

Based on Amendment XL Item 2 to the Constitution of the Republic of Srpska (“Official Gazette of the Republic of Srpska” number 28/94), I declare

**DECREE
ON PROCLAMATION OF THE LAW ON COMPULSORY
TRAFFIC INSURANCE**

This is to proclaim the Law on Compulsory Traffic Insurance, which was adopted by the National Assembly of the Republic of Srpska on the Sixth session held on 17th September 2015, and the Council of Peoples on 28th September 2015 established that the adopted Law on Compulsory Traffic Insurance did not jeopardise the vital national interest of any of the constituent peoples in the Republic of Srpska.

Number: 01-020-3169/16
30th September 2015
Banja Luka

President of
the Republic
Milorad Dodik (signature)

**LAW
ON COMPULSORY TRAFFIC INSURANCE**

**CHAPTER I
GENERAL PROVISIONS**

Subject of Law
Article 1

This Law shall regulate the compulsory traffic insurance in the Republic of Srpska.

Types of compulsory traffic insurance
Article 2

In terms of this Law, the compulsory traffic insurance shall be as follows:

- 1) Insurance of passengers in public transport against the consequences of accidents, other than passengers in air traffic,
- 2) Insurance of the owners of vehicles against liability for the damage caused to third parties (hereinafter: automobile liability insurance),
- 3) Insurance of the owners of aircrafts against liability for the damage caused to third parties and passengers, and
- 4) Insurance of the owners of motor vessels against liability for the damage caused to third parties.

Application of other Laws
Article 3

1) The compulsory traffic insurance contract shall apply the provisions of the Regulations governing the obligations, or general and special conditions in specific types of insurance, unless regulated otherwise by this Law.

2) For the business operations and the supervision of business operations of the insurance companies that obtained a license to perform the type of insurance referred to in Article 2 of this Law shall apply the provisions of the Regulations governing the establishment and business operations of the insurance companies, unless determined otherwise by this Law.

Definitions

Article 4

(1) Some expressions, in terms of this Law, shall have the following meaning:

1) The harmful event shall mean an insured case in which the damage is caused due to the use of means of transport;

2) An insured party shall mean a person whose liability is covered in accordance with the provisions of this Law;

3) A liable insurance company shall mean a company with which the owner of means of transport, which caused the damage, concluded the third party liability insurance contract;

4) Means of transport shall mean a vehicle, aircraft, motor vessel and other means of transport with obligatory registration in accordance with the special Laws;

5) A driver shall mean a person who manages the means of transport;

6) A user of means of transport shall mean a natural or legal person using the means of transport as an authorised holder by the consent of its owner;

7) A vehicle shall mean any means of transport used for the transport of persons and goods by road, which runs by the force of its own motor, as well as towed vehicle, and vehicles shall not include movable chairs with engine for disabled persons or vehicles on trails;

8) A traffic accident shall mean an event in which the damage is caused by the use of means of transport;

9) An injured party shall mean a person who has the right to compensation for the damage in accordance with this Law;

10) An insured sum shall mean the amount of liability of the insured party, separately for the damage to goods and for the damage to persons, and it shall represent the maximum obligation of the insurance company per single harmful event;

11) A green card shall mean an international certificate on the existence of the automobile liability insurance, which is valid in the territory of the member states of the Green Card System, and which, under the authority of the Council of Bureau, is issued by the Green Card Bureau of Bosnia and Herzegovina;

12) The territory of the member states of the Green Card System shall mean the territory of the States Parties of the Crete Agreement;

13) The Crete Agreement shall mean the agreement regulating the mutual relations between national bureaus of insurance of the member states of the Green Card System;

14) Multilateral Agreement shall mean the agreement between national bureaus of insurance of the member states of the European Economic Area and other associated states according to which the official registration plate of the member state to which the vehicle is normally based is an evidence of the existence of a cover for the damage caused by the use of the vehicle;

15) The territory in which the vehicle is normally based shall mean the territory of the state:

1. Whose registration plate is attached to a vehicle regardless of whether the plates are permanent or temporary,

2. Which issued the insurance plates or other identification sign similar to the registration plate on the vehicle, in case where the registration is not required for a specific type of vehicle,

3. In which the user of the vehicle holds residence, in case where a specific type of vehicle does not require registration plates, insurance plates or any other identification sign similar to the registration plate,

4. In which the harmful event occurred and the vehicle causing the damage has neither any registration plate nor a proper registration plate;

16) The Protection Fund of the Republic of Srpska (hereinafter: Protection Fund) shall mean a legal entity established by the Law on Liability Insurance for Motor Vehicles and Other Compulsory Liability Insurance ("Official Gazette of the Republic of Srpska" number 17/05) competent in the Republic of Srpska to cover the damages that cannot be compensated by compulsory insurance;

17) The Green Card Bureau of Bosnia and Herzegovina (hereinafter: The Green Card Bureau of BiH) shall mean a professional association of insurance companies in Bosnia and Herzegovina, established in accordance with the Recommendation No. 5 adopted on 25th January 1949 by the Road Transport Subcommittee of the Land Transport Committee of the United Nations Economic Commission for Europe;

18) ECAA Agreement (the European Common Aviation Area Agreement) shall mean a multilateral agreement on the establishment of the European Common Aviation Area;

19) The Convention on International Civil Aviation shall mean an international agreement signed in Chicago on 7th December 1944 which contains the rules of air space, the registration of aircrafts, the aviation security as well as other rules of the States Parties regarding the air traffic – the Chicago Convention;

20) The flight of an aircraft shall mean:

1. In respect of passengers and hand luggage – the time of the transport of passengers by an aircraft, including the boarding and unloading,

2. In respect of cargo and checked luggage – the time of the transport of cargo and luggage from the moment of check in to an airline until the delivery to an authorized recipient,

3. In respect of third parties – the use of aircraft from the moment of starting the engines for the purpose of driving over the earth's surface or actual take-off until the moment when the aircraft is on the earth's surface, and its engines are completely stopped, as well as the movement of aircraft by vehicles for towing or pushing, or by the forces typical for driving or lifting the aircraft, particularly over the air streams;

21) The maximum take-off mass of an aircraft (hereinafter: MTOM) shall mean the maximum permissible take-off mass of the aircraft which corresponds to authorized mass specific for each type of aircraft and which is regulated by the certificate of aircraft navigation;

22) Special Drawing Rights (hereinafter: SDR) shall mean the accounting unit determined by the International Monetary Fund.

(2) Grammatical expressions in this Law used to label masculine or feminine shall include both sexes.

Obligation to conclude the compulsory insurance contract

Article 5

(1) The owner of means of transport shall be obliged to conclude the compulsory insurance contract, referred to in Article 2 Items 2), 3) and 4) of this Law, prior to the use of means of transport in traffic and to renew the insurance as long as the means of transport is in use.

(2) If the owner and the user of means of transport are not the same persons in terms of the Regulations on the registration, the user shall be obliged to conclude the compulsory insurance contract referred to in Paragraph 1 of this Article.

(3) The competent authority for the registration cannot register the means of transport, or renew the registration without an evidence of the concluded compulsory insurance contract.

(4) The provisions of this Law applicable to the owner of the means of transport shall accordingly be applicable to the user as well.

Exemptions from the obligation to conclude the compulsory insurance contract

Article 6

The provisions of this Law shall not apply to the armed forces of Bosnia and Herzegovina.

Persons whose liabilities are covered by the insurance contract

Article 7

The third party liability insurance contract for the owner of means of transport shall also cover the damage caused by the user of the means of transport and its usage.

Obligations of drivers

Article 8

(1) While using the means of transport, a driver shall be obliged to have an insurance policy or any other evidence of the concluded compulsory insurance contracts and to submit it for inspection at the request of an authorized person.

(2) Notwithstanding the Paragraph 1 of this Article, prior to the take-off, the driver of an aircraft shall be obliged to submit for inspection the insurance policy or any other evidence of the concluded compulsory insurance contracts at the request of an authorized person.

Obligation to submit the data on traffic accidents

Article 9

The Ministry of Internal Affairs, Courts and Prosecutor's offices, the Funds for Pension and Disability Insurance, health institutions, or other authorities and organizations that have the data related to traffic accidents, at the request of an insurance company, or the Protection Fund and a person from the Federation of Bosnia and Herzegovina working at the position in the Protection Fund, shall submit for inspection or provide the data related to the traffic accident for the purpose of resolving the specific compensation claim.

Contract on compulsory insurance

Article 10

(1) The insurance company shall be obliged to conclude the compulsory insurance contract in accordance with this Law, the insurance terms and tariffs of insurance premiums.

(2) The insurance company cannot refuse an application to conclude compulsory insurance contract if the insured party accepts the conditions under which the insurance company performs such type of insurance.

(3) The insurance company shall be obliged to introduce the insurance contractor, or the insured party with the terms of insurance, which are an integral part of the compulsory insurance contract, prior to the conclusion of the compulsory insurance contract and to deliver the same to the insurance contractor, or the insured party.

