



---

## **Banking and Payments Authority of Kosovo**

Pursuant to the authority given under Section 17.b of UNMIK Regulation No. 2001/24 date of October 1, 2001 on Amending UNMIK Regulation No. 1999/20, on Banking and Payments Authority of Kosovo and Section 3.3 of UNMIK Regulation No.2001/25 date of October 5, 2001 on Licensing, Supervision and Regulation of Insurance Companies and Insurance intermediaries,

For the purpose of execution Section 65 of UNMIK Regulation Nr. 2001/25

Governing Board of the Banking and Payment Authority of Kosovo, at the meeting held on March 28, 2002 adopt the following:

### **Rule 29 on Selling Insurance Via the Internet**

#### **Section 1**

##### **1. Scope of Rule**

This rule applies to all insurance companies and insurance intermediaries licensed by the BPK.

##### **2. Legal Authority**

This rule implements Section 65, Chapter VI (Market Practice and Consumer Protection) of the Insurance Regulations.

##### **3. Definitions**

In this rule, the following terms mean:

“Business plan” refers to that certain set of documents consisting of and describing the manner the proposed Internet business or activity in the offering or selling of products and services of the company is to be conducted the actions to be taken by the company in order to comply with terms and conditions prescribed in this rule and the directives of the BPK consistent thereto.

“Board of directors” means the highest-ranking governing body of a corporation composed of members appointed by the voting equity holders. In this rule, the term “board of directors” refers to:

- a) In the case of a corporation or company created and existing under the

laws of Kosovo, the board of directors body, itself.

- b) In the case of a foreign company incorporated in another jurisdiction, but which is licensed to conduct insurance business in Kosovo, the senior officer of the company's office in Kosovo, who is a resident of Kosovo and accepted as such by the BPK.

"Board" refers to board of directors as defined in this rule.

"Company" refers to either, or both, insurance company or insurance intermediary company.

"Liberalization of coverage" means that the benefit coverage of the policy issued by a licensed company to residents of or risks located in a market area will automatically provide an amount of insurance which is the greater of its policy benefit coverage or the compulsory minimum amounts prescribed in that market area for benefit coverage applicable to that class of insurance.

"Market area", means a state or territory that is approved by the BPK to listed in the Internet site of a licensed company where that company is entitled to offer and sell its insurance products and services.

## **Section 2 Selling Via the Internet**

### **1. Background and Purpose of this Rule**

BPK ensures that consumers of insurance products and services via the Internet are given the same full and complete protection as consumers obtaining insurance off-line. BPK recognizes the role and importance of the Internet in the development of the insurance industry of Kosovo and its facility of access to consumers of insurance products and services. On the other hand, BPK is aware that business activities conducted over the internet offer opportunities of fraud and other manipulations detrimental to the consumer and the industry, aside from the complexity of regulating and supervising the market conduct and business activities occurring in the internet. This Rule is prescribed for the protection of policyholders' interests and for ensuring the stability of the insurance market in Kosovo and in all jurisdictions in which insurance products and services are being offered and sold via the Internet.

### **2. General Conditions and Requirements**

All licensed companies offering and selling insurance products and services via the Internet must conduct this business activity under the following conditions

and requirements:

- a) Consistency. Insurance activities on the Internet are consistent with those applied to insurance activities through other media of product distribution and servicing.
- b) Transparency and Disclosure. The principles and standards of transparency and disclosure required for the offering and selling of insurance products and services outside of the Internet are observed and applied in all insurance business activities via the Internet. This means that:
  1. The level of consumer protection given to consumers of insurance products and services via the Internet is the same as with all other consumers of insurance products and services. The degree and level of consumer protection does not depend on the medium used in the product distribution.
  2. There is adequate information for a consumer to make an informed decision on whether or not to avail of the services offered over the Internet.
  3. The Internet site is not used to compare costs and benefits with other insurance carriers' products or services and it must display the following minimum information:
    - (i) The full names, head office addresses, and contact telephone and fax numbers of the insurer, and if applicable the intermediary, making the offer.
    - (ii) The address and contact numbers of BPK referring to it as the supervisory authority of the licensed company.
    - (iii) The contact details of the insurer, branch or intermediary and the supervisory authority, if different from (i) or (ii) above.
    - (iv) The market area(s) or jurisdiction(s) in which the licensed company is legally permitted to provide insurance products and services via the Internet.
    - (v) The procedures for the submission of claims and a description of claims handling procedures.
    - (vi) The contact information of the person or body that deals with consumer complaints.

