MEMORANDUM OF UNDERSTANDING

Between

The Banking and Payments Authority of Kosovo (BPK) as the duly authorized entity responsible for vehicle insurance matters in Kosovo acting for The United Nations Interim Administration Mission in Kosovo (UNMIK)

And

The National Insurance Bureau (NIB) as the duly authorized entity responsible for vehicle insurance matters in the former Yugoslav Republic of Macedonia (FYROM)

On

Mutual Recognition of Third Party Liability
Motor Vehicle Insurance and Arrangements for Settlement of Claims

WHEREAS:

BPK and NIB (the "Parties") wish to establish a framework for:

(a) Arrangements for the reciprocal recognition acknowledgment of valid Motor Vehicle Liability Insurance Certificates and/or duly authorized FYROM International Green Cards as proof of compulsory Third Party Liability (TPL) insurance; and

(b) Arrangements for the handling, payment and reimbursement of claims arising in consequence of accidents caused by the insured vehicles in Kosovo and FYROM,

THE PARTIES HAVE AGREED as follows:

I. DEFINITIONS

For the purposes of this Memorandum of Understanding (MOU):

"Insuring Member" means a licensed insurance company, which is a member either of the NIB 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" means the bureau, whether the NIB 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" means the Insurance Association of Kosovo.

"Handling Bureau" means the party, whether NIB or 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 or through a Paying Bureau under the terms of this MOU.

"CSO" means Claims Settling Organization, which also oversees the settlement of claims in Kosovo and is supervised by the Banking and Payments Authority of Kosovo (BPK).

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

"Guarantee Fund" means the fund established by law, and administered respectively by BPK and NIB in Kosovo and FYROM.

"Proof of Insurance" means the existence of a valid TPL Kosovo Plus Insurance Certificate for motor vehicles duly registered in Kosovo, issued by an Insuring Member in Kosovo, in case of accidents occurring in FYROM, or a valid NIB Green Card for motor vehicles duly registered in FYROM, issued by an Insuring Member in FYROM for accidents occurring in Kosovo.

II. MUTUAL RECOGNITION OF MOTOR VEHICLE LIABILITY INSURANCE

1. Users of motor vehicles registered in Kosovo who are in possession of a valid TPL Kosovo Plus Insurance Certificate may freely enter and travel in FYROM. A copy of a specimen TPL Kosovo Plus Insurance Certificate is attached to this Memorandum as Annex 1.

2. Users of motor vehicles registered in FYROM who are in possession of a valid International Green Card issued under the authority of the NIB may freely
enter and travel in Kosovo. A copy of a specimen FYROM International Green Card is attached to this Memorandum as Annex II.

3. Each Party shall submit to the other Party a list of the names of all Insuring Members on the day 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 International Green Card purporting to be issued under the authority of the NIB for a vehicle registered in FYROM, and purporting to be duly completed for the use in Kosovo, or any TPL Kosovo Plus Insurance Certificate purporting to be issued in Kosovo for a vehicle registered in Kosovo and duly completed for the use in FYROM, shall be regarded as a valid proof of insurance in conformity 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 or directly by a claimant within the scope of this MOU in accordance with Article IV of this MOU and on the same basis as its handles and pays claims presented by insured persons within its own respective jurisdiction.

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 FYROM caused by motor vehicles duly registered and insured in Kosovo with valid TPL certificate of insurance constituting Proof of Insurance; or

   (b) Sustained as a result of an accident in Kosovo caused by motor vehicles duly registered and insured in FYROM with a valid NIB Green Card.

3. In case of an accident, the Handling Bureau is obliged to notify the Paying Bureau immediately of any claim and shall act in the best interests of the Paying Bureau as if it had issued the Proof of Insurance.

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, the Insurance Certificate number and period of insurance, the name of the Insuring Member, as noted in the official documents of the respective authorities together
with insurance cover confirmation, as well as a "Discharge Form" evidencing the full or partial 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 paragraphs 2 and 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 euro 200.00, and a maximum of euro 3,500.00.

3. The other costs incurred during the claim handling included in the handling fee will be paid in accordance with the procedures set out in the Council of Bureaux Uniform Agreement. The minimum handling fee shall be made even when the Claim is disposed of without payment to the Third Party.

4. The exchange rate between the euro and the FYROM Denar for any payments due under this MOU shall be the average exchange rate quoted by the FYROM National Bank 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 evidencing full and final settlement or an approved settlement of the indisputable part of the claim and executing payment indemnifying the claim:

   (a) For claims arising out of accidents in FYROM and handled by an Insuring Member of the NIB, the member which handles the claim shall directly notify IAK about the processed and paid claim, along with the damage calculation for each case, as provided in Article III.4 above.

The IAK shall immediately after receipt of the reimbursement demand, without delay, and in any event within 60 days from the date of submission of the claim, execute the payment of reimbursement demand to the Insuring Member of the NIB.

If, within a period of 60 days from the date of the first demand of reimbursement, the IAK has failed to pay the amount due to the insuring
member of the NIB, the IAK, on receipt of notification of such failure from the Handling Bureau, shall make the reimbursement within a period of 30 days from the date of receipt of that notification.

If the reimbursement claim is not settled within 60 days from the date of lodging the first reimbursement demand, the IAK shall pay penalty interest at the rate of 12% per annum calculated from the date of such first demand to the date of receipt of the remittance by the Handling Bureau.

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

The NIB Insuring Member shall immediately after receipt of the reimbursement demand, without delay, and in any event within 60 days from the date of submission of the claim, execute the payment of reimbursement demand to the IAK.

If, within a period of 60 days from the date of the first demand of reimbursement, the NIB Insuring Member has failed to pay the amount due to the IAK, the NIB, on receipt of notification of such failure from the CSO, shall make the reimbursement within a period of 30 days from the date of receipt of that notification.

If the reimbursement claim is not settled within 60 days from the date of lodging the first reimbursement demand, the NIB shall pay penalty interest at the rate of 12% per annum calculated from the date of such first demand to the date of receipt of the remittance by the Handling Bureau.

6. The Insuring Members of the Parties shall seek to resolve all disputes amongst themselves by amicable mutual agreement. Should such members not settle their disputes then these disputes shall be settled by the Parties whose decision shall be binding upon their respective Insuring Members. Any differences between the two Parties relating to or arising out of the interpretation and execution of this MOU shall be settled amicably by the Parties by mutually agreed procedures.

V. GUARANTEE FUND

1. Each Party agrees to provide on a reciprocal basis the same protection and support in cases of damage or loss covered by its Guarantee Fund to persons
VI. ENTRY INTO EFFECT

1. This MOU shall enter into effect after signature by the Parties upon certification by the Parties that their respective competent governmental authorities have taken the necessary action to waive or suspend border vehicle insurance arrangements that would otherwise apply.

2. The validity of this MOU shall remain in effect for an indefinite duration. Either Party may terminate this MOU by giving at least 90 days notice of termination in writing to the other Party. Where the written notice is sent by mail, the notice is deemed to have been given on the date the notice was sent as verified by the official mail stamp.

3. Claims arising from accidents occurring during the period that this MOU is in force shall be handled and paid in conformity with the terms and provisions of this MOU, even if such claims are submitted by a Party after the date of termination.

Signed in Skopje on 24 January 2003 in two original copies in English and two original copies in the Macedonian language. In the event of inconsistency between the texts, the English text shall prevail.

For: BPK

David Weatherman
Acting Managing Director
BPK

For: NIB

Ms. Ljupka Palcevska
Acting Director
NIB