

Governor's interview for iSIGURIMET

The Governor of the Central Bank of Kosovo, Fehmi Mehmeti, in an interview for "iSIGURIME" said that the Kosovo Insurance Bureau (KIB) has been completely reformed with the arrival of the new management.

According to him, the claims paid by the Kosovo Insurance Bureau during 2021 amounted to 10.8 million euros, which marked an increase of 72.6 percent compared to the same period of the previous year 2020, over 56 percent higher than in 2019, as well as over 78 percent higher than in 2018.

According to him, the agreement reached with Montenegro for the recognition of policies is undoubtedly a great achievement for which the CBK has a positive assessment.

The Insurance Industry in our country during the past year has marked a significant progress compared to the previous year.

The Governor of the Central Bank of Kosovo, Fehmi Mehmeti, in an interview for "iSIGURIME" said that the performance of insurance companies during 2021 has marked a significant improvement, compared to previous years, both in terms of financial performance and growth context.

According to him, based on the latest preliminary data, reported by the insurance sector on December 31, 2021, gross written premiums in total 119.2 million euros, or 17.2 percent higher than in the same period of last year.

Whereas, the number of written contracts or policies reached about 1.2 million contracts, marking an increase of 40.1 percent more than in the same period of 2020

iSIGURIME: How do you assess the performance of insurance companies during 2021, can you make comparisons with previous years?

Mehmeti: The performance of insurance companies during 2021 has marked a significant improvement compared to previous years, both in terms of financial performance and in the context of growth. The increase in the performance of the insurance sector is also a result of the measures and reforms undertaken by the Central Bank of the Republic of Kosovo. The insurance sector during 2021, in addition to the improvement in financial indicators and capitalization, had also positive movement in corporate governance in insurance companies. Based on the latest preliminary data, reported by the insurance sector on December 31, 2021, revenues of gross written premiums amounted to 119.2 million euros, or 17.2 percent higher than in the same period last year. Meanwhile, the number of written contracts or policies reached about 1.2 million contracts, marking an increase of 40.1 percent more than in the same period of 2020. Non-Life activity insurances continue to have a higher participation in total gross written premiums. The gross written premiums from the Non-Life activity participate with about 95.9 percent of the total volume of gross written premiums at the level of the insurance sector, while the Life insurance activity has a participation in the total gross written premiums of the sector of 4.1 percent. Based on the latest available data, dated September 30, 2021, the insurance sector in the country resulted in a positive financial performance of 5.9 million euros, compared to 3.4 million euros in the same period last year.

Insurance Industry has paid 61 million Euros in name of claims.

iSIGURIME: During this year, has there been progress in the payment of claims by the Insurance Industry?

Mehmeti: Based on the preliminary data reported by the insurance sector, dated December 31, 2021, significant progress has been made in the compensation of claims from this sector, against policyholders. Gross paid claims in the insurance sector, until the end of 2021, amounted to 61 million euros or 24.4 percent more, compared to the same period last year. While the claims paid from the Life insurance activity increased by 20.4 percent, the paid insurance claims from the Non-Life activity increased by 24.5

percent compared to the same period of the previous year. Most of the claims paid by Non-Life insurance belong to motor insurance in the amount of about 44.4 million euros or 74.1 percent of the total portfolio of gross claims paid.

iSIGURIME: How do you evaluate the performance of the Kosovo Insurance Bureau during 2021?

Mehmeti: Also, in the Kosovo Insurance Bureau during this year were positive movements, both in terms of corporate governance, also and in the fulfillment of obligations related to the compensation of damages caused to third parties. The Kosovo Insurance Bureau has continuously been in focus of criticism, but since last year with the arrival of the new management, the Kosovo Security Bureau has been completely reformed. We greatly appreciate the fact that insurance companies have been much more responsible in relation to the Compensation Fund and this is one of the main areas under the responsibility of the KIB. Also, there is a noticeable decrease in operational and administrative expenses in the budget of the Kosovo Insurance Bureau, while on the other hand, comparing to previous years, there is an increase in the budget for payment of claims. It is important to emphasize the fact that until December 31, 2021, the gross written premiums from border insurance amounted to about 7.3 million euros, marking an increase of 72.9 percent compared to the same period of 2020. Also, there were positive developments in the fulfillment of obligations in compensating damages by this institution.

iSIGURIME: During this year KIB has reached a record in the payment of claims, should I continue at this rate?