(4) The insurance company shall be liable for the damage up to the insured sums prescribed by this Law or up to the agreed insured sums if they are higher than prescribed.

(5) Unless agreed otherwise, the obligation of the insurance company under the compulsory insurance contract shall begin from the expiration of the last, or the 24th hour of the day indicated in the insurance policy as the starting date of insurance, and it shall cease upon the expiration of the last, or the 24th hour of the day indicated in the insurance policy as the expiry date of insurance.

(6) If the compulsory insurance contract expires before the expiration of the insured period, the insurance company shall be obliged to notify the authority responsible for the registration of the means of transport immediately upon learning, or the authority responsible for issuing the license for the transport of passengers in the public transport.

(7) The compulsory insurance contract shall be composed in one of the languages which are in the official use in the Republic of Srpska.

Territorial validity of the compulsory insurance contract

Article 11

(1) The compulsory insurance contract referred to in Article 2 Items 1) and 4) of this Law shall cover the damages occurred in the territory of Bosnia and Herzegovina.

(2) The compulsory insurance contract referred to in Article 2 Item 2) of this Law shall cover the damages occurred in the territory of Bosnia and Herzegovina, as well as in the territory of the member states of the Green Card System.

(3) The compulsory insurance contract referred to in Article 2 Item 2) of this Law shall cover the damages occurred in the territory of the States Parties of the Multilateral Agreement, in the case when the Multilateral Agreement is signed with Bosnia and Herzegovina.

The insurance terms and tariffs of insurance premiums
Article 12

(1) The insurance company performing the type of insurance referred to in Article 2 of this Law shall be obliged to bring the terms of automobile liability insurance, as well as the terms of insurance and tariffs of insurance premiums for all types of compulsory insurances referred to in Article 2 Items 1), 3) and 4) of this Law and to submit them to the Insurance Agency of the Republic of Srpska (hereinafter: the Agency) no later than eight days of its adoption.

(2) The Board of Directors of the Agency shall bring the common tariff of premiums and prices for the automobile liability insurance, which shall remain in force five years from the day of entry into force of this Law.

(3) No later than 90 days before the expiry date/ period referred to in Paragraph 2 of this Article, the insurance company shall be obliged to submit to the Agency, for giving the consent, its own tariff premiums and prices for the automobile liability insurance.

(4) The Agency shall give the consent referred to in Paragraph 3 of this Article if the tariff premium and prices are in accordance with the Regulations on insurance, the acts of the Agency, the actuarial principles and the rules of the profession.

(5) The Board of Directors of the Agency shall bring the guidelines which are obligatory for the insurance companies in calculating the tariff premiums referred to in Paragraph 3 of this Article.

(6) On the day of expiry of the common tariff premiums and prices for the automobile liability insurance referred to in Paragraph 2 of this Article, the insurance company shall have the right to apply its own tariff premiums and prices for the automobile liability insurance referred to in Paragraph 3 of this Article for which it has received prior consent from the Agency.

(7) The consent of the Agency referred to in Paragraph 3 of this Article shall cease upon the expiry of eight years from the day of entry into force of this Law, after which the obligation of the insurance company to receive the above mentioned consent from the Agency for the tariff premiums and prices for the automobile liability insurance shall also cease.

(8) Upon the expiry date referred to in Paragraph 7 of this Article, the obligation to submit the tariff premiums to the Agency determined by Paragraph 1 of this Article shall apply to the tariff premiums for the automobile liability insurance as well.

(9) In addition to the tariff premiums referred to in Paragraphs 1), 3) and 7) of this Article, the insurance company shall be obliged to submit to the Agency the following:

- 1) Technical bases used to determine the tariff premiums, and
- 2) Positive opinion of an authorized actuary on the adequate technical bases and premiums which are calculated for the risks under the insurance, as well as their ability to permanently fulfil all the obligations of the insurance company upon the insurance contract, including the establishment of sufficient technical reserves for insurance.

(10) As the measure of control, the Agency shall be authorized to order the amendments of the terms of insurance and tariff premiums if it finds that they are not in compliance with this Law, the acts of the Agency, the actuarial principles and the rules of the profession.

(11) The insurance company shall be obliged to make publicly available the terms of insurance referred to in Paragraph 1 of this Article, which are submitted to the Agency within the notification obligation.

The right of the injured party to directly file for
compensation claims to the liable insurance company
Article 13

(1) The injured party shall have the right, based on the compulsory insurance contract referred to in Article 2 of this Law, to file the compensation claim directly to the liable insurance company.

(2) When the injured party files the compensation claim directly to the liable insurance company, the company cannot stand objections which, based on the Law or the compulsory insurance contract, could stand against the party whose liability is insured, due to failure to comply with the Law or the compulsory insurance contract.

Subrogation claims of the insurance company

Article 14

The insurance company which, based on the compulsory insurance contract, has paid the damage to the injured party shall have the right to refund the paid amount, actual and eligible costs of the insured party, or the liable party only in the cases provided by this Law.

Obligation to collect the data

Article 15

(1) The insurance company shall be obliged to collect, process and keep personal and other data, and to form and maintain the database about the following:

- 1) Insurance contracts (insured parties, insured means of transport, etc.),
- 2) Harmful events, and
- 3) Assessment and claims of damages.

(2) The data referred to in Paragraph 1 of this Article shall be collected, processed, kept and used in accordance with the Law governing the protection of personal data and the Regulations on the way of collecting, keeping and submitting the data from the area of insurance, prescribed by this Law.

(3) The data referred to in Paragraph 1 of this Article shall be kept for seven years after the expiry of the compulsory insurance contract, or after the completion of the compensation claim.

(4) The data referred to in Paragraph 1 of this Article can be used by the injured party as well, without compensation, when filing the compensation claim to the insurance company.

(5) The Board of Directors of the Agency shall bring an Act to prescribe the content of the data referred to in Paragraph 1 of this Article, as well as the way of their collection, keeping and submission.

CHAPTER II

INSURANCE OF PASSENGERS IN PUBLIC TRANSPORT AGAINST THE CONSEQUENCES OF ACCIDENTS

Obligation to conclude insurance contract

Article 16

(1) The owner of the means of transport used for public transport of passengers shall be obliged to conclude the contract for the insurance of passengers against the consequences of accidents, except for the passengers in air traffic.

(2) The contract referred in Paragraph 1 of this Article shall be concluded by the owners of the following:

- 1) Buses for regular public transport in urban, suburban, national, inter-entity and international traffic,
- 2) Buses for the occasional public transport,
- 3) Taxi vehicles,
- 4) Rent-a-car vehicles when rented with a driver,
- 5) Rail vehicles for the transfer of passengers,
- 6) Motor vessels used for public transport of passengers by inland waters, regular or non-regular rides,

7) All other means of transport, regardless of the type of engine, used for the public transport of passengers at the charge of the fare, in accordance with the registered business operations.

(3) In the procedure of issuing the license for the public transport of passengers, the applicant shall be obliged to submit to the relevant authority the evidence on the conclusion of contract referred to in Paragraph 1 of this Article and to renew the insurance during the period of the license.

(4) In case that the owner of the means of transport and the carrier are not the same persons, then the carrier shall conclude the contract referred to in Paragraph 1 of this Article.

(5) The owner of the means of transport, or the carrier shall be obliged to indicate the information on a visible place about the contract referred to in Paragraph 1 of this Article, particularly about the name of the insurance company.

Passengers in the means of transport

Article 17

(1) Passengers shall mean the persons who, for the purpose of traveling, are in the means of transport which is used for public transport, regardless of whether they have a ticket or not, including the persons entitled to a free ride.

(2) Passengers shall mean the persons who, for the purpose of intended ride or after its completion, are within the area of a station or a pier or in the immediate vicinity of the means of transport.

(3) Passengers shall not mean the persons to whom the means of transport is a place of work and whose professional service involves the transport.

Insured sums

Article 18

(1) The lowest insured sums per passenger that are mandatory in the contract for the insurance of passengers in public transport against the consequences of accidents shall be as follows:

- 1) In case of the death of passenger – 9 000 BAM,
- 2) In case of the permanent loss of working ability (disability) of passenger – 18 000 BAM, and
- 3) In case of temporary inability to work and actual and necessary costs of health treatment of passenger – 4 500 BAM.

The right to insured sums and the right to compensation

Article 19

(1) A passenger affected by an accident, or a beneficiary according to the conditions of insurance, shall have the right to file the compensation claim for the damage directly to the insurance company with which the insurance contract has been concluded as referred to Article 16 Paragraph 1 of this Law.

(2) The passenger or the insurance beneficiary shall have the right to the insured sums referred to in Article 18 of this Law, regardless of whether the right for compensation is based on the liability of the owner of the means of transport for the damage caused to the third parties.

Compensation for uninsured passengers

Article 20

(1) If the owner of the means of transport fails to conclude the insurance contract referred to in Article 16 of this Law, and the accident has happened, the passenger or the insurance beneficiary can demand the compensation from the Protection Fund in the amounts up to the insured sums referred to in Article 18 of this Law.

