



Based on Article 35 paragraph 1.1 of the Law on Central Bank of the Republic of Kosovo and Article 29.8 of the Law on Compulsory Motor Liability Insurance, the Board of the Central Bank of the Republic of Kosovo, in its meeting held on 5 April 2012, approved the following:

Regulation

On Kosovo Insurance Bureau Reporting and Oversight Standards

Article 1

Scope

According to all definitions, the Bureau will be overseen under the CBK Insurance Regulation on “*Deposit of Asset as Guarantee, Capital Adequacy, Financial Reporting, Risk Management, Investment and Liquidity*”, similar to insurance companies operating in Kosovo. This Regulation summarizes the oversight role, content, timeframes, reporting requirements, criteria for approval of persons for important positions and external auditor of the Kosovo Insurance Bureau (hereinafter: the “Bureau”) by the Central Bank (hereinafter: “CBK”).

Article 2

Purpose of Oversight

By overseeing the Bureau, the Regulation aims at:

- a) Monitoring and approving financial obligations arising from membership in the Green Card system;
- b) Monitoring and approving legal obligations related to the treatment of claims that are subject to the Compensation Fund;
- c) Monitoring claim payments from the Compensation Fund;

- d) Monitoring and approving obligations arising from membership in the Council of Bureaux;
- e) Monitoring and approving other legal obligations related to the activity of the Bureau.

Article 3

Methods of Oversight

1. The oversight of the Bureau shall be exercised through its regular reporting to the CBK in accordance with the provisions of this Regulation and through regular office and on-site examinations, if the CBK deems it necessary.
2. Oversight through reporting shall be performed by the CBK, which shall review the periodic reports of the Bureau, as required by the CBK Insurance Regulation on “*Deposit of Asset as Guarantee, Capital Adequacy, Financial Reporting, Risk Management, Investment and Liquidity*”.
3. The required reporting set forth in this Regulation shall be made in accordance with the CBK Insurance Regulation on “*Deposit of Asset as Guarantee, Capital Adequacy, Financial Reporting, Risk Management, Investment and Liquidity*”.
4. The CBK follows the implementation of the Bureau reporting timeframes, as defined in the CBK Insurance Regulation on “*Deposit of Asset as Guarantee, Capital Adequacy, Financial Reporting, Risk Management, Investment and Liquidity*”.
5. The CBK may submit other reporting requirements whenever it deems necessary.

Article 4

Communication with CBK

1. In the framework of the exercise of oversight, the CBK may request from the Bureau any information or documents related to the scope of activity of the Bureau.
2. The Bureau shall be obliged to submit to the CBK any requested information or document, according to paragraph 1 of this Article.

Article 5

Content of reporting

The Bureau shall be obliged to report to the CBK on:

1. Financing, investment and administration of the Compensation Fund;
2. Financing, investment and administration of the Green Card Guarantee Fund;
3. Statute of the Bureau and its amendments proposed by the General Assembly of members;
4. The annual budget of the Bureau and the part financed by the members of the Bureau, as well as any other source of funding;
5. Sale of border insurance policies according to the deadlines set by the CBK.
6. Documentation for approval and external audit report of the Bureau's financial statements;
7. Notice for the provision of Bureau members with international insurance certificates (green card);
8. Issuance and administration of compulsory motor liability insurance policies referred to below as insurance policies and distinctive marks;
9. Supplying insurance companies with insurance policies and distinctive marks;
10. Quarterly and annual financial statements; which include the balance sheet, income statement and cash flow along with other information required by the CBK;
11. Monthly, quarterly and annual reporting on liabilities and claim payments arising from MoUs entered into with the authorities of other states;
12. Statistical data and other data on required motor liability and other insurance on a case-by-case basis, according to the forms defined by the CBK.

Article 6

Approval of the Compensation Fund Financing

1. The Bureau shall be obliged to submit for approval to the CBK by 30 October of each year:
 - a) business plan as defined in Articles 34 and 35 of the CBK Insurance Regulation on “*Deposit of Asset as Guarantee, Capital Adequacy, Financial Reporting, Risk Management, Investment and Liquidity*”;

b) amount of contributions projected for each insurance company to finance the following year's Compensation Fund;

c) any other source of funding for the Compensation Fund.