Mehmeti: Claims paid by the Kosovo Insurance Bureau during 2021 amounted to 10.8 million euros, which marked an increase of 72.6 percent. The amount paid during 2021 is 72.6 percent higher compared to the same period of the previous year 2020, over 56 percent higher than in 2019, as well as over 78 percent higher than in 2018. From the total amount of claims paid by the Kosovo Insurance Bureau, claims paid by MOU in Kosovo increased by 115.4 percent, claims by MOU outside Kosovo increased by 85.3 percent, claims paid by border insurance increased by 84.5 percent, as well as claims paid from the Compensation Fund marked an increase of 60.2 percent more compared to the same period of the previous year. The trend of payment of claims by the Kosovo Insurance Bureau should continue in the future, always bearing in mind the obligation of treatment and payment of claims according to the legal requirements in force, so that citizens and policyholders have correct treatment.

The agreement with Montenegro is a great achievement

iSIGURIME: During 2021, the new management of KIB also signed the Agreement with Montenegro, how do you evaluate this, what was its effect?

Mehmeti: As you are aware, the Central Bank of the Republic of Kosovo has welcomed the news of the signing of the Memorandum of Understanding between the Kosovo Insurance Bureau and the National Bureau of Insurers in Montenegro. With the signing of this Memorandum, which was also supported by the Central Bank of the Republic of Kosovo, the mutual recognition of insurance for the coverage of liability towards third parties in the territory of the Republic of Kosovo and that of Montenegro was made, as well as has facilitated the free movement of citizens, enabling increased circulation of goods and services, as well as increasing the potential for economic development of both countries. The agreement reached with Montenegro is undoubtedly a great achievement for which the CBK has a positive assessment. Although from its implementation the Kosovo Security Bureau has less income of about 800 thousand euros per year, as such it facilitates the circulation and also reduces the expenses of the citizens of these two states. However, we must work towards an approach that solves the problem permanently, which means membership in the green card.

iSIGURIME: Does this pave the way for Kosovo to become a member of the Green Card Bureau?

Mehmeti: Considering the importance of this issue and with the best intention for membership in this institution, the Central Bank of the Republic of Kosovo, together with the Kosovo Insurance Bureau and

other relevant institutions, have taken timely actions in order to fulfil the conditions and the criteria defined by the Council of Bureaus for the membership of the Kosovo Insurance Bureau in this international organization. After meeting the required criteria, such as: approval of the Law on Compulsory Motor Liability Insurance; the establishment of the Kosovo Insurance Bureau and the Insurance Information Center; as well as the establishment of the Guarantee Fund of 4 million euros, the Kosovo Security Bureau has completed and submitted the application for membership in this Council. After submitting the application, the representatives of the Council of Bureaus have stated that Kosovo's membership in the Council of Bureaus in Brussels cannot happen for now, due to the clause in its Constitution that Kosovo must be a member of the United Nations. In addition to the issue of Kosovo's membership in the United Nations, the large number of uninsured vehicles is also an issue that makes membership in the Council of Bureaus difficult, which issue is being treated with increased care in order to reduce of the number of unregistered and uninsured vehicles. As we have informed you earlier, from not registering and not insuring these vehicles, in addition to the damages caused to the insurance sector due to non-collection of the premium and due to the payment of damages caused by these uninsured vehicles, the state budget is damaged due to non-payment of various taxes. The Central Bank of the Republic of Kosovo is engaged and expects progress in handling this issue and estimates that in the near future there will be progress in solving the issue in question.