

# **ACT ON COMPULSORY INSURANCE WITHIN THE TRANSPORT SECTOR**

## **TITLE I GENERAL PROVISIONS**

## General provision

### Article 1

(1) This Act regulates compulsory insurance within the transport sector.

### Compulsory insurance within the transport sector

### Article 2

(1) Compulsory insurance within the transport sector includes:

1. accident insurance of passengers in public transport;
2. insurance of the owner or user of the vehicle (hereinafter referred to as: the owner) against liability for damage caused to third parties (hereinafter referred to as: motor vehicle liability insurance),
3. insurance of the owner or user (hereinafter referred to as: the owner) of an aircraft against liability for damage caused to third parties and passengers,
4. insurance of the owner or user (hereinafter referred to as: the owner) of a motorboat (hereinafter referred to as: a boat) or yacht against liability for damage caused to third parties.

(2) The provisions laid down in this Act shall not apply to the means of transport of the Armed Forces of the Republic of Croatia.

(3) The Republic of Croatia shall guarantee compensation of damage incurred through the use of a means of transport referred to in paragraph 2 of this Article.

## Terminology

### Article 3

(1) The terminology used in this Act shall have the following meaning:

1. A traffic accident means an event where damage has resulted from the use of a means of transport;
2. A means of transport means a vehicle, an aircraft, a boat or a yacht;
3. The user of a means of transport is a natural or legal person using a means of transport by consent of the owner;
4. A policy holder means the person who has concluded an insurance contract with an insurance undertaking;
5. An insured party means a person whose property interest is insured;
6. A driver means a person operating a means of transport;
7. A liable insurer means an insurance undertaking with which the owner of the means of transport which caused damage concluded an insurance contract against liability for damage caused to third parties;
8. «*injured party*» is each person who has suffered damage to property or bodily injury and who is entitled under this Act to make a claim for compensation;
9. «*vehicle*» is each motor vehicle and/or each trailer;
10. «*motor vehicle*» is each vehicle which is driven by the power of its own engine, except for vehicles which move along tracks;
11. «*trailer*» is each vehicle that is towed by motor vehicle;
12. An uninsured vehicle means a vehicle referred to in item 9 of this Article for which an insurance contract for motor vehicle liability insurance has not been concluded or the insurance period has expired and the insurance contract has not been extended even for the grace period;
13. An unidentified vehicle means a vehicle referred to in item 9 of this Article for which it was not

possible to identify neither the vehicle nor its responsible insurer;

14. A grace period means a period of 30 days in which, upon the expiry of the insurance contract, the rights and obligations from the insurance contract are extended;

15. An aircraft means any device which maintains itself in the atmosphere because of reaction of air except reactions of the air in relation to the earth's surface, as defined in Article 2, item (63) of the Air Traffic Act (OG No. 132/98);

16. «*air carrier*» means an operator which has an attestation of capacity or another equivalent licence for operation in air transport;

17. «*aircraft operator*» means a person which decides on a permanent basis on the use or operation of an aircraft or a person in whose name an aircraft is registered in the Croatian register of civilian aircrafts or another equivalent register of aircrafts;

18. «*flight of an aircraft*» with respect to:

- passengers and their personal luggage situated in an aircraft cabin, means the time during which passengers are carried by aircraft;
- cargo and checked-in luggage is the period of transportation of luggage and cargo from the time of check-in of luggage or handover of cargo to the respective air carrier until the time of their delivery to an authorised recipient or consignee;
- third parties, means the period of use of an aircraft from the time of giving power to the engines for the purpose of driving it along the earth surface or actual take-off to the time when an aircraft lands on the earth surface and its engines are completely brought to a halt, as well as movement of an aircraft by means of a vehicle used for towing or pushing, or movement by means of forces which are typical for a drive or lift of an aircraft, in particular by means of air currents.

