

**INSTRUMENT FOR PRE-ACCESSION ASSISTANCE OF THE EUROPEAN UNION (IPA)
TWINNING PROJECT BA 07 IB FI 01**

EU Support for Sustainable Capacity Building of the BiH Insurance Agency and the FBiH and RS Insurance Supervisory Agencies

This project is funded by the European Union and is implemented by the Bulgarian Financial Supervision Commission

Budget: EUR 799,875

Duration: 27 months.

The starting date: April 21, 2010

Overall objective:

The overall objective of the project is to contribute to the development of a single insurance market in BiH.

Institutions to benefit from the project:

Insurance Agency of Bosnia and Herzegovina (IABiH)

Insurance Supervisory Agency of Federation of Bosnia and Herzegovina (ISAFBiH)

Insurance Agency of Republika Srpska (IARS)

Member State Partner:

Bulgarian Financial Supervision Commission (BFSC)

The project provided all the necessary basis for effective harmonisation of the legislation and practice of Bosnia and Herzegovina with the European Legislation in the area of supervision of insurance undertakings and obligatory Motor third party liability (MTPL) insurance as well as for effective cooperation with the European institutions in that area.

The project in brief:

- **The project delivered 40 activities including 16 seminars and trainings inside Bosnia and Herzegovina, 4 study visits and trainings in EU Member States and 1 international conference;**
- **152 experts from Bosnia and Herzegovina participated in the activities (including 11 from IABiH; 14 from ISAFBiH; 18 from IARS, 38 from other government institutions in BiH, 62 from non-government institutions and insurance companies, 9 journalists);**
- **35 experts from Member State institutions accomplished 539 working days in Sarajevo and Banja Luka (including 29 experts from the BFSC, 1 expert from the Bulgarian National Bank, 1 expert from the Bulgarian Ministry of Finance, 2 experts from the Bulgarian Export Insurance Agency – BAEZ, 1 expert from the Insurance Supervisor of Romania and 1 expert from the Insurance Supervisor of Slovenia);**
- **16 guests from other countries were involved (Albania, Bulgaria, Croatia, Macedonia, Montenegro, Romania, Serbia, Services of the European Union).**

Results:

- **4 draft laws;**
- **4 draft regulations;**
- **25 reports delivering analyses, recommendations and advices;**
- **1 draft protocol on co-operation and Exchange of information;**
- **97 presentations delivered of which 54 by experts from MS; 12 by experts from Bosnia and Herzegovina, 4 by other experts and 27 delivered during the Study visits and international trainings.**

Provided detailed advice for the complete transposition of:

- **Directive 2009/138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II Directive);**
- **Directive 2009/103/EC relating to insurance against civil liability in respect of the use of motor vehicles, and the enforcement of the obligation to insure against such liability (MTPL Directive).**

Provided entire framework for collection, processing and exchange of statistical data including:

- draft templates for collection of data from the insurance companies;
- risk matrix for the Entity Supervisory Agencies;
- terms of reference for development of the databases to compile data for the purposes of statistical service;
- Draft Book of rules on the reporting of the insurance undertakings to the Entity agencies;
- Draft Book of rules on exchanging data between the Entity agencies and the IABiH;
- Upgrade of the website of the Insurance Agency of Bosnia and Herzegovina.

Provided advice

- on the whole organizational and legal setup in the area of settlement of disputes between the Entity agencies;
- on the reporting obligations of the IABiH towards domestic and European institutions;
- in the area of Insurance of export credits;
- for improvement of the institutional organization for the purposes of obligatory MTPL insurance and for the reduction of the uninsured driving.

Provided mid- and long-term training strategy and implemented significant part of it by providing trainings for:

- Building general capacity (presenting skills, organization of public events);
- Building supervisory capacity (inspections, actuarial issues and anti-money laundering);
- Solvency II (introductory seminar and advanced seminar);
- Functioning of the European institutions related to insurance sector (Lamfalussy Process and the New Architecture of EU Financial Market Supervision established after the 2008 financial crisis);
- Practical skills in the process of accession to the EU (negotiation practices, transposition of EU legislation);
- Specific areas like (Mediation and arbitration; Processing of statistical data and preparation of reports; Insurance of export credits; Obligatory Motor third party liability insurance).

Contributed to establishment of effective cooperation between the IABiH and the Green Card Bureau of BiH (including agreement on draft protocol on cooperation and exchange of information).

Contributed for establishment of direct relations with:

- the Services of the European Commission (the Insurance and Pensions Unit);
- Council of Bureaux;
- European Institute for Public Administration;
- the Italian Insurance Supervisory Authority and
- other stakeholders in Europe.

Contributed to rising of the profile of the beneficiary institutions by organizing international conference and seminar for journalists.

IMPACT

On the basis of the deliverables of the Twinning project the beneficiary institutions as well as the policy-makers in Bosnia and Herzegovina can:

- ✓ **Establish regulations and supervisory framework in insurance area that are:**
 - Fully in line with the European Legislation;
 - Up to date with the latest developments in the supervision of insurance undertakings in the world;
 - Contributing to effective and efficient risk based supervision of the insurance undertakings;

- Promoting competition, protection of customers and introduction of better environment for foreign investments in Bosnia and Herzegovina.
- ✓ **Fully harmonise the legislation of BiH in the area of obligatory MTPL insurance with the EU law.**
- ✓ **Develop effectively and in line with the EU law and practices:**
 - The legislation in the area of Export credit insurance;
 - The reporting functions towards the major counterparts in the European Union regarding insurance sector;
 - The dispute settlement function of the IABiH.
- ✓ **Substantially improve the cooperation with the Green Card Bureau in Bosnia and Herzegovina.**

The project created a database of information as well as contributed to the development skills, knowledge and contacts which can enable independent development of the State and Entity Insurance agencies both in their ongoing activities as well as in the upcoming process of accession to the EU.

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This publication has been produced with the assistance of the European Union.

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