(2) The rights referred to in Paragraph 1 of this Article shall not be cumulated with the rights to the compensation for the damage caused by the use of unknown vehicle or the vehicle whose owner has failed to conclude the automobile liability insurance contract.

CHAPTER III

INSURANCE OF THE OWNERS OF VEHICLES AGAINST LIABILITY FOR THE DAMAGE CAUSED TO THIRD PARTIES

Obligation to conclude the automobile liability insurance contract and
the qualitative level of coverage

Article 21

(1) The owner of the vehicle shall be obliged to conclude the automobile liability insurance contract for the damage caused to the third parties for death, bodily injuries, damage to health (hereinafter: damage to persons), the damage or destruction of goods (hereinafter: damage to goods).

(2) The automobile liability insurance contract shall cover the liability of the owner or user of the vehicle to third parties who have a claim for the damage compensation from the liable person causing the damage, in accordance with the provisions of the Regulations governing the obligations.

(3) The automobile liability insurance contract shall cover the damage to persons and the damage to goods of passengers in the vehicle which caused the damage.

(4) The automobile liability insurance contract shall cover the damage caused by the vehicles subject to obligatory registration and thus, in accordance with the Regulations governing the registration of vehicles, are obliged to have the registration certificate or the traffic license.

(5) The automobile liability insurance contract shall cover the damage to persons and the damage to goods suffered by the pedestrians, riders of bicycles and other non-motorized participants in the traffic accident.

(6) The automobile liability insurance contract shall cover the damage caused to the third party as a result of the goods falling off the vehicle.

(7) In case that the vehicle and the trailer are the property of the insured party whose liability is insured by different insurance companies, the insurance companies shall jointly be liable for the damage and the injured party can file the compensation claim to any of them.

The procedures and deadlines for resolving the claims

Article 22

(1) The liable insurance company shall be obliged to determine the legal basis and the amount of the compensation claim, and to pay the damage, with the submission of a reasoned offer, within 30 days from the day when the injured party submitted all the necessary documents, and no later than 60 days from filing the claim.

(2) The reasoned offer shall mean a written unilateral act of the liable insurance company, which contains at least the information on the adequacy of the compensation claim, the amount of compensation, as well as the explanation of the legal basis and the calculation of damage.

(3) In case that there are no conditions for the reasoned offer referred to in Paragraph 1 of this Article, the insurance company shall be obliged, within 60 days from the day of filing the compensation claim, to send the reasoned response to the injured party if:

1) It rejects the claim as unfounded since it has determined that, according to the claim, there is no liability or obligation of the company, or

2) It is not able to clearly determine its liability or the amount of compensation.

(4) If the liable insurance company has the ability to determine a partial obligation, with the reasoned response sent to the injured party, the liable insurance company shall be obliged to pay the determined part of its obligation within 15 days from the day when it has determined its obligation, and no longer than 60 days from the day of filing the compensation claim.

(5) In both the reasoned offer and the reasoned response, the insurance company shall be obliged to instruct the injured party about the right to file a complaint, as well as to the right to file a lawsuit.

(6) The injured party shall have the right, with the amount of compensation, to the legal default interest starting from the first day after the expiry of 60 days from filing the compensation claim.

(7) The provisions of the reasoned offer, the reasoned response or the agreement for out-of-court settlement shall be considered null and void if they:

1) Determine longer periods than those provided by this Law,

2) Condition the compensation payment by signing the agreement for out-of-court settlement, or

3) Determine that the injured party waives its legal rights.

(8) The deadline to file the complaint to the insurance company cannot be less than 15 days from the day when the injured party received the reasoned offer or the reasoned response from the insurance company.

(9) The deadline to resolve the complaint shall be 15 days from the day of filing the complaint of the injured party.

(10) In the procedure of peaceful settlement of the compensation claim in the insurance company, the liable insurance company shall not be obliged to reimburse the costs of legal or any other representation of the injured party.

(11) The injured party shall have the right to file a complaint to the insurance Ombudsman against the decision of the insurance company after the filed complaint, for further out-of-court settlement of a dispute regarding the compensation claim.

The collection of documents and evidence in order to resolve the compensation claims

Article 23

(1) The liable insurance company shall be obliged, for the purpose of processing and resolving the compensation claim, to take all actions with the aim to collect documents and evidence in order to determine the liability of the insurance company and the amount of compensation.

(2) The liable insurance company shall be obliged to notify the injured party who files the compensation claim, without delay, about all the documents and evidence the party is required to submit in order to resolve the claim.

(3) In addition to the documents referred to in Paragraph 2 of this Article, the liable insurance company shall be authorized to require additional documents as well, in order to determine the circumstances of the harmful event, to determine the legal basis and the amount of compensation, or for the purpose of payment, but not the evidence that cannot affect the procedure of the claim or that the party cannot provide due to the legal restrictions.

(4) The insurance company shall be obliged, at the request of the insured party, to issue a certificate on the course of insurance and possible received compensation claims on the basis of automobile liability insurance.

(5) The certificate referred to in Paragraph 4 of this Article shall be issued for the period of five years preceding the contract and the insurance company shall be obliged to issue the certificate within 15 days from the day of filing the request.

(6) The Board of Directors of the Agency shall bring an act regulating the rules of the procedures to resolve the compensation claims and the standards for the communication between the company and the third injured parties, or the claimants.

Lawsuit against the insurance company

Article 24

(1) If the insurance company fails to solve the compensation claim within 60 days from the day of its filing or for some other reasons, the injured party can file a lawsuit and start the procedures before a competent Court against the liable insurance company.

(2) The lawsuit filed against the insurance company before the expiry of the period referred to in Article 22 Paragraph 1 of this Law shall be considered as premature.

(3) Filing the lawsuit against the insurance company shall apply limitation periods, in accordance with the general rules of liability for the damage.

Agreements between the insurance companies

Article 25

(1) The insurance companies can conclude an agreement, according to which the compensation claim of the injured party based on automobile liability insurance, in the behalf of the liable insurance

company, can be processed and paid by the insurance company with which the injured party concluded the automobile liability insurance contract.

(2) The agreement referred to in Paragraph 1 of this Article shall not affect the rights that the injured party directly has towards the liable insurance company referred to in Articles 13 and 24 of this Law.

(3) The insurance company which, in accordance with the agreement referred to in Paragraph 1 of this Article, in the behalf of the liable insurance company, can process and pay the compensation claim shall be obliged to act in accordance with the provisions of Articles 22 and 23 of this Law.

Article 26

(1) The insurance companies and the branches of insurance companies from the Federation of Bosnia and Herzegovina which in the Republic of Srpska perform the type of automobile liability insurance shall be obliged to pay 1% of the gross premium earned from this type of insurance quarterly at the expense of public revenues of the Republic of Srpska as a part of preventive measure for the realization of the project for the improvement of traffic safety determined by the Strategy of traffic safety on the roads of the Republic of Srpska.

(2) The insurance companies and the branches of insurance companies from the Federation of Bosnia and Herzegovina shall enforce the obligation referred to in Paragraph 1 in the period of three years from the day of the entry into force of this Law.

(3) The funds referred to in Paragraph 1 of this Article shall be used in accordance with the Law governing the traffic safety on the roads.

Persons who have no rights to the compensation based on the automobile liability insurance

Article 27

(1) The automobile liability insurance contract shall not cover the liability of a carrier for the goods received for transport.

(2) The right to the compensation based on the automobile liability insurance shall not have the following persons:

1) The driver of a vehicle that caused the damage;

2) The owner, co-owner, or any other user of the vehicle that caused the damage, who is not the driver of the vehicle which caused the damage, to the compensation for things;

3) A relative and other persons, for mental suffering due to death or bodily injuries of the driver who caused the damage;

4) A passenger who has voluntarily entered the vehicle which caused the damage, driven by an unauthorized driver or a driver under the influence of alcohol or drugs, if the liable insurance company manages to prove that the passenger should know such circumstance;

5) The injured party to whom the damage is caused due to the following:

1. The use of the vehicle at sports events that are organized on a road or a part of the road which is closed for traffic to other vehicles, and which aim is to achieve the highest or the highest average speed limit, or at racing preparations for such events;

2. Direct or indirect influence of nuclear energy caused during the transportation of nuclear or other radioactive material;

3. War, riots or terrorist activities, and

4. The use of a mobilized vehicle, from the time of its acquisition by the competent authorities until the time of its return to owner.

(3) An unauthorized driver, in terms of this Law, shall mean a person, who at the time of harmful event used the vehicle without consent of its owner, and who is not employed by the owner as a driver, neither is his member of family, nor is the vehicle handed to him in possession.

