



Pursuant to Article 35, paragraph 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), under and pursuant to Article 42 and Article 8 of 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, at the meeting held on July 27, 2012, approved the following:

## **REGULATION**

### **ON THE IMPLEMENTATION OF BONUS-MALUS SYSTEM**

#### **Article 1**

##### **Purpose and Scope**

1. This regulation determines the manner of application and calculation of premium when applying the bonus-malus system as stipulated in Article 8, paragraph 3 of the Law no. 04/L-018.
2. This Regulation is applicable by all insurance companies licensed in Kosovo for selling insurance compulsory motor liability insurance.

#### **Article 2**

##### **Definitions**

1. **Bonus-Malus System** – is a system which is implemented to act as a corrector of the height of motor liability insurance premium according to the claim history of the insured.
2. Other terms used in this Regulation shall have the same meaning as defined in the Law no. 04/L-018 on Compulsory Motor Liability Insurance.

#### **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, by different levels of premium, 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 be in the duration of 1 year and its application shall start on 01.07.2012.
4. Premium calculation according to the bonus-malus system shall start being applied from 30.06.2013.
5. When the insured insures the vehicle for the first time, the same pays the premium of the tenth (10) basic class defined by paragraph 8 of this article.
6. 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) defined in paragraph 8 of this article.
7. For any claims 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 (18) class, defined by paragraph 8 of this article.
8. Premium classes in percentage from the basic premium class 10 (100%) are as follows:

BONUS classes	MALUS classes
1. 50%	1. 110%
2. 55%	2. 120%
3. 60%	3. 135%
4. 65%	4. 150%
5. 70%	5. 175%
6. 75%	6. 200%
7. 80%	7. 225%
8. 85%	8. 250%
9. 95%	
10. 100%	

**Article 4**  
**Other rules on bonus and malus**

1. The owner, respectively the user of the vehicle, is entitled to a certain class of premium (bonus/malus) and this right is not transferred to the new owner.
2. As an exception, on the occasion of signing the contract on another vehicle newly purchased and on any new subsequent vehicle of the insured, who has obtained the right on a certain class of the premium (bonus) according to the policy in force, the insured shall be granted the bonus right for each newly purchased vehicle of the same group of the premium.
3. Bonus and malus are applied to all categories of vehicles that are provided with compulsory insurance policies and include natural and legal persons.
4. For legal entities having more than one motor vehicle insured, the bonus-malus system is applied in accordance with the internal policies of the insurance companies that must comply with this regulation.
5. The insurer acknowledges the premium class to the insured, reached on the basis of information generated by the Insurance Information Centre administered by the Kosovo Insurance Bureau or information from other entities acceptable for the CBK.
6. If the insured has signed an insurance contract 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 even if there was no claim declared during that period, but if a claim was declared, then this contract is taken as a basis for increasing the class of the premium.
7. If the insurance contract has expired or has been terminated, after the expiration or termination of the insurance, the insured is entitled to the same class of the premium for the same vehicle or a vehicle that the same has changed within the same group of the premium, if more than three years have not passed since the day of the expiration or termination of insurance provided that there were no claims declared in the last observation period pursuant to paragraph 6 of this article.
  - 7.1 If the insurance is terminated after expiry of the period of observation in which no damage was declared, while damage was also not declared within the period of insurance's termination, the insured, upon termination is entitled to a lower class of the premium for the same vehicle or a vehicle that the same has changed within the same group of the premium, if the termination did not last more than three years.

8. The insurance company becomes ineligible to collect premiums of the highest class (malus), if it had not used this right within three years after the declaration of the damage on the basis on which it has obtained this right.

9. Bonus-malus provisions defined by this regulation also apply to vehicles under leasing contract. When concluding insurance agreements for these types of cases, proof must be provided that the motor vehicle is in leasing.

## **Article 5**

### **Punitive measures**

CBK shall impose punitive measures foreseen by Article 37 of the Law on Compulsory Motor Liability Insurance, if the insurers fail to comply with the provisions of this Regulation.

## **Article 6**

### **Entry into force**

This Regulation shall enter into force on August 1, 2012.

Gazmend Luboteni

Chairman of the Board of the Central Bank