2. Requests for approval from paragraph 1 of this Article shall be responded by the CBK no later than 30 November of each year.

3. The projections of net written premiums for the calculation of the contribution to be paid by each Bureau member insurance company, for the financing of the Compensation Fund for the following year, shall be made on the basis of:

a) net written premiums of compulsory motor liability insurance¹ of the 12 months of the previous year officially accepted by the CBK;

b) the 12-month projection of net written compulsory motor liability insurance premiums made by each insurance company.

4. The final calculation of the contributions of the Compensation Fund according to point 3 of this Article shall be done on the basis of the adjustment of the net written premiums of the compulsory motor liability of the previous year, at the end of January of the existing year.

5. Insurance companies shall make additional contributions to the Compensation Fund in cases where the funds provided are insufficient to make payments, and the Bureau shall notify the CBK in advance of any additional claims by insurance companies.

6. Additional funding in the Compensation Fund shall be calculated in the same ratio that each member of the Bureau has in the Compensation Fund for the year when the additional funding occurs, unless identified as a specific projected budget item.

7. The CBK shall approve any additional funding of the Compensation Fund provided in paragraphs 5 and 6 of this Article and the tables of its calculation method within 30 calendar days from the date of submission to the CBK.

Article 7

Reporting on administration and investment of the Compensation Fund

1. The Bureau shall be obliged to report to the CBK:

a) Every month, until the 15th of the following month, the analytical report of the claims paid by the Compensation Fund as well as the summary statement of the claims reported,

paid and pending (found in the process of compensation for payment), in number and value divided into tangible and intangible damages;

b) Every quarter, until the 30th of the following month for the financing, administration and balance at the end of the quarter of the Compensation Fund;

c) Every six months in connection with receipts made from reimbursement.

2. The Bureau shall submit to the CBK, by the 15th of the following month, the monthly report on the balance of assets covered by the Green Card Guarantee Fund and the Compensation Fund, on the last calendar day of the respective month.

Article 8

Reporting on the Financing and Investment of the Green Card Guarantee Fund

1. The Bureau shall be obliged to report to the CBK:

a) Every quarter, until the 15th of the following month, the amount of the contribution to the Green Card Guarantee Fund of each member authorized to issue the Green Card, as well as the copies of the Bank Guarantees, corresponding to this Fund as defined in paragraph 2 of Article 31 of the Law on Compulsory Motor Liability Insurance;

b) All cases of using the funds of the Green Card Guarantee Fund according to the provisions of paragraph 4 of Article 31 of the Law on Compulsory Motor Liability Insurance, within 5 calendar days from the date of use of the said funds from the Fund, also presenting the reasoning of such use.

Article 9

Budget Reporting

1. The Bureau shall propose to the CBK for approval the Draft Budget for the following year by 30 October of each year.

2. Budget financing by insurance companies shall be done within 30 calendar days from its approval by the CBK.

3. In case the estimated Budget turns out to be insufficient to carry out the activity of the Bureau, the insurance companies shall make the additional financing for the budget of the

Bureau. The Bureau shall notify the CBK in advance in accordance with paragraph 5 of Article 6.

4. The Bureau shall report to the CBK the additional financing of the Budget within 10 calendar days from the date it is deposited to the relevant account.

Article 10

Content and timeframes of other reporting to the CBK

1. The Bureau shall notify the CBK of the date, place and agenda of the meeting of the General Assembly of Members and the Administrative Council, not more than 10 calendar days before the date of the meeting, and submit to the CBK a copy of the decisions taken in the meeting within 5 calendar days after its conclusion.
2. The Bureau shall submit to the CBK:
 - a) The statute as well as any changes and improvements thereof, 30 days before the date of its approval by the General Assembly of members.
 - b) The CBK may request an amendment to the Statute if it is in contradiction with applicable laws and regulations, and return it to the Bureau for review.