The right of insurance company to subrogation

Article 28

(1) The insurance company, which has paid the compensation to the injured party, shall have the right to reimbursement of the paid compensation amount and actual and reasonable costs of the persons liable for the damage if:

- 1) The driver has used the vehicle for the purpose other than it has been intended,
- 2) The driver has used the vehicle without appropriate driving license, unless it is a candidate training for a driving test, in compliance with all Regulations governing the training for drivers,
- 3) The driver has used the vehicle during the time of the imposed security measures, or protective measures in traffic (complete or partial ban on driving, etc.),
- 4) The driver has used the vehicle under the influence of alcohol above the prescribe limits, drugs, psychoactive medications or other psychoactive substances, and has refused to take an alcohol test, or a test for the presence of drugs, psychoactive medications or other psychoactive substances,
- 5) The driver has intentionally caused the damage by a vehicle,
- 6) The driver has left the place of the harmful event, and
- 7) The driver has committed a violent offence in driving in accordance with the Regulations on traffic safety on the roads.

(2) The right of the insurance company referred to in Paragraph 1 of this Article shall have no effect on the rights of the injured party for the compensation from the liable insurance company.

(3) In terms of the scope of rights to the compensation referred to in Paragraph 1 of this Article, the insurance company that has compensated the injured party for the damage, shall have the right to reimbursement in the following cases:

- 1) In cases referred to in Paragraph 1 Items 1), 2), 3), 4) and 6) of this Article, up to the maximum amount of 12 average net wages in the Republic of Srpska,
 - 2) In cases referred to in Paragraph 1 Items 5) and 7) of this Article, in total amount.
- (4) Running away from the place of the harmful event in terms of Paragraph 1 Item 6) of this Article shall not be considered as a justified abandonment from the place of the harmful event.

Compensation for the damage caused by an unauthorized driver

Article 29

(1) If the damage is caused by an unauthorized driver, the injured party can file the compensation claim to the insurance company, except in the case referred to in Article 27 Paragraph 2 Item 4) of this Law.

(2) The insurance company, which has paid to the injured party for the damage caused by an unauthorized driver, shall have the right to reimbursement of the entire paid amount of compensation and actual and reasonable costs of the person who caused the damage.

Obligation of the insurance company and the insured sum

Article 30

(1) The insured sums which are compulsory in automobile liability insurance contracts cannot be less than the further amounts:

- 1) In case of damage to persons, 1 000 000 BAM per single harmful event, regardless the number of injured parties in the same accident,
- 2) In case of damage to goods, 350 000 BAM per single harmful event, regardless the number of compensation claims arising from the same accident.

(2) The insured sum referred to in Paragraph 1 Item 1) of this Article, after the expiry of the period of a year from the day of entry into force of this Law, cannot be less than 1 500 000 BAM per single harmful event, regardless the number of injured parties in the same accident.

(3) The insured sums which are compulsory in automobile liability insurance contracts, after the expiry of the period of three years from the day of entry into force of this Law, cannot be less than further amounts:

1) In case of damage to persons, 2 000 000 BAM per single harmful event, regardless the number of injured parties in the same accident,

2) In case of damage to goods, 400 000 BAM per single harmful event, regardless the number of compensation claims arising from the same accident.

(4) In case of several compensation claims per single harmful event, due to which the total compensation exceeds the amounts referred to in Paragraph 1, or Paragraphs 2 and 3 of this Article, then the compensation amount shall be proportionally reduced.

(5) If the liable insurance company pays to the claimant the amount higher than the one to which the claimant has the right to regarding the proportional reduction of compensation, because the company has not been aware of other persons who have the same right, the insured company shall still be obliged to other persons only to the total amount referred to in Paragraph 1, or Paragraphs 2 and 3 of this Article.

(6) The insurance company shall be liable to compensate the damage caused to the third party in the Federation of Bosnia and Herzegovina by the use of a vehicle registered in the Republic of Srpska up to the insured sums referred to in Paragraph 1, or Paragraph 2 and 3 of this Article.

(7) The liable insurance company shall be obliged to compensate the damage by the use of a vehicle caused in the member states of the Green Card System, and which is higher than the amount referred to in Paragraph 1, or Paragraph 2 and 3 of this Article, up to the amount specified by the Regulation on compulsory insurance of the state in which the damage occurred.

Reimbursement claims

Article 31

(1) The insurance company shall be obliged to reimburse the actual damage to the Health Insurance Fund of the Republic of Srpska within the liabilities of its insured party and within the limits of its obligations under the insurance contract.

(2) The actual damage in terms of Paragraph 1 of this Article shall mean the costs of medical treatment and other necessary costs of the injured party in accordance with the Regulations on health insurance.

(3) The insurance company shall not be obliged to reimburse the costs referred to in Paragraph 2 of this Article which the Health Insurance Fund of the Republic of Srpska, in accordance with the Regulations on health insurance, charged from the injured party.

Change of the owners of vehicles

Article 32

(1) If the owners of the vehicle change during the insurance period, a new owner shall be obliged to conclude the liability insurance contract for the use of the acquired vehicle.

(2) The insured party whose vehicle has been alienated shall be obliged to inform about the event the insurance company which has concluded the liability insurance for the use of the vehicle.

(3) The automobile liability insurance contract concluded with the previous owner shall be terminated at the time when the new owners of the vehicle conclude the automobile liability insurance contract in their name.

(4) By the termination of the contract referred to in Paragraph 3 of this Article, the insured party, or the previous owner of the vehicle, shall have the right to reimbursement of the premium for the unused covered period, provided that the owner has acted in accordance with the obligation referred to in Paragraph 2 of this Article.

(5) Notwithstanding the Paragraph 3 of this Article, the automobile liability insurance contract concluded with the previous owner shall be in force until the expiry of the period of insurance, unless the new owners, within the same period, has concluded the automobile liability insurance contract in their name, in which case and based on the Law, the rights and obligations, as well as the liabilities for the use of the vehicle, shall be transferred to new owners on the day of the conclusion of contract on the transfer of ownership for the vehicle.

Compensation for the damage caused by the use of
unidentified vehicle or the use of the vehicle whose owner
failed to conclude the automobile liability insurance

Article 33

The injured party who, in the territory of the Republic of Srpska, has suffered the damage by the use of an unidentified vehicle or by the use of the vehicle whose owner failed to conclude the automobile liability insurance contract shall claim the compensation for the damage from the Protection Fund.

The international certificate of the automobile liability insurance
for vehicles with foreign registration plates

Article 34

(1) A driver of the vehicle with foreign registration plates who has crossed the border of Bosnia and Herzegovina shall be obliged to have in the territory of the Republic of Srpska, and at the request of an authorized person in the Republic of Srpska to submit for inspection the international certificate of the automobile liability insurance valid in the territory of the member states of the Green Card System or the automobile liability insurance policy concluded at the border.

(2) Registration plates on the vehicle which is usually based in the territory of the States Parties of the International Agreement shall also be considered as the international certificate of the automobile liability insurance, provided that the International Agreement is signed with Bosnia and Herzegovina.

Border insurance

Article 35

A driver of the vehicle with foreign registration plates who has no the international certificate of the automobile liability insurance referred to in Article 34 of this Law cannot use the vehicle in the territory of the Republic of Srpska without the automobile liability insurance policy concluded at the border, whose validity period cannot be less than seven or longer than 90 days.

The right to compensation

Article 36

(1) The injured party who in the Republic of Srpska suffered the damage by the use of the vehicle with foreign registration plates from the member states of the Green Card System or the States Parties of the Multilateral Agreement shall file the compensation claim through the Green Card Bureau of BiH.

(2) The compensation for the damage caused in the territory of the Republic of Srpska by the use of the vehicle with foreign registration plates for which the owner has no valid automobile liability insurance contract shall apply the provisions of Article 33 of this Law.

(3) Provided that Bosnia and Herzegovina is under the regime of the Multilateral Agreement, and provided that the Protection Fund has concluded appropriate bilateral agreements with the competent bodies for the compensation of damages which cannot be compensated by the compulsory insurance of the state in whose territory the vehicle is usually based, the Protection Fund shall have the right to reimbursement of the paid compensation amount, actual and reasonable costs from those bodies.

The form of the European traffic accident report

Article 37

(1) In addition with the automobile liability insurance policy, the insurance company shall be obliged to provide the insured party with the form of the European accident report.

(2) The form of the European traffic accident report can be used as evidence in the procedures to resolve the compensation claim, in case of minor material damage, provided that it is duly and completely filled, and with enclosed photographs of the damaged vehicle and the place of the harmful event.

(3) The minor material damage referred to in Paragraph 2 of this Article shall mean the damage on the vehicle that does not exceed the amount of 500 BAM.

Information center

Article 38

(1) The Information center shall be established within the Agency in order to efficiently and quickly resolve the compensation claims based on the damages caused in traffic accidents by the use of vehicles.

(2) The Information center shall perform the following:

- 1) Make the register of data and coordinate data collection in accordance with the provisions of this Law and the acts of the Agency,
- 2) Enable access to data from the register referred to in Item 1) of this Paragraph, and
- 3) Provide support to injured parties in obtaining the data from the register referred to in Item 1) of this Paragraph.

