



Pursuant to Article 35, paragraph 1, subparagraph 1.1 of the Law No.03/L-209 on the Central Bank of the Republic of Kosovo (Official Gazette of the Republic of Kosovo No. 77/16 August 2010), as well as in accordance with Article 8, paragraph 3, and Article 42 of the Law No. 04/L-018 on Compulsory Motor Liability Insurance (Official Gazette of the Republic of Kosovo No. 4/14 July 2011), the Board of the Central Bank of the Republic of Kosovo in the meeting held on June 12, 2020, adopted the following:

REGULATION ON THE IMPLEMENTATION OF BONUS-MALUS SYSTEM

Article 1

Purpose and scope

1. This regulation defines the method of implementation and calculation of the premium, including the bonus-malus system as defined in Article 8, paragraph 3, of the Law No. 04/L-018 on Compulsory Motor Liability Insurance.
2. This regulation applies to all insurers and licensed branches of external insurers in the Republic of Kosovo for the sale of compulsory motor liability insurance.
3. This regulation does not apply to the sale of border motor liability insurance.
4. Insurers are obliged to apply this regulation only in cases of issuance of compulsory motor liability insurance policies for natural persons.
5. The implementation of the bonus-malus system for natural persons regulated by the insurers themselves or the Kosovo Insurance Bureau.

Article 2

Definitions

1. The terms used in this regulation have the same meaning as defined in Law No. 04/L-018 on Compulsory Motor Liability Insurance and/or as defined in the following for the purposes of this Regulation:
 - 1.1. **Bonus-Malus system** – the system implemented as corrector of the height of motor liability insurance premium, based on the historic of damages of the insured

(policyholder).

- 1.2. **Motor vehicle** - the mechanical-propelled motor vehicle that runs on road, but not on trails, trailer and half-trailer, hooked or not hooked to the towing motor vehicle, for which it is foreseen to be registered and supplied with registration documentation.
- 1.3. **Insurance policy** - the motor liability insurance contract, respectively the standardized insurance certificate signed by the insurer and the insured proving the contract of the motor liability insurance.
- 1.4. **The insured** – is the policyholder, whose property interest is insured in case of liability from possessing and driving a motor vehicle.

Article 3 **Bonus and malus**

1. 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, respectively, depending on whether there were claims declared in the last period of insurance (observation) or not.
2. For the purposes of this regulation, a declared claim is the claim for which the payment is made or the obligation of the insurer is determined (claim was reported).
3. The observation period shall last for one year from the date of insurance.
4. The observation period started on July 1, 2012.
5. The Insurance provider accepts from the insured the premium rate based on information generated by the Insurance Information Centre administered by the Kosovo Security Bureau or information from other entities acceptable to the CBK.
6. When the insured establishes a Motor Liability Insurance agreement for the first time, the same pays the premium of the eleven (11) basic rate determined by paragraph 9 of this Article.
7. If the insured has been insured for at least one year and if in the period of observation there were no claims declared, the insured has the right on a lower class of premium in the subsequent year, but not more than up to the first class (1) as defined in paragraph 9 of this article.
8. For any damage presented in the observation period regardless of the duration of insurance, the insured in the subsequent year of insurance will move for three (3) premium classes higher, but not more than up to the eighteenth (19) class, defined by paragraph 9 of this article.
9. Premium classes in percentage from the basic premium class 11 (100%) are as follows:

BONUS classes

MALUS classes

1. 45%

12. 110%

2. 50%

13. 120%

3. 55%	14. 135%
4. 60%	15. 150%
5. 65%	16. 175%
6. 70%	17. 200%
7. 75%	18. 225%
8. 80%	19. 250%
9. 85%	
10. 90%	
11. 100%	