19. A boat means a floating vessel intended for sailing on the sea which is not a ship or yacht and whose total engine power does not exceed 15 kW, as defined in Article 5, item (15) of the Maritime Code (OG No. 181/04);

20. A yacht means a floating vessel for sport and leisure whose length exceeds 12 metres and which, along with the crew, is authorised to carry not more than 12 passengers, as defined in Article 5, item (20) of the Maritime Act (OG No. 181/04);

21. «*territory of the European Union*» means the territory of the Member States of the European Union;

22. «*the area of the Green Card System Member States*» means the territory of the European Union, the territory of the EEA (European Economic Area) States other than Member States of the European Union (Iceland, Norway and Liechtenstein) and the territory of Andorra and Switzerland;

23. A multilateral agreement means an agreement concluded between national offices for insurance of the EEA Member States and other associated states according to which the official registration plates of the Member Country in which the vehicle is usually based shall be considered evidence of the existence of a valid motor vehicle liability insurance;

24. «*the territory in which a vehicle is usually based*» means the territory of a Member State of the European Union:

- whose registration plate the vehicle is bearing, regardless of whether the plates are permanent or temporary;
- which issued the insurance plate or any other identification mark similar to a registration plate born by a vehicle in the case when registration plate is not necessary for a particular type of vehicle;
- in which the user of a vehicle has its habitual residence in the case when a particular type of vehicle does not require registration plate or insurance plate or another identification mark similar to registration plate;

- in which a traffic accident has occurred in the case when a vehicle involved in the accident does not have a registration plate or has a registration plate which does not correspond or no longer corresponds to the vehicle.

25. The Crete Agreement is an agreement that regulates mutual relationship between national insurance offices of Member States of the Green Card System;

26. A Green Card means an international insurance card against motor vehicle liability insurance issued by the national office as proof of the existence of valid motor vehicle liability insurance on the territory of the Member Country of the Green Card System;

27. «*interest*» within the meaning of this Act means a statutory penalty interest rate payable by a debtor in the case when he/she does not meet his/her financial liability within the prescribed time limit;

28. SDR (Special Drawing Rights – special drawing rights means the basic calculation unit defined by the International Monetary Fund);

29. «*Maximum Take Off Mass, hereinafter: MTOM*» means the maximum permissible mass of aircraft at take-off which corresponds to the certified mass specific for each type of aircraft and which is set out in the respective aircraft airworthiness certificate;

30. Supervisory body is the Croatian agency for supervision of financial services established by separate act.

#### The obligation of concluding and renewal of insurance

##### Article 4

(1) The owner of a means of transport shall be obliged to conclude insurance contracts for insurance, which pursuant to Article 2, paragraph (1) hereof is compulsory, prior to the use of a means of transport in traffic and to ensure the renewal thereof as long as the means of transport shall remain in traffic

(2) If the means of transport is subject to the obligation of registration and according to legislation on registration must have a registration certificate, the body competent for registration may issue a registration certificate or other appropriate document, extend their validity only after the owner of the means of transport in whose name the means of transport shall be registered has presented evidence proving that he has concluded an insurance contract for insurance which is compulsory pursuant to this Act.

(3) If the means of transport, in accordance with legislation on registration is recorded in the name of the user of the means of transport, the provisions of this Act which are valid for the owner of the means of transport shall also be correspondingly applied to the user of the means of transport.

#### Co-insured persons

##### Article 5

(1) Insurance against liability for damage caused to third parties concluded by the owner of the means of transport, in the insurance coverage, also includes damage caused by persons using the means of transport by consent of the owner.

#### Obligations of the driver

##### Article 6

(1) While using the means of transport in traffic, the driver shall be obliged to keep the insurance policy or other confirmation of a concluded insurance contract on his person and shall present it upon request of an authorised official person.

(2) By way of derogation from Paragraph 1 of this Article, the air carrier or aircraft operator shall produce an insurance policy or any other proof of a concluded contract concerning compulsory insurance referred to in Article 2 Paragraph 1 of this Act in respect of insurance of passengers in aircrafts and the insurance referred to in Article 2, Paragraph 1, Item 3 of this Act on request of the authorised officer prior to

take-off of the aircraft concerned.

(3) In the event of a traffic accident, the driver shall be obliged to provide personal details and details regarding insurance that is compulsory according to this Act, to all persons involved in the accident who might be entitled to indemnity claims on the basis of such insurance.