The register of data of the Information center

Article 39

(1) The register referred to in Article 38 Paragraph 2 Item 1) of this Law shall include the following data:

- 1) The registration plates of vehicles registered in the Republic of Srpska,
- 2) The numbers of the automobile liability insurance policies for vehicles referred to in Item 1) of this Paragraph,
- 3) The validity period of the insurance coverage based on the automobile liability insurance contract, or the day of expiry of the contract if it has been terminated before the expiry of the automobile liability insurance contract,
- 4) Business name and address of the insurance company that provides the insurance coverage based on the automobile liability insurance contract,
- 5) Name and surname, date and place of birth and address, or the business name and address of the insured party,
- 6) Issued Green Cards,
- 7) The owners of vehicles which are exempt from the automobile liability insurance, as well as the name of the body or authority that is liable for the compensation of damage to the injured party,
- 8) Date and place of traffic accident, and
- 9) Name and address of the body liable for the damage caused by the vehicle whose owner failed to conclude the automobile liability insurance contract or of the owner of an unidentified vehicle.

(2) The Board of Directors of the Agency shall bring an act on the content, the method of collecting, processing and accessing the data from the register of the Information center.

Collecting the data

Article 40

(1) The data referred to in Article 39 Paragraph 1 of this Law shall be collected from the insurance companies, the branches of insurance companies operating in the Republic of Srpska and the competent authority for the registration of vehicles and keeping records on traffic accidents in the Republic of Srpska.

(2) The insurance companies shall be obliged to submit the data referred to in Article 39 Paragraph 1 Items 2), 3), 4), 5) and 6) of this Law to the Agency according to their content, in the manner and within the deadlines regulated by the Agency.

(3) The manner of collecting and submitting the data referred to in Article 39 Paragraph 1 Items 1) and 8) of this Law to the Agency by the competent authority for the registration of vehicles and keeping the records on traffic accidents in the Republic of Srpska shall be done based on the previously agreed procedures and protocol.

(4) The protection of personal data from the register of the Information center shall be done in accordance with the Regulations governing the protection of personal data.

Keeping of data

Article 41

The data referred to in Article 39 Paragraph 1 Items 1), 2), 3), 4), 5), 6) 8) and 9) of this Law shall be kept by the Information center at least seven years after the deregistration or the expiry of the automobile liability insurance contract.

Cooperation with other Information centers

Article 42

In order to provide support to other interested parties in the collection of data, the Information center shall cooperate with the Information center in the Federation of Bosnia and Herzegovina, the Information centers in the member states of the European Union and other states.

The scope of work and competency of the Information center

Article 43

(1) Seven years after the day of traffic accident, the Information center shall be obliged to provide the injured parties, from its own or the register of the Information center of the Federation of Bosnia and Herzegovina, the Information centers of the member state of the European Union and other state with which it has the cooperation, with the following data:

- 1) Name and address of the liable insurance company,
- 2) The policy number of the insurance company referred to in Item 1) of this Paragraph, and
- 3) Name and surname, or the title, and address of the authorized representative for the processing of the compensation claims based on the automobile liability insurance in Bosnia and Herzegovina, appointed by the insurance company of the member state of the European Union and who shall provide the coverage based on the insurance policy of the vehicle that caused the traffic accident.

(2) At the request of the injured party, the Information center shall collect the data about the name and surname, or the title, and address of the owner, driver or possible user of the vehicle if the injured party expresses the legal interest in the collection of such information.

(3) The Information center shall collect the data referred to in Paragraph 2 of this Article from the insurance company or the competent authority for the registration of vehicles and keeping records on traffic accidents in the Republic of Srpska.

(4) The Information center shall collect the data for the injured party about the name and surname, or the title, and address of the person who can guarantee for the damage caused by the vehicle which is exempt from obligation to conclude the automobile liability insurance contract.

CHAPTER IV

INSURANCE OF THE OWNERS OF AIRCRAFTS AGAINST LIABILITY FOR THE DAMAGE CAUSED TO THIRD PARTIES AND PASSENGERS

Obligation to conclude the insurance contract

Article 44

(1) The owner of the aircraft shall be obliged to conclude the liability insurance contract for the damage caused to third parties and passengers, in accordance with the provisions of this Law, the regulations governing the aviation in Bosnia and Herzegovina and the regulations of the ECAA.

(2) In the procedure of issuing the licenses authorizing the performance of different commercial and non-commercial activities in the air traffic, which are issued in accordance with the Regulations on the air traffic, the applicant shall be obliged to provide the competent authority with the evidence on the concluded compulsory insurance contract referred to in Article 2 Item 3) of this Law.

(3) The compulsory insurance contract referred to in Paragraph 1 of this Article shall include the following:

- 1) Damage to persons and damage to goods for the third parties during the aircraft flight,
- 2) Damage to persons that a passenger can suffer during the aircraft flight,

3) Damage to goods due to the loss, or damage to personal belongings of the passenger which are in the aircraft cabin, and

4) Damage to goods due to the loss, or damage to cargo and checked luggage.

(4) The compulsory insurance contract referred to in Paragraph 1 of this Article shall not cover the passengers and members of the flight and cabin crew, who are on duty during the aircraft flight.

(5) The passenger referred to in Paragraph 1 of this Article shall mean every person who traveling by the aircraft with the consent of the aircraft owner, except the members of the flight and cabin crew of the aircraft who are on duty during the aircraft flight.

(6) The insurance contract referred to in Paragraph 1 of this Article shall not cover the damage referred to in Paragraph 3 Items 3) and 4) of this Article if the aircraft is not used in the commercial purposes.

(7) The insurance contract referred to in Paragraph 1 of this Article shall cover the damages caused due to the risk of war, terrorist activities, hijacking, the act of sabotage, illegal appropriation of the aircraft and riot.

(8) Notwithstanding the Paragraph 7 of this Article, the insurance contract referred to in Paragraph 1 of this Article shall not cover the damage caused due to the risk of war and terrorism for the following:

- 1) State aircrafts defined in accordance with the Chicago Convention;
- 2) Aircraft models with MTOM up to 20 kg;
- 3) Aircrafts that take-off from the legs of the pilot (including the power paragliders and hang gliders)
- 4) Tied balloons;
- 5) Paper kites;
- 6) Parachutes (including the towed parachutes);
- 7) Aircrafts, including gliders, which MTOM is up to 500 kg, and micro-light aircraft used in:
 1. Noncommercial purposes, or
 2. The local training of aircraft drivers, which does not include the crossing of state borders.

Insured sums

Article 45

(1) The lowest insured sum per harmful event determined by the insurance contract referred to in Article 44 Paragraph 1 of this Law shall be as follows:

- 1) For the damage to third parties:
 1. For the aircrafts that take-off from the legs of the pilot - 10 000 SDR – the equivalent expressed in Bosnian convertible marks (BAM),
 2. For free balloons with crew – 20 000 SDR - the equivalent expressed in BAM,
 3. For aircrafts which MTOM is up to:
 - 500 kg, 750 000 SDR - the equivalent expressed in BAM,
 - From 501 kg to 1000 kg, 1 500 000 SDR - the equivalent expressed in BAM,
 - From 1001 kg to 2700 kg, 3 000 000 SDR - the equivalent expressed in BAM,
 - From 2701 kg to 6000 kg, 7 000 000 SDR - the equivalent expressed in BAM,
 - From 6001 kg to 12 000 kg, 18 000 000 SDR - the equivalent expressed in BAM,
 - From 12 001 kg to 25 000 kg, 80 000 000 SDR - the equivalent expressed in BAM,
 - From 25 001 kg to 50 000 kg, 150 000 000 SDR - the equivalent expressed in BAM,
 - From 50 001 kg to 200 000 kg, 300 000 000 SDR - the equivalent expressed in BAM,
 - From 200 001 kg to 500 000 kg, 500 000 000 SDR - the equivalent expressed in BAM,
 - Above 500 001 kg, 700 000 000 SDR - the equivalent expressed in BAM;
 - 2) For a single passenger – 250 000 SDR - the equivalent expressed in BAM;
 - 3) For personal belongings of the passenger which are in the aircraft cabin – 1131 SDR - the equivalent expressed in BAM;
 - 4) For cargo and checked luggage per 1 kg – 19 SDR - the equivalent expressed in BAM;

(2) Notwithstanding the Paragraph 1 Item 2) of this Article, the lowest insured sums per single harmful event for the aircrafts with MTOM up to 2700 kg or less, which are not used in commercial purposes, for a single passenger shall be 100 000 SDR - the equivalent expressed in BAM.

(3) Notwithstanding the Paragraph 1 of this Article, for the aircrafts which are not used in commercial purposes, or which are used for the training of aircraft drivers, sports and amateur flying and which are used only for the flight within the airspace of Bosnia and Herzegovina, the lowest insurance sum per single harmful event cannot be less than the following:

- 1) 8000 SDR - the equivalent expressed in BAM, for the aircraft with MTOM up to 200 kg,
- 2) 25 000 SDR - the equivalent expressed in BAM, for the aircraft with MTOM from 201 kg to 500 kg,
- 3) 50 000 SDR - the equivalent expressed in BAM, for the aircraft with MTOM from 501 kg to 1000 kg,
- 4) 80 000 SDR - the equivalent expressed in BAM, for the aircraft with MTOM from 1001 kg to 2700 kg.

