

MEMORANDUM OF UNDERSTANDING

Entered into between:

UNMIK- Banking and Payments Authority of Kosovo (hereinafter referred to as “**BPK**”) on one part, and

ALBANIAN INSURANCE BUREAU - Tirana (hereinafter referred to as “**AIB**”) on the other part

(hereinafter referred to as “**the Parties**”) with regard to the following:

-mutual acknowledgment of Motor Vehicle Liability Insurance Certificates of motor vehicle owners for damage caused to third parties;

-handling, payment and reimbursement of claims arising in consequence of accidents caused by these vehicles.

I. DEFINITIONS

For the purposes of this MOU the following words and expressions shall have the meaning hereunder assigned to them and no other:

Insuring Member	A licensed insurance company, which is a member either of the AIB or of the IAK, and which has insured the vehicle causing the accident in question under a motor vehicle liability policy or Green Card.
Paying Bureau	The bureau, whether the AIB or the IAK, which is responsible for reimbursing claims paid out by the Handling Bureau according to the procedures set out in this Memorandum and is in turn reimbursed by the Insuring Member.
IAK	The Insurance Association of Kosovo.
Handling Bureau	The party, whether the AIB (or one of its authorized members) or the CSO, which handles and settles claims within the scope of this Memorandum of Understanding and which seeks reimbursement from an Insuring Member through a Paying Bureau.
CSO	Claims Settling Organisation, which oversees the settlement of claims in Kosovo and is controlled by the BPK.

**Council of Bureaux
Uniform Agreement**

The Uniform Agreement adopted by the Council of Bureaux at the General Assembly in Casablanca on 30th and 31st. May 1996 as amended from time to time.

Guarantee Fund

The fund established by BPK, financed by Insuring Members and administered by the Insurance Association of Kosovo.

Insurance Certificate

An international certificate of motor vehicle insurance, issued by an Insuring Member, valid in respect of accidents occurring throughout the territory of Kosovo and of the Republic of Albania .

II. MUTUAL RECOGNITION OF MOTOR VEHICLE LIABILITY INSURANCE

1. Users of motor vehicles registered in Kosovo who are in possession of a valid Insurance Certificate may freely enter and travel in the territory of the Republic of Albania.

2. Users of motor vehicles registered in the Republic of Albania who are in possession of a valid Domestic Compulsory Third Party Liability Insurance Certificate may freely enter and travel in the territory of Kosovo.

3. Each Party shall send to the other Party a list of the names of acceptable of Insuring Members within 14 days of signature of this Memorandum of Understanding, and thereafter shall promptly notify the other Party of any amendments thereto.

4. The Parties agree that any Insurance Certificate, which purports to have been issued by authorization of the other Party, is to be considered valid, even if that document is fraudulent or was issued illegally in accordance with Article 5 of the Uniform Agreement.

III. HANDLING AND PAYMENT OF CLAIMS

1. Each Party shall handle and pay claims forwarded to it by the other Party within the scope of this MOU in accordance with Chapter IV of this MOU and on the same basis as its handles and pays claims presented by insured persons within its own territory.

2. This MOU shall cover the reporting, handling and payment of claims for personal injury or for loss or damage to property:

- a. sustained as a result of an accident in the Republic of Albania caused by insured motor vehicles registered in Kosovo; or

- b. sustained as a result of an accident in Kosovo caused by insured motor vehicles registered in the Republic of Albania.

3. In case of an accident, the Handling Bureaux are obliged to notify each other immediately.

4. After it has paid compensation, the Handling Bureau is obliged to submit to the Paying Bureau all necessary documentation justifying the payment, including the police report containing information on participants in the said accident, photographs of the damaged vehicle, professional expertise regarding the damage value, and the Insurance Certificate or, if this is not available, information on the policy number and period of insurance, the name of the Insuring Member, along with insurance cover confirmation, as well as a "Discharge Form" evidencing the settlement of the claim.

IV. REIMBURSEMENT

1. The Paying Bureau of each Party is obliged to reimburse to the Handling Bureau of the other Party the entire amount of compensation paid by the other Party's Handling Bureau in respect of a claim within the scope of this MOU, as well as handling fees and all other costs incurred during the handling of the claim as set out in paragraph 3 below.

2. The handling fees of the Handling Bureau are calculated at the rate of 15% of the total amount of compensation, subject to a minimum handling fee is EUR 200.00, and a maximum of EUR 3,500.00.

3. The other costs incurred during the claim handling included in the handling fee will be paid in accordance with Council of Bureaux Uniform Agreement.

4. The exchange rate between Euro and Albanian LEK for any payments due under this MOU shall be the official exchange rate quoted by the National Bank of the Republic of Albania as at the date on which the claim for reimbursement is presented by the Handling Bureau to the Paying Bureau.

5. After completion of the handling of the claim by obtaining a signed "Discharge Form" from the claimant and executing payment indemnifying the claim:

- a) For claims arising out of accidents in the territory of the Republic of Albania, the AIB shall notify IAK about the handled and paid claim, along with the damage calculation for each case, as provided in III.4 above
The BPK shall instruct the IAK to undertake to send copies of all documentation in the case to CSO immediately after receipt of the notification from the preceding item, and shall without delay, and in any event within 30 days from the date of submission of the claim, execute the payment of reimbursement from the Guarantee Fund to the AIB.

If the reimbursement claim is not settled within 45 days from the date of lodging the claim, the BPK shall instruct the IAK to pay the AIB penalty interest at the rate of 12% per annum starting from the date of receipt of the reimbursement claim.

- b) For claims arising out of accidents in the territory of Kosovo, CSO shall notify the Insuring Member about the handled claim paid to the damaged party through the Guarantee Fund along with the damage calculation for each case, as provided in III.4 above.

The Insuring Member shall make payment in reimbursement of the claim in favor of IAK within 30 days after the receipt of the said claim by the Insuring Member.

Should reimbursement not be paid in full within the said term, CSO shall submit a copy of the claim to AIB, which would settle this claim within 15 days after the receipt of the claim. If the claim is not paid within 45 days from the date of receipt of the initial reimbursement claim, AIB is obliged to pay penalty interest at the rate of 12% per annum starting from the date of receipt of the initial reimbursement claim.

6. The members of the Parties shall seek to resolve all disputes amongst themselves by mutual agreement (amicably). Should they not settle their disputes, these disputes shall be settled by the Parties whose decision shall be binding upon their members. In cases of any dispute between the Parties "an Arbitration Body" should be defined between the Parties, whose decisions should be binding on the Parties. This Arbitration Body shall have the power to determine the costs of the arbitration and by who it shall be borne.

V. COMING INTO EFFECT AND CANCELLATION

1. This MOU shall enter into force on 10 September 2002.
2. The validity of this MOU is indefinite. Both Parties are entitled to cancel this MOU by giving at least 90 days notice of cancellation in writing to the other Party. Where the written notice is sent by post, the notice is deemed to have been given on the date the notice was sent as verified by the affixed post stamp.
3. Claims arising from accidents occurring during the term of this MOU shall be and led and paid under this MOU, even after its cancellation.

Signed in Tirana dated 9 September 2002.

For Albanian Insurance Bureau


IRENA BEJKO
Irena Bejko
Chairperson

For UNMIK

Banking and Payments Authority of Kosovo


Chaiha Kim Rhee
Managing Director