Article 4

Other rules on bonus and malus

1. 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.
2. The insured, which is categorized in a certain premium class according to the bonus-malus system classes defined by article 3, paragraph 9, of this regulation according to the policy in force, the same categorization is accepted for any other motor vehicle owned by him within the same tariff group according to Article 5 of this regulation.
3. If the insured has signed an insurance contract (policy) with a term shorter than one year, then, that contract in the following year cannot serve as a basis for decreasing the class of premium.
4. As an exception to paragraph 3 of this Article, the insured is accepted with the lowest premium class as if it were a full year, in cases where the one-year insurance policy is replaced by another policy of the same insurance, no more than 10 days before the end of the one-year term of the policy.
5. If the insured has entered into an insurance contract with a term of less than one year, then during this contract damage has been declared, this contract is then taken as a basis for increasing the class of the premium.
6. If the insurance contract has expired and the insured does not contract new one-year insurance policy within 15 days from the expiration date, then the same class of premium is applied to the insured as in the last expired contract, provided that damage has been declared during this period.
7. If the insurance contract has expired and the insured does not contract new one-year insurance policy, after the lapse of more than 15 days and less than 45 days from the date of expiration, then a higher class of premium is applied to the insured, but not more than class 11, compared to the class of the premium applied in the last expired contract, provided that no damage is declared during this period.

8. If the insurance contract has expired and the insured does not contract new one-year insurance policy even after the expiration of the period of 45 days to one year from the date of expiration, then the two-class higher premium is applied for the insured, but not more than the basic class premium (class 11), compared to the class of the premium applied in the last expired contract, provided that no damage is declared during this period.
9. If the insurance contract has expired and the insured does not contract new one-year insurance policy for more than one year from the date of expiration, in this case, the insured loses the right to benefit from a lower class of the premium and returns to the basic class of the premium (class 11), provided that there is no damage declared during this period.
10. In cases when the insured has been categorized to a rate of malus and does not contract new one-year insurance policy within the three-year period from the date of expiration of the last insurance policy, then the insured returns to the basic class of the premium (class 11), provided that during this period there is no damage declared. The same procedure applies in cases where the insurer has a legal basis to reject the damage, after declaring the damage.
11. If the insured is categorized on a malus class and then is able to prove otherwise through a court decision, the insurer must, in addition to correcting the class of the premium, also return the paid portion of the premium proportionally with the correction made. The same procedure applies if, after declaring the damage, the insurer has a legal basis for refusing the damage.
12. Provisions of this regulation also apply to leasing motor vehicles, if the motor vehicle is insured on behalf of the lessee. In cases where the motor vehicle is insured on behalf of the lessor, the provisions of the bonus-malus system apply to legal entities as defined in Article 1, paragraph 5, of this Regulation.
13. The insurer is entitled the right to purchase the damage from the insured, requesting from the insurer not to apply increases in the premium for a paid damage, if all of the following criteria are met:
 - 13.1 The insurer has collected (reimbursed) the full monetary amount of the damage from the insured, which it initially paid for the damaged party. This payment must be made through the banking system, in the insurer's account.
 - 13.2 The purchase of the damage is done within 45 days from the date when the insurer has made the payment of the damage according to the insurance policy.
14. In case the insurer has applied a higher class of the premium based on a declared but unpaid damage and then the insured has purchased the damage as defined in paragraph 13 of this article, then the insurer shall, in addition to correcting the class of the premium, also return the paid portion of the premium, proportionally to the correction made.

Article 5

Tariff groups

1. For the purposes of this regulation, the tariff groups of motor vehicles are classified as in the following:
 - 1.1. Group I: Vehicles for passengers;
 - 1.2. Group II: Cargo vehicles - trucks;
 - 1.3. Group III: Urban and interurban buses;
 - 1.4. Group IV: Tractors with mandatory registration;
 - 1.5. Group V: Motorcycles;
 - 1.6. Group VI: Trailers.

Article 6

Punitive measures

Violations of the provisions of this regulation will be subject to punitive measures, in accordance with Article 37 of the Law on Compulsory Motor Liability Insurance.

Article 7

Repeal

With the entry into force of this regulation, the Regulation on the Implementation of the Bonus-Malus System, dated 27 July 2012, is repealed.

Article 8

Entry into force

This regulation enters into force 15 (fifteen) days from the date of its approval.

Flamur Mrasori

Chairman of the Board of the Central Bank of the Republic of Kosovo