


# What is the Bonus -Malus System?



**Bonus-Malus System:** this is a system which adjusts the level of motor vehicle liability insurance premium, based on the historic of damages of the insured (policyholder).

For each insured entity in Kosovo that holds a Compulsory Motor Liability Insurance contract (policy) with a term of at least one year, the amount of premium is assigned according to the bonus-malus system. All policyholders who have not caused accidents within one year will be entitled to benefit from a bonus which will reduce the level of their insurance premium in the following year.

The importance of this system is that the Bonus will benefit good and disciplined drivers and those that are careful in the traffic and at the same time through the Malus irresponsible drivers who cause accidents will be disadvantaged.

Based on the Law on Compulsory Motor Liability Insurance, the CBK adopted the Regulation on the Implementation of Bonus-Malus system. See: [https://bqk.kos.org/repository/docs/korniza\\_ligjore/englis/h/ENG%20-%20Rregullore%20p%C3%ABr%20zbatimin%20e%20sistemit%20bonus%20malus.pdf](https://bqk.kos.org/repository/docs/korniza_ligjore/englis/h/ENG%20-%20Rregullore%20p%C3%ABr%20zbatimin%20e%20sistemit%20bonus%20malus.pdf)



The implementation of the Bonus - Malus system is based on information generated by **the Insurance Information Centre** administered by the Kosovo Insurance Bureau (KIB) or information from other entities acceptable to the CBK. Insurers are obliged to apply this regulation only in cases of issuance of compulsory motor liability insurance policies for natural persons, whereas the implementation of the bonus-malus system for legal persons is regulated by the insurers themselves or the Kosovo Insurance Bureau. The right to a certain premium class (bonus/malus) is related to the insured, respectively the policyholder, and is not transferable to the new owner.