#### The obligation of reporting details regarding traffic accidents

##### Article 7

(1) Bodies authorised to carry out supervision of traffic, judicial and other bodies conducting a procedure resulting from a traffic accident or having at their disposal details connected with a traffic accident (medical institutions, institutes conducting health, pension or disability insurance activities and other bodies) shall provide to the insurance undertakings and the Croatian Insurance Bureau access to records of traffic accidents for settlement of indemnity claims.

#### Contract on compulsory insurance and its effect

##### Article 8

(1) An insurance undertaking shall be obliged to conclude an insurance contract in accordance with this Act and insurance conditions and insurance premium pricelist.

(2) An insurance undertaking cannot refuse an application to conclude an insurance contract if the applicant accepts the conditions under which the insurance undertaking conducts such insurance.

(3) Insurance conditions are an integral part of the insurance contract and upon concluding an insurance contract the insurance undertaking is obliged to hand over the same to the policy holder.

(4) The insurance conditions shall define the relationship between the contracted parties which have not or have not as yet been defined by this Act.

(5) The liability of the insurance undertaking ensuing from the insurance contract begins upon the expiry of the 24<sup>th</sup> hour of the day listed on the insurance document as the date of commencement of coverage and ceases upon the expiry of the 24<sup>th</sup> hour of the day listed as the expiry date of coverage, if not agreed otherwise.

(6) With insurance contracts concluded for one or more years, the rights and obligations ensuing from the insurance contract shall be extended after the expiry of the insurance contract for a maximum of 30 days (grace period) unless the insurance undertaking has not received, at least 3 days before the expiry date of coverage, a registered letter from the policy holder stating that he does not consent to the extension of the insurance contract.

(7) Where an insured event takes place in the grace period referred to in paragraph 6 of this Article, the policy holder shall be obliged to pay the insurance premium for the entire preceding year of insurance.

(8) Where the policy holder concludes an insurance contract with another insurance undertaking during the grace period referred to in paragraph 6 of this Article, the previous insurer shall have the right to the insurance premium for the period to the date of concluding an insurance contract with another insurance undertaking and this in proportion to the period of insurance coverage.

(9) If an insurance undertaking establishes that the insurance cover held by an owner of a vehicle has expired, it shall inform the competent police authorities within a period of 15 days.

(10) If an insurance undertaking establishes that the insurance cover held by an owner of a vehicle has expired, it shall inform within a period of 15 days the Information Centre of the Croatian Insurance Bureau thereof.

#### Territorial validity of insurance

##### Article 9

(1) The insurance contract for compulsory insurance referred to Article 2, paragraph 1, item (1) and (4) of this Act shall cover damages and/or losses sustained in the territory of the Republic of Croatia.

(2) The insurance contract concerning the compulsory insurance referred to in Article 2, Paragraph 1, Item 2 of this Act shall cover damages and/or losses sustained in the territory of the Republic of Croatia and the territory of the Green Card System Member States.

(3) Insurance coverage for compulsory insurance referred to in Article 2, paragraph 1, item (2) hereof refers to the territory of the Republic of Croatia and territory of the Member States of the Green Card Insurance system, if not agreed otherwise.

#### Reporting to a supervisory body about conditions and insurance premium pricelists

##### Article 10

(1) An insurance undertaking shall be obliged to inform the supervisory body about insurance conditions and technical basis used when calculating the insurance premium pricelist referred to in Article 2 hereof, at least 60 days before their application exclusively for the purpose of checking whether they are in accordance with legislation, actuarial principles and practices of the trade.

(2) If the supervisory body determines that the conditions and technical basis referred to in paragraph 1 of this Article are not in accordance with legislation, actuarial principles and practices of the trade, it shall issue measures instructing the insurance undertaking to amend these to comply with legislation.

(3) If the supervisory body has issued measures referred to in paragraph 2 hereof, the insurance undertaking may not apply the insurance conditions and insurance premium pricelist because of which the measure was issued.

