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 Croatian Insurance Bureau (CIB) as the duly authorized entity responsible for vehicle insurance matters in Croatia

On

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

WHEREAS:

BPK and CIB (the “Parties”) wish to establish a framework for:

(a) Arrangements for the reciprocal recognition and acknowledgment of valid Motor Vehicle Liability Insurance Certificates and/or duly authorized Croatian 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 Croatia,

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 CIB 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 CIB 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 CIB 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).

“Internal Regulations” means the Internal Regulations adopted by the Council of Bureaux at the General Assembly in Rethymno (Crete) on 30th May 2002 as amended from time to time.

“Guarantee Fund” means the fund established by law, and administered respectively by BPK in Kosovo and CIB in Croatia.

“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 Croatia, or a valid CIB Green Card for motor vehicles duly registered in Croatia, issued by an Insuring Member in Croatia 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 Croatia. A copy of a specimen TPL Kosovo Plus Insurance Certificate is attached to this Memorandum as Annex I.

2. Users of motor vehicles registered in Croatia who are in possession of a valid International Green Card issued under the authority of the CIB may freely enter and travel in Kosovo. A copy of a specimen Croatian 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 CIB for a vehicle registered in Croatia, 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 Croatia, shall be regarded as a valid proof of insurance in conformity with Article 9 of the Internal Regulations.

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 Croatia 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 Croatia with a valid CIB 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, along 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 Internal Regulations.

4. The exchange rate between the Euro and the Croatian Kuna (HKN) for any payments due under this MOU shall be the official exchange rate quoted by the Bank of Croatia 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 Croatia and handled by an Insuring Member of the CIB, 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 CIB.

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 CIB, 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 on a daily basis starting 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 CIB 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 CIB 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 CIB Insuring Member has failed to pay the amount due to the IAK, the CIB, 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 CIB shall pay penalty interest at the rate of 12% per annum calculated on a daily basis starting 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 residing in the jurisdiction of the other Party as it provides to persons residing in its own jurisdiction.
2. Persons resident in Kosovo who sustain damage or loss referred to paragraph 1 above while in the territory of Croatia are entitled to submit their claims to the Guarantee Fund administered by CIB on the same terms as residents of Croatia. Persons resident in Croatia, who sustain damage or loss referred to paragraph 1 above while in Kosovo are entitled to submit their claims to the Guarantee Fund administered by BPK on the same terms as residents of Kosovo.

VI. ENTRY INTO EFFECT

1. Once signed by the Parties, this MOU shall become effective upon the entry into force of the Protocol on the Movement of the Registered vehicles and the Issuance of License Plates and Vehicle Registration Documents signed between the Republic of Croatia and UNMIK.

2. The validity of this MOU shall remain in effect for an indefinite duration. Either Party may terminate this MOU by giving at least 30 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 Zagreb on 10 December 2003 in two original copies in English and two original copies in the Croatian language. In the event of inconsistency between the texts, the English text shall prevail.

For: BPK

Donat Branger
Managing Director

For: CIB

Ante Luić
Managing Director
Croatian Insurance Bureau