a member of a Bureau (e.g. bankruptcy and cases provided for in the national law such as liquidation, withdrawal of license, etc).

If KIB is informed of the changes to the situation of the foreign insurer which requested the appointment of the correspondent, which can give rise to difficulties for compensation of the victims and for the correspondent, it will inform correspondent.

If this foreign insurer is no longer a member of its Bureau (e.g. bankruptcy and cases provided in the national law such as liquidation, withdrawal of license, etc.), the mandate of the correspondent shall terminate as soon as KIB is informed of the situation.

KIB may ask the correspondent to handle the ongoing files. In this case, KIB shall sign a new agreement with the correspondent which is then acting as being mandated by KIB.

CHAPTER 2 RIGHTS AND OBLIGATION OF THE CORRESPONDENTS

2.1. Authorization to settle claims in the name of the Bureau

The Bureau remains, as the last resort the guarantor of the compensation to the victims, and authorizes the correspondent to handle and settle the claims under certain conditions.

The Bureau authorizes the correspondent to handle and settle, in its name the claims, arising from civil liability, in respect of the use of a motor vehicle that is covered by insurance policy. The authorization is granted to the correspondent strictly under the condition that it does not accept to manage any claims regarding civil liability from foreign insurers other than those nominated by the Bureau.

2.2. Limits of the mandate

This authorization shall terminate in the event that the foreign insurer contests the insurance cover (refusal to confirm the guarantee, contractual exceptions, liquidation, withdrawal of the license, etc.). In this case, the correspondent shall promptly notify KIB thereof and return the entire file to the Bureau (except in the event that the Bureau provides other instructions).

The correspondent shall be reimbursed of any justified **emergency** costs by the Bureau to which the file is to be returned. Such costs shall not include any handling fees.

2.3. Rights of the KIB

KIB alone shall have the competence to decide on any issue relating to the decision on the interpretation of the laws applicable to the accident in its country even if it refers to the law of another country. But KIB may delegate to the correspondent being its representative the possibility to decide on any issue relating to the interpretation of the law applicable in the respective country.

KIB may, at any time take over the handling and settlement of a claim from a correspondent without any obligation to justify its decision.

2.4. Obligations of KIB

On the receipt of a claim arriving in the circumstances described in paragraph 1.3 here above, if a correspondent of the insurer has been approved, the Bureau shall forward the claim promptly to the correspondent.

2.5. Obligations of the correspondent

2.5.1 General commitments

The correspondent undertakes to handle and pay in the country where it has been approved the claims for which it received authorization.

The correspondent undertakes to obtain, as soon as possible the confirmation of the insurance cover by the insurer which requested its appointment.

If the foreign insurer does not respond to the request of the correspondent regarding the insurance within 14 days and in view of related legal obligations for the Bureau, the correspondent shall approach KIB and ask for its assistance to receive the needed statement from this foreign insurer.

The correspondent shall handle all claims in conformity with any legal or regulatory provisions applicable in Kosovo, relating to liability, compensation of the injured parties and to compulsory motor insurance. It shall handle all claims on behalf of KIB which gave the approval, arising out of accidents occurring in Kosovo involving vehicles insured by the insurance company which requested its approval.

It will refrain from asking the approval of this company for interpreting the law of the country of accident on any issue relating to that law.

When a settlement is in excess of the conditions or limits applicable pursuant to the laws on compulsory insurance against civil liability in force in Kosovo, but is covered by the insurance policy, the correspondent shall consult the foreign insurer and obtain its approval as regards the part of the claim that falls outside the scope of these conditions or limits.

The correspondent is not allowed to subject payment to the receiving of the relevant amounts from the foreign insurer.

The correspondent expressly commits itself to comply with the instructions of KIB which gave the approval, either from a general standpoint or in respect of a particular file.

The correspondent commits also itself to act in accordance with the relevant legislation on data protection.

2.5.2 Offer to the injured party

The correspondent shall either make a reasoned offer of compensation or a reasoned reply to the points made in the claim in cases where the liability is denied or has not been clearly determined or the damages have not been fully quantified to the victim, pursuant to the law applicable to the accident.

If a claim is not handled by the correspondent in conformity with the provisions of the 1st paragraph of Article 4.4 of the Internal Regulations, and that, as a result of such lack of performance, the Bureau which gave the approval is required to pay sanctions as provided by the national regulatory provisions, it shall be reimbursed by the correspondent.

The attention of the insurer and of the correspondent is drawn to the necessity to include in their agreements provisions to regulate their respective rights and obligations relating to this offer procedure.