- c) The licensed company recognizes the principle that regulatory supervision is enforced in cooperation with authorities in other jurisdiction. BPK shall fully cooperate with other insurance supervisory authorities in the regulation and supervision of insurance activities conducted via the Internet and will provide support and assistance to them when needed or in dealing with cases of abuse of each other's markets.
- d) The licensed company transacts insurance business over the Internet in a proper manner. It has adequate and effective control system that includes a reliable information management addressing issues relating security, confidentiality, control of personal data, back-up and appropriate record-keeping systems.
- e) The Internet site is linked with the Website or Internet site of the BPK.

## **2. Specific Conditions and Requirements**

- a) Selling of insurance products and services to residents of, or risk located in Kosovo must, in addition to the requirements prescribed under sub-section 1, above, conduct its business activities over the Internet under the following conditions and requirements:
  - (i) Prior to any conduct of business over the Internet, the licensed company submits to BPK a copy of its Internet site and proofs or evidences of its ability to comply with sub-section 1, above. If BPK does not notify the company of its objections after 30 days from the date of this submission, the company may commence business over the Internet.
  - (ii) The company's Internet site clearly indicates that the service is only available to residents of, or risks located in, Kosovo.
  - (iii) If the Internet site belongs to an intermediary, the licensed company accepts joint and several liability with the intermediary for any liability arising out of the intermediary's business activity conducted over the Internet.
- b) Prior BPK approval must be obtained before a licensed company may commence to offer and sell insurance products and services to residents of, or risks located in, jurisdictions outside of Kosovo. BPK, at its discretion, may approve the company's application if it is satisfied that:
  - (i) The company submits a reasonable business plan relating to the company's conduct of insurance business over the Internet.

- (ii) The conduct of insurance business activity over the Internet is made only through direct offer. This means that the activity cannot be conducted through intermediaries nor can it be outsourced.
- (iii) The applicant company can comply with the requirements and conditions prescribed under this Rule and the relevant rules in the foreign jurisdictions.
- (iv) The conduct of insurance activity over the Internet is limited only in market areas approved by the BPK. The Internet site will not include any non-market area.
- (v) The amount of technical provisions required shall be the greater of the amount prescribed under these rules or the amount prescribed by the foreign jurisdictions applicable to the class or classes of insurance sold over the Internet.
- (vi) The company offers its product and services in compliance with the principle of liberalization of coverage as defined under this rule.
- (vii) The company submits to the supplementary supervisory authority of the insurance regulatory body in the jurisdiction where it conducts insurance business activity over the Internet and complies with all applicable laws and regulations prescribed in that jurisdiction.
- (viii) The assets that is required to be maintained by the company to cover the liabilities of policies sold over the Internet is maintained in Kosovo and invested only in accordance with Rule 12, on permitted investment.
- (ix) The company complies with such other conditions and requirements as may be prescribed by the BPK consistent with the Insurance Regulations and these Rules.

### **Section 3 Compliance**

#### **1. Effect of Non-Compliance**

Any licensed company who conducts insurance business or activity via the Internet without complying with the conditions and requirements prescribed in this Rule may be subjected to the following actions by the BPK:

- a) The license of the company may be suspended or revoked and the BPK

may take further steps as are necessary consistent with the provisions of the Insurance Regulation and these Rules.

- b) At the discretion of the BPK and as maybe warranted by the nature of the non-compliance, the licensed of the company may be subjected to certain conditions as the BPK may reasonably prescribed under the circumstances.

#### **Section 4 Entry into Force**

This present rule shall enter into force on April 1, 2002.

David Weatherman  
Acting Managing Director