Article 11

Procedure for providing members with a Green Card

1. The Bureau shall submit to the CBK the member's request for being provided the Green Card within five (5) calendar days from its submission.
2. The CBK shall review the application for the Reinsurance Program, submitted by the insurance company, in accordance with the criteria and deadlines set by the CBK.
3. After reviewing the request for the reinsurance program, the CBK shall, in accordance with point 2 of this Article, notify the Bureau of the approval or rejection of the reinsurance program within thirty (30) days.
4. The Bureau shall notify the CBK within five (5) calendar days from the date of granting the authorization to the member to issue a Green Card.

Article 12

Reporting to the CBK regarding the supply of insurance policies

1. The Bureau shall be obliged to submit to the CBK for approval, before issuance, samples of compulsory motor liability insurance policies and their distinctive marks.
2. The Bureau shall initiate the procedure for issuance and printing of compulsory motor liability insurance policies after receiving approval from the CBK, in accordance with the relevant regulations drafted by the Bureau regarding their issuance, production, administration and distribution;
3. The issuance of compulsory insurance policies and distinctive marks shall be done after planning, by taking into account the requests of insurance companies and data received from the CBK.
4. The Bureau shall report to the CBK the planning of the compulsory motor liability insurance policies for the following year, for each insurance company, within 15 days from the date of determination of the respective planning;
5. The Bureau shall report to the CBK any additional requests for printing of motor liability insurance policies;
6. The Bureau shall report to the CBK detailed information on the quantities supplied and according to the serial numbers of the motor liability insurance policies for each insurance company;
7. The Bureau shall report to the CBK on the need to dispose of compulsory motor liability insurance policies that should go out of circulation and the procedure established for their disposal.

Article 13

External auditor

1. The Bureau shall be obliged to submit to the CBK by 30 April of each year the approved external auditor's report and the management letter related to the audit for the completed financial year. The report shall be in printed form and signed, as well as in electronic form. The external audit shall be performed by an Audit Company licensed in Kosovo.
2. The Bureau shall notify the CBK of the selection and submit the request for approval of the External Auditor no later than 30 June of each year.

3. The Central Bank shall be obliged to approve or reject the external auditor within 30 calendar days from the date of receipt of the request.
4. In order to obtain the approval of the CBK for the proposed External Auditor, the Bureau shall submit to the CBK the following documentation:
 - a. The decision of the General Assembly of the Bureau, for the appointment of the External Audit Company;
 - b. Audit Program;
 - c. Certification that the External Auditor has at least 3 years of experience in auditing the financial sector;
 - d. Data related to the professional training and experience of the external auditor (his staff in case the external auditor is organized as an audit company).
 - e. Other additional data that may be requested by the CBK.
5. The Bureau shall be obliged to obtain the prior approval of the CBK for any changes to the External Auditor.

Article 14

Requests for approval of persons for important positions in the Bureau

1. In order to assess the eligibility and suitability (fit & proper) of persons proposed for important positions, the Bureau shall be obliged to submit to the CBK the following documents:
 - a. Biographies of all proposed persons;
 - b. Completed reports on the financial situation and financial resources for the proposed persons;
 - c. Reporting regarding the proposed persons and their past employment in any bankrupt company and reporting regarding the criminal records of these persons.
 - d. Statement of conflict of interest;
 - e. Statement of confidentiality.

2. After reviewing all the documentation required by paragraph 1 of this Article, the CBK shall issue a decision approving or rejecting the persons proposed for important positions in the Bureau within 30 days of receiving the request.
3. For the purposes of this Article, "important positions" are considered the following positions: members of the administrative council with the exception of the member with no voting rights, appointed by the CBK, the Executive Director, directors of departments, including internal auditor, coordinators, censors, claims handlers and lawyers.
4. In addition to the persons from the previous paragraph of this Article, the CBK shall, if it deems necessary, seek its approval of other persons proposed for other positions in the Bureau.

Article 15

Transitional provisions

Article 5, paragraph 7 and Article 11 of this Regulation shall enter into force upon Kosovo's accession to the international green card system.

Article 16

Final provisions

Failure of the Bureau to comply with the provisions of this Regulation shall be punishable under the provisions of Article 38 of the Law on Compulsory Motor Liability Insurance.

Article 17

Entry into force

This Regulation shall enter into force on 17 April 2012.

Gazmend Luboteni

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