Appropriate application of the provisions

Article 46

For the liability issues of the owner of the aircraft for the damage caused to passengers and third parties, and which are not regulated by the provisions of this Chapter, it shall be appropriately applied the provisions of the Chapter III of this Law, as well as the provisions of the Regulations governing the aviation in Bosnia and Herzegovina.

CHAPTER V INSURANCE OF THE OWNERS OF MOTOR VESSELS AGAINST LIABILITY FOR THE DAMAGE CAUSED TO THIRD PARTIES

Obligation to conclude the insurance contract

Article 47

(1) The owner of the motor vessel, with an engine power higher than 3.7 kW, which are registered in the appropriate register according to the Regulations on the registration of vessels, shall be obliged to conclude the third party liability insurance contract for the damage caused for the death, bodily injuries or impairment of health.

(2) The compulsory insurance contract referred to in Paragraph 1 of this Article shall not cover the persons in transport, as well as the members of the crew who manage the motor vessel.

(3) The owner of a foreign vessel that enters the territorial waters of the Republic of Srpska shall be obliged to have an appropriate liability insurance contract referred to in Paragraph 1 of this Article, unless there are other appropriate guarantees for the compensation of damage or if the International Agreement provides otherwise.

Insured sum

Article 48

The lowest insured sum per harmful event determined by the insurance contract referred to in Article 47 Paragraph 1 of this Law shall be 210 000 BAM.

Appropriate application of the provisions

Article 46

For the liability issues of the owner of the motor vessel for the damage caused to third parties which are not regulated by the provisions of this Chapter, it shall be appropriately applied the provisions of the Chapter III of this Law, and the provisions of the Regulations governing the internal navigation in the Republic of Srpska.

CHAPTER VI
PROTECTION FUND OF THE REPUBLIC OF SRPSKA
Protection Fund of the Republic of Srpska
Article 50

(1) The Protection Fund shall be a legal entity with the headquarters in Banja Luka, authorized to cover the damages which cannot be compensated by compulsory insurance, as well as to perform other tasks in accordance with the Law.

(2) The supervision over the work of the Protection Fund shall be done by the Agency.

(3) The bodies of the Protection Fund shall be the Assembly of members and the Board of Directors.

(4) The Protection Fund shall have the Bylaws governing the following:

1) Organization and manner of work,

2) Management and leadership,

3) Financing and financial operations, and

4) Other issues related to the business operations of the Protection Fund.

(5) The Agency shall give a prior approval to the Bylaws of the Protection Fund, as well as to its amendments.

(6) For the supervision of the work of the Protection Fund shall be appropriately applied the provisions governing the establishment and business operations of the insurance companies related to regulatory objectives, general powers of the Agency, rules of procedures and measures of supervision.

Obligations of the Protection Fund

Article 51

(1) The Protection Fund shall be obliged to perform the obligation of indemnity to the third party for the damage caused in the territory of the Republic of Srpska, based on the following:

1) Damage to persons, if caused by an unidentified vehicle,

2) Damage to persons and goods, if caused by the vehicle whose owner failed to conclude the automobile liability insurance contract,

3) Insured sums to the passengers in public transport, in case that the contract referred to in Article 2 Item 1) of this Law has not been concluded, and

4) The damage from the compulsory insurance referred to in Article 2 Items 1) and 2) of this Law which cannot be compensated from the bankruptcy or liquidation estate of the insurance company.

(2) However, in case of damage caused by an unidentified vehicle, the Protection Fund shall compensate the damage to goods if it has compensated the damage due to death or heavy bodily injuries caused in the same traffic accident, and which required the hospital treatment for at least five days, where the injured party shall bear the participation for the damage on properties in the amount of 950 BAM.

Compensation for damage

Article 52

(1) The compensation for damage paid by the Protection Fund referred to in Article 51 of this Law cannot exceed the amount of the insured sums referred to in Articles 18 and 30 of this Law.

(2) If there are more injured parties and if the total compensation exceeds the amount referred to in Articles 18 and 30 of this Law, the amount of compensation shall be proportionally reduced.

Application of specific provisions of this Law
on the Protection Fund

Article 53

Provisions of Articles 14, 15, 22, 23 and 24 of this Law shall appropriately be applied in case where the Protection Fund is competent for the compensation, in accordance with the provisions of this Law.

Reimbursement claims

Article 54

(1) Legal entities that perform the tasks of health, pension and disability insurance, as well as other legal and natural persons that are in any way compensated the damage or a part of damage to the injured party, shall not have the right to reimbursement of the paid amount, or they cannot file the reimbursement claims to the Protection Fund.

(2) The Protection Fund shall assume the rights of the injured party to legal entities that perform the tasks of health, pension and disability insurance, as well as to other legal and natural persons up to the amount that the Protection Fund has paid to the injured party.

(3) The Protection Fund shall have the right to compensation from the person who is liable for the damage, or the driver without insurance, up to maximum 12 average net wages in the Republic of Srpska.

(4) If the Protection Fund has paid the damage caused by an unidentified vehicle, and the liable person and the vehicle which caused the damage as well as the liable insurance company have been discovered afterwards, the Protection Fund shall have the right to reimbursement up to the paid amount and eligible costs from the insurance company.

(5) In case of discovery of the liable person referred to in Paragraph 4 of this Article, the Ministry of Internal Affairs shall inform the Protection Fund about that.

Membership and funding sources of the Protection Fund

Article 55

(1) The members of the Protection Fund shall mean all the insurance companies that in the Republic of Srpska perform the types of insurance referred to in Article 2 Items 1) and 2) of this Law, regardless of whether their headquarters are in the Republic of Srpska or elsewhere.

(2) The funding sources of the Protection Fund shall be the following:

1) Membership fees, to finance the costs of the Protection Fund (the costs of administration), and

2) Contributions, to finance the Fund for the compensation of damages in order to fulfill the obligations referred to in Article 51 of this Law.

(3) The membership fee referred to in Paragraph 2 Item 1) of this Law shall be paid by all members of the Protection Fund, in equal amount, and the amount of the annual membership fee shall be determined by the Board of Directors of the Protection Fund, each year, in accordance with the projection of the administration costs of the Protection Fund, with the previous approval of the Agency.

(4) Contributions referred to in Paragraph 2 Item 2) of this Article shall be paid by all members of the Protection Fund, based on the percentage of the invoiced annual premium of the automobile liability insurance and the premiums for the insurance of passengers in public transport.

(5) The amount and terms of payment for the contributions referred to in Paragraph 2 Item 2) of this Article shall be determined annually, by the decision of the Board of Directors of the Agency, which shall be published in the "Official Gazette of the Republic of Srpska".

(6) The Board of Directors of the Agency shall be authorized to amend the amount of the determined contributions referred to in Paragraph 5 of this Article, in order to provide the fulfillment of the functions of the Protection Fund referred to in Article 51 of this Law.

(7) The members that are granted permission to work in the type of insurance of the passengers in public transport or the type of automobile liability insurance for the current year, the Agency shall determine a lump sum of the first contributions to the Protection Fund.

Financial management of the Protection Fund

Article 56

(1) The Protection Fund shall be obliged to separately plan and keep accounting records of the revenues, expenditures and resources necessary for the following:

1) The administration costs of the Protection Fund, and

2) Obligations of the Protection Fund to injured parties, in accordance with this Law.

(3) The Protection Fund shall be obliged to submit to the Agency the unaudited annual financial reports by the end of February of the current year for the previous year, and a half year financial reports no later than 31th July of the current year.

(4) The Protection Fund shall be obliged to submit to the Agency the audited annual financial reports for the previous year, with the report of an authorized auditor and the annual business operations report, no later than 30th April of the current year.

(5) The Protection Fund shall be obliged to submit to the Agency the report on data of paid membership fees and contributions to the Fund for the compensation of damages, no later than 30th November of the current year.

(6) The Board of Directors of the Agency shall bring the act to regulate the rules of business operations and reporting of the Protection Fund.

The Assembly of the Protection Fund

Article 57

(1) The Assembly of the Protection Fund shall consist of the authorized members of the Protection Fund.

(2) The Assembly of the Protection Fund shall make decisions by two thirds of the majority of the total number of votes of the members of the Protection Fund.

(3) The Assembly of the Protection Fund shall do the following:

- 1) Bring the Bylaws and other general acts important for the business operations,
- 2) Bring the financial plan and adopt financial reports,
- 3) Appoint and dismiss the members of the Board of Directors of the Fund, and
- 4) Decide about concluding the insurance contracts of the Protection Fund, which shall cover the insolvency of its members in terms of their obligations towards the Protection Fund.

(4) The decision by the Board of Directors of the Agency shall determine the number of votes that each member has in the Assembly of the Protection Fund in proportion with the amount of paid contribution of each member for the previous year.

(5) The decision referred to in Paragraph 4 of this Article shall be published in the "Official Gazette of the Republic of Srpska".