#### The right of an injured party to lodge a direct claim

##### Article 11

(1) A claim for compensation of damages based on insurance referred to in paragraph 1, Article 2 hereof may be lodged by the injured party directly to the liable insurer.

(2) If an injured party lodges a claim for compensation of damages directly to the liable insurer, the liable insurer may not respond to the claim with objections which it could make on the basis of the law or insurance conditions to an insured party due to failure to abide by law or insurance contract.

(3) An insurance undertaking may conclude an agreement according to which a claim for compensation of damages on the basis of motor vehicle liability insurance may be settled by the insurance undertaking with which the injured party concluded the contract for motor vehicle liability insurance.

#### Procedure and deadlines for settling indemnity claims and the rights of an injured party to file a lawsuit

##### Article 12

(1) In the event of non-proprietary damage the liable insurer shall be obligated to, within 30 days at the latest, while in the case of property damage, within 14 days at the latest from the day of submitting a claim for compensation of damages, deliver to the injured party:

- a justified offer for compensation of damages – insofar as the liability for compensation of damage and amount of damage are not in dispute, or

- a founded response – insofar as the liability of compensation of damages and amount of damages are in dispute.

(2) If the liable insurer misses the stipulated deadline referred to in paragraph 1 of this Article and does not deliver a justified offer for compensation of damages or founded response to the injured party, the

injured party may file a lawsuit against the liable insurer. A lawsuit filed against a liable insurer or liable person prior to the deadline referred to in paragraph 1 shall be considered premature.

(3) In the event that it is not possible to determine the final amount of compensation of damages, the liable insurer shall be obligated to pay the injured party the undisputed part of this compensation of damages in the form of an advance within the deadline prescribed in paragraph 1 of this Article.

(4) In the event of failure to carry out payment of compensation of damages within the deadline referred to in paragraph 1 of this Article, the injured party, along with the owed amount of compensation of damages, shall also have the right to payment of interest and this from the date of submitting the claim for compensation of damages.

(5) In the event of non-proprietary damage in the proceedings before the liable insurer, the injured party has the right to attach assesment and notion of independent expert he/she personally chose.

#### Measures of the supervisory body

##### Article 13

(1) The supervisory body may undertake the following measures against the liable insurer upon breach of the provisions of Article 12 hereof:

1. temporarily or permanently revoke the license for carrying out motor vehicle liability insurance activities,
2. publicly announce information about the improper practices of the liable insurer at his expense,
3. withdraw approval for members of the board of the liable insurer.

#### Subrogation claims of insurance undertakings

##### Article 14

(1) An insurance undertaking which has, pursuant to this Act or insurance conditions, compensated damages to an injured party or paid the insured amount, however according to this Act or insurance conditions was not liable, has the right to compensation from the person liable for the damages which shall include the amount paid for damages, interest and expenses.

#### Application of individual provisions of this Act on the Croatian Insurance Office

##### Article 15

(1) Provisions of Articles 11, 12 and 14 hereof shall be applied in an appropriate manner in the case where the Croatian Insurance Office is competent for damages in accordance with the provisions of this Act.

(2) In the case referred to in paragraph 1 of this Article, where the Croatian Insurance Office is competent, the amounts of compensation of damages shall be paid from the Guarantee Fund.

(3) The Croatian Insurance Office may entrust processing and payment of damages referred to in paragraph 2 of this Article to a member.

#### Statistical and other data

##### Article 16

(1) Insurance undertakings and the Croatian Insurance Office are obliged to collect, process and keep statistical and other data on insurance referred to in Article 1, paragraph (2) hereof.

(2) Statistical data referred to in paragraph 1 of this Article are in particular data on insured persons, loss events, assessment and liquidation of damages.

(3) Insurance undertakings and the Croatian Insurance Office are obliged to process the data referred to in paragraph 1 of this Article by applying statistical insurance standards and in accordance with the Personal Data Protection Act and other legislation on the protection of data.

(4) The Croatian Insurance Office shall stipulate the content and form of data referred in paragraph 1 of this Article and the manner and deadlines for submission of data.

(5) The Croatian Insurance Office is obliged to submit the data referred to in