2.5.3 Duty in case of court proceeding

The correspondent shall not receive any authorization *ad litem* enabling it to be summoned to court or to serve a writ in its capacity as representative of KIB or the foreign insurer which appointed it.

In the event that a lawsuit is taken out against the correspondent in its own name, it shall preliminarily raise the issue of its lack of capacity and shall immediately inform the Bureau which gave the approval thereof.

It is reminded that the injured party is always entitled to directly sue the foreign insurer which requested the approval of the correspondent. The latter cannot raise the unacceptability of this lawsuit if it is aware of the intention to do so by the injured party.

The correspondent may however defend the Bureau if it has been authorized to do so, defend the latter and the insured person in their respective names before the relevant courts, without however joining the proceedings or acting in its own name, in order to avoid a sentence being handed down against the correspondent itself.

The correspondent undertakes to systematically inform KIB of the progress of any court proceedings.

2.5.4 Other duty information toward the Bureau.

KIB shall be kept informed of the financial risks it may incur and of any difficulties it can encounter in handling claims.

In order to fulfill its mission, KIB at its discretion, will specify the data that shall be reported to KIB.

2.5.5 Information by the correspondent of the insurer which requested its approval:

The correspondent commits itself to inform the insurer which issued the insurance policy as soon as possible of the estimated amount of the claim, with a split between material damages and bodily injuries.

If the correspondent when handling the claim receives further information which can modify its former estimate, it shall inform the foreign insurer without delay. The provision of such information shall not delay the claim settlement.

2.6. Freedom as regards conditions of reimbursement and handling fees

The correspondent may agree with the foreign insurer that requested its approval on the terms and conditions for the reimbursement of the amounts paid to the injured parties, as well as on the calculation of the handling fees. However, in the event that the Bureau is requested to act in the place of the correspondent, it shall apply the rules as provided for in Article 5 of the Internal Regulations and shall by no means be bound by the rules agreed on between the insurer and the correspondent.

The correspondent shall keep KIB informed of any difficulties it encounters in obtaining the reimbursement of compensation it has paid without delay.

2.7. Lack of reimbursement of the correspondent

The correspondent may obtain the amounts it has disbursed for the foreign insurer that appointed it from KIB if it is unable to obtain the reimbursement of such amounts.

The request must be addressed to KIB within a maximum period of one year from the date of last payment made in favor of the injured party.

KIB shall reimburse the correspondent for the costs and expenses relating to the compensation of the injured parties, including a handling fee if due and the late interest in accordance with the conditions set out in Article 5 of the Internal Regulations. However, the requested handling fee

and late interest shall not exceed the provisions of Articles 5.1.3 and 5.2. of the Internal Regulations. The handling fee and late interest shall be reimbursed to the correspondent by KIB which sent its request for reimbursement according to Article 5, after such amounts are received from the Bureau of which the insurer is or was a Member. Before paying such costs and expenses, KIB shall ensure that payment was duly made in accordance with the provisions of respective MOU or Article 4.4 of the Internal Regulations.

CHAPTER 3 AUDIT OF THE CORRESPONDENT

KIB may analyze the performance of the correspondent's business on site in order to ensure the smooth operation of the MoU agreement(s). A preliminary report shall be issued together with recommendations where applicable following on from this analysis and the findings of said report shall be discussed with the correspondent. In such case, KIB shall not disclose any confidential and sensitive matters that it might be aware of in the course of the audit.

CHAPTER 4 SANCTIONS

In case of serious breach of its obligations pursuant to the Internal Regulations, the national law and the handling and payment agreement (when applicable), KIB shall be entitled to apply the following sanctions which could be: *warnings, or withdrawal of the approval.*

Should the withdrawal of the approval be applied, such decision shall be reasoned and preceded by:

- 1) A first warning granting the correspondent a deadline to remedy the defaults noted within a time limit given by the Bureau.
- 2) If the defaults noted are not corrected at the end of the set deadline, General Director will address an official warning to the correspondent granting it a final deadline of 30 days to remedy the defaults noted, unless the agreement is to be withdrawn.

KIB will reserve its right to inform the Bureau and the insurer which requested the approval of the situation and, if needed, the supervisory authorities.

CHAPTER 5 Discordance with Internal Regulation of CoB and or MOU's

In case any provision of this regulation is in contradiction with the Internal Regulation and/or MOU's signed by KIB, than The Internal Regulation and/or MOU's signed by KIB shall apply.