(6) Each member of the Assembly of the Protection Fund shall have one vote for every 4000 BAM of the invoiced premium based on the type of insurance for which the insurance company pays the contributions.

(7) The members of the Assembly of the Protection Fund, whose premium is less than 4000 BAM, shall have the right only to one vote.

Board of Directors of the Protection Fund

Article 58

(1) The Protection Fund shall be managed by the Board of Directors, which is appointed for the period of four years.

(2) The Board of Directors of the Protection Fund shall consist of five members.

(3) One member of the Board of Directors of the Protection Fund shall be appointed from among the employees of the Ministry of Finances, and four members shall be appointed on the proposal of the insurance companies from the insurance companies or from among the experts in the area of the commercial law, insurance or finances, which are independent from the insurance companies.

Director of the Protection Fund

Article 59

(1) The Director of the Protection Fund shall mean a person in a significant position, in accordance with Law regulating the establishment and business operations of the insurance companies.

(2) The Director of the Protection Fund shall organize the work and manage the business operations, present and represent the Protection Fund, carry out the decisions by the Board of Directors and be responsible for the legal work of the Protection Fund.

(3) The Director of the Protection Fund shall be appointed for the period of four years.

(4) The procedures and terms of selecting and appointing the Director of the Protection Fund shall accordingly apply the provisions of the Regulations governing the establishment and business operations of the insurance companies related to persons in significant positions in the insurance company.

(5) The Board of Directors of the Protection Fund, upon prior approval of the Agency, shall appoint the Director of the Protection Fund.

(6) A person appointed as the Director of the Protection Fund, whose appointment has not received the approval referred to in Paragraph 5 of this Article, cannot perform the work of the Director of the Protection Fund.

Conditions to appoint a member of the Board of Directors
in the Protection Fund
Article 60

The appointed member of the Board of Directors of the Protection Fund can be the following person:

1) The person with the bachelor's degree of the level VII or a minimum of 240 ECTS credits and at least three years of work experience in the area of insurance,

2) The person has not been convicted for crimes against property, economy and payments or any other crime regulated by the Law related to the performance of their professional activity, and

3) The person who, for the last five years, has not been the member of the Board of Directors or the body supervising the insurance company against which the procedure of liquidation or bankruptcy has been open or conclude.

CHAPTER VII
SUPERVISION AND PENALTY PROVISIONS
Supervision
Article 61

(1) The supervision over the application of the provisions of this Law and acts adopted based on this Law, in the part related to the insurance companies, the branches of insurance companies of the Federation of Bosnia and Herzegovina that work in the territory of the Republic of Srpska and the Protection Fund, shall be done by the Agency.

(2) The administrative supervision over the application of other provisions of this Law related to the compulsory traffic insurance within their competency shall be done by the competent Republic administrative authorities.

(3) The inspection over the application of the provisions of the Law, which administrative supervision is done by the bodies referred to in Paragraph 2 of this Article, shall be done by the Republic Administration for Inspection Activities, through the competent Republic Inspectorate and the Inspectorates in the units of local self-government, depending on the work, or the type of traffic under the supervision.

Measures of supervision
Article 62

(1) If the Agency in its supervision finds that the insurance company calculates and charges the premiums of the automobile liability insurance contrary to the applicable premiums, it can temporarily ban that insurance company to conclude automobile liability insurance contracts, in accordance with the Law regulating the establishment and business of the insurance companies.

(2) Breaching of the applicable premium tariffs referred to in Paragraph 1 of this Article shall also mean the refund of money and other direct or indirect benefits to the insured party related to the concluded insurance contract and paid premium.

(3) The measure of supervision referred to in Paragraph 1 of this Article can be imposed for the period of 30 to 180 days.

(4) The measure of supervision referred to in Paragraph 1 of this Article shall be notified to the competent authority for the registration of vehicles and keeping records on traffic accidents in the Republic of Srpska.

(5) If the member of the Protection Fund fails to comply with the provisions of Article 55 of this Law, the Agency shall revoke the license for work in the type of insurance for the passengers in public transport, or the type of the automobile liability insurance.

(6) In case of revoking the license referred to in Paragraph 5 of this Article, a new license to the company shall be issued only after the expiry of the one year period from the day of revocation and after the fulfillment of obligations due to which the license has been revoked.

Violations

Article 63

(1) A fine for violation of 2500 BAM shall be imposed on a legal entity, the owner of the means of transport, for using the means of transport in traffic, without the concluded automobile liability insurance contract, or the liability insurance contract for the damage caused to third parties by the use of motor vessels (Article 21 Paragraph 1 and Article 47 Paragraph 1).

(2) A fine of 500 BAM shall be imposed on a liable person in legal entity for the violation referred to in Paragraph 1 of this Article.

(3) A fine of 500 BAM shall be imposed on an entrepreneur, the owner of the means of transport, for the violation referred to in Paragraph 1 of this Article.

(4) A fine of 300 BAM shall be imposed on a natural person, the owner of the means of transport, for the violation referred to in Paragraph 1 of this Article.

(5) A fine for violation of 100 BAM shall be imposed on a driver who at the time of using the means of transport has no insurance policy or any other evidence of the concluded compulsory insurance contract or at the request of an authorized official person in the Republic of Srpska refuses to submit for inspection the same documents (Article 8 Paragraph 1).

(6) A fine for violation of 300 BAM shall be imposed on a driver of the vehicle with foreign registration in the territory of the Republic of Srpska, and who has no, or at the request of an authorized person in the Republic of Srpska refuses to submit for inspection the international certificate on the existence of the automobile liability insurance valid in the territory of the member states of the Green Card System or the insurance policy concluded at the border (Articles 34 and 35).

Article 64

(1) A fine for violation of 2500 BAM to 7500 BAM shall be imposed on a legal entity, the owner of the means of transport, or the carrier for using the means of transport for the public transport of passengers, without the concluded insurance contract for passengers against the consequences of accidents in public transport (Article 16 Paragraph 1).

(2) A fine of 500 BAM to 1500 BAM shall be imposed on a liable person in legal entity for the violation referred to in Paragraph 1 of this Article.

(3) A fine of 500 BAM to 1500 BAM shall be imposed on an entrepreneur, the owner of the means of transport, or the carrier for the violation referred to in Paragraph 1 of this Article.

Article 65

(1) A fine for violation of 500 BAM to 1500 BAM shall be imposed on a legal entity, the owner of the means of transport, or the carrier for using the means of transport for the public transport of

passengers if on a visible place in the means of transport fails to indicate the information on the concluded insurance contract for passengers against the consequences of accidents in public transport (Article 16 Paragraph 5).

(2) A fine of 200 BAM to 600 BAM shall be imposed on a liable person in legal entity for the violation referred to in Paragraph 1 of this Article.

(3) A fine of 200 BAM to 600 BAM shall be imposed on an entrepreneur, the owner of the means of transport, or the carrier for the violation referred to in Paragraph 1 of this Article.

Article 66

(1) The following fine for violation of 3000 BAM to 9000 BAM shall be imposed on the insurance company if the company:

1) Concludes the compulsory insurance contract contrary to the provisions of this Law, the insurance terms and the tariffs of insurance premiums (Article 10 Paragraph 1),

2) Refuses the offer to conclude the compulsory insurance contract, and the insured party accepts the terms under which the insurance company performs such type of insurance (Article 10 Paragraph 2),

3) Concludes the contract for the insured sums lower than prescribed (Article 10 Paragraph 4, Article 18, Article 30 Paragraphs 1, 2, and 3, Articles 45 and 48),

4) Fails to comply with an order of the Agency related to the harmonization of the insurance terms and the tariffs of insurance premiums with this Law, the acts of the Agency, actuarial principles and the rules of the profession (Article 12 Paragraph 10),

5) Fails to comply with the rules of the procedures and deadlines to resolve the compensation claims (Article 22 Paragraphs 1, 3, 4, 5 and 9), and

6) Fails to fulfil its obligations to the Protection Fund (Article 55 Paragraphs 3 and 4).

(2) A fine of 300 BAM to 900 BAM shall be imposed on a responsible person in the insurance company for the violation referred to in Paragraph 1 of this Article.

Article 67

(1) The following fine for violation of 1000 BAM to 3000 BAM shall be imposed on the insurance company if:

1) When concluding the compulsory insurance contract, fails to deliver the insurance terms to the policyholder, or the insured party (Article 10 Paragraph 3),

2) Fails to inform the competent body about the termination of compulsory insurance contract before the expiry of the insured period (Article 10 Paragraph 6),

3) Fails to deliver or submit insurance terms and the tariffs of insurance premiums to the Agency with the appropriate documents and within the prescribed period (Article 12 Paragraph 1, 3, 8 and 9),

4) Fails to make publicly available the insurance terms for the types of the compulsory traffic insurance (Article 12 Paragraph 11),

5) Fails to collect, process and keep the personal and other data, and fails to form and maintain the database in the prescribed manner (Article 15),

6) In the procedures for resolving the compensation claim, fails to act in the way prescribed by the Law and the rules of the procedures to resolve the compensation claims (Article 23 Paragraphs 1, 2, 4, 5 and 6),

7) Fails to pay the funds within the prescribed period (Article 26 Paragraph 1), and

8) Fails to submit the data to the Agency in a prescribed manner (Article 40 Paragraph 2).

(2) A fine of 200 BAM to 600 BAM shall be imposed on a responsible person in the insurance company for the violation referred to in Paragraph 1 of this Article

Article 68

(1) The following fine for violation of 500 BAM to 1500 BAM shall be imposed on a responsible person in the Protection Fund if the Protection Fund:

1) Fails to act in accordance with the rules of the procedures and deadlines to resolve the compensation claims (Article 22 Paragraphs 1, 3, 4, 5 and 9, and Article 53), and

2) Fails to comply with the prescribed rules in planning and keeping the accounting records (Article 56 Paragraphs 1 and 6).

(2) The following fine for violation of 300 BAM to 900 BAM shall be imposed on a responsible person in the Protection Fund if the Protection Fund:

1) In the procedures for resolving the compensation claim, fails to act in the way prescribed by the Law and the rules of the procedures to resolve the compensation claims (Article 23 Paragraphs 1, 2, 4, 5 and 6),

2) Fails to keep records on the damages and to inform the Agency about the same (Article 56 Paragraphs 2 and 6),

3) Fails to submit unaudited and audited financial reports to the Agency within the prescribed period (Article 56 Paragraphs 3 and 4), and

4) Fails to submit the report on paid membership fees and contributions to the Agency within the prescribed period (Article 56 Paragraphs 5 and 6).

CHAPTER VIII TRANSITIONAL AND FINAL PROVISIONS

Passing of Laws

Article 69

(1) The insurance company shall adopt acts referred to in Article 12 Paragraph 1 of this Law within 90 days from the day of entry into force of this Law.

(2) Until the adoption of the acts referred to in Article 12 Paragraph 1 of this Law, there shall be applied the provisions of the Decision on common conditions for the automobile liability insurance of the owners and users of vehicles ("Official Gazette of the Republic of Srpska" number 115/13) and the insurance terms and the tariffs of insurance premiums for the types of compulsory insurance referred to in Article 2 Items 1), 3) and 4) of this Law, if they are not contrary to this Law.

(3) The Board of Directors of the Agency shall bring the act referred to in Article 12 Paragraph 2 of this Law within 30 days from the day of entry into force of this Law.

(4) Until the adoption of the acts referred to in Article 12 Paragraph 1 of this Law, there shall be applied the provisions of the Decision on the common tariff of insurance premium and the prices for the motor vehicle liability insurance in the Republic of Srpska ("Official Gazette of the Republic of Srpska" number 115/13), if they are not contrary to this Law.

Harmonization of business

Article 70

(1) The insurance companies and the Protection Fund shall be obliged to harmonize their business operations with the provisions of this Law within 90 days from the day of its entry into force, unless the provisions of this Law prescribe another deadline for the specific issues.

(2) The insurance company shall be obliged to form the database referred to in Article 15 Paragraph 1 of this Law within 120 days from the day of entry into force of the act by the Board of Directors of the Agency referred to in Article 15 Paragraph 5 of this Law.

Application of acts

Article 71

(1) The Board of Directors of the Agency shall bring the acts prescribed by this Law within 90 days from the day of its entry into force.

(2) Until the adoption of the acts referred to in Paragraph 1 of this Article, there shall be applied the acts which have been valid until the day of entry into force of this Law, if they are not contrary to this Law.

(3) Notwithstanding the Paragraph 1 of this Article, the Board of Directors of the Agency shall bring the acts referred to in Article 15 Paragraph 5 of this Law within nine months from the day of entry into force of this Law.

Expiry of validity
Article 72

By the entry into force of this Law, the validity of the Law on liability insurance for motor vehicles and other compulsory liability insurance (“Official Gazette of the Republic of Srpska” number 17/05, 64/06 and 12/09) shall expire.

OFFICIAL GAZETTE OF THE REPUBLIC OF SRPSKA – Number 82

Entry into force
Article 73

This Law shall enter into force on the eighth day from the day of its publication in the “Official Gazette of the Republic of Srpska”.

Number: 02/1-021-1065/15
17 September 2015
Banja Luka

President of
the National Assembly
Nedeljko Cubrilovic (signature)

1423

Based on Amendment XL Item 2 to the Constitution of the Republic of Srpska (“Official Gazette of the Republic of Srpska” number 28/94), I declare

**DECREE
ON PROCLAMATION OF THE AMENDMENTS TO THE
LAW ON INVESTMENT FUNDS**

This is to proclaim the Amendments to the Law on Investment Funds, which was adopted by the National Assembly of the Republic of Srpska on the Sixth session held on 17th September 2015, and the Council of Peoples on 28th September 2015 established that adopted Amendments to the Law on Investment Funds did not jeopardise the vital national interest of any of the constituent peoples in the Republic of Srpska.

Number: 01-020-3170/16
30th September 2015
Banja Luka

President of
the Republic
Milorad Dodik (signature)

LAW
ON AMENDMENTS TO THE LAW ON
INVESTMENT FUNDS

Article 1

In the Law on Investment Funds (“Official Gazette of the Republic of Srpska” number 92/06), (hereinafter: the Law), the Paragraph five of Article 2 shall be amended as follows:

“ **‘The investment fund’** (hereinafter: the fund) shall mean the institution of collective investment, which only purpose is to collect financial resources and to invest them, in accordance with previously determined investment policy, in different types of assets in order to achieve revenues and reduce the investment risks.”

Paragraph 13 shall be amended as follows:

“**‘Related parties’** in terms of this Law shall mean legal and natural persons connected with the ownership over the capital or the management of capital, with 20% or more of the voting rights or the capital, or connected in another way to achieve joint business objectives, so that business operations and the results of business operations of one party can significantly affect the business operations, or the results of business operations of another party.

The following parties can also be considered as the related parties:

a) Mutually connected parties:

1) So that one party, or the parties that are considered to be related in accordance with this Paragraph, jointly, directly or indirectly, participate in another party,

2) So that the same party participates in both parties, or the parties that are considered to be related parties in accordance with this Paragraph,

3) In the way regulated by the Law governing the business operations of the business organizations, and

4) As the members of the Boards of Directors and other bodies in the company in which they perform such work, or in which they are employed, and the immediate family members of such persons;

b) Immediate family members:

1) Spouses, or persons living in the common-law marriage,

2) Descendants and ancestors in the first line of relation, indefinitely,

3) Relatives up to the third level of kinship in the side line, including the law relationships,

4) Adoptive parent and adoptee, and the ancestors of the adoptee, and

5) Guardian and ward residents, and the ancestors of the ward residents.”

Paragraph 14, after the words: “the management company” shall have a comma and the following words: “employees and persons in the companies’ bodies”.

Paragraph 16, after the words: “a shareholder of a closed-end investment fund” shall remove the full stop and shall have the following word: “and”.

Paragraph 15 shall be followed by a new Paragraph number 16, as follows:

“**‘Qualified participation’** – shall mean direct or indirect participation in the management company, which represents 10% or more of the shares in the basic capital or the voting rights, or which enables to fulfil the significant influence over the management of the management company.”

Article 2

Article 12 Item a) shall be amended as follows:

“a) Closed-end investment fund, including a closed-end investment fund with a public offer for the investment in securities which are not included in the official exchange market and”.

Article 3

Article 14 shall be amended as follows:

“(1) Depending on the type of prevailing investment, the subcategories of the investment funds can be as follows:

- a) Stock funds, with the assets invested mainly in stocks, or in stocks and shares of the stock target funds,
- b) Bond funds, with the assets invested mainly in bonds, or in bonds and shares of the bond target funds or other forms of listed debt,
- c) Money market funds, with the assets invested mainly in the instruments of money markets, deposits and shares of the money market target funds, and
- d) Equity funds, with the assets invested in different types of securities, the instruments of money markets, deposits and shares of the money market target funds.

(2) Under the prevailing investment referred to in Paragraph 1 of this Article shall mean that at least 70% of the assets of the fund are invested in a specific type of property.

(3) The name of the investment fund must contain a label from which it shall be clear its subcategory and it shall not be allowed to contain expressions that may mislead the investors.”

Article 4

Article 18 shall be amended as follows:

“(1) The business operations of the management companies and the investment funds shall appropriately apply the provisions of the Regulations governing the securities market, unless determined otherwise by this Law or the Regulations adopted based on this Law.

(2) The establishment and business operations of the management companies and the investment funds shall appropriately apply the provisions of the Law governing the business operations of business organizations in case when it is specifically determined by this Law and the Regulations adopted based on this Law.

(3) The management company and the investment fund can make statutory amendments after previously granted permission of the Commission.

(4) The statutory amendments of the management company shall be applied in accordance with the provisions of the Law governing the business operations of the business organizations.

(5) The Commission shall bring an act to regulate the procedures and terms for the permission referred to in Paragraph 3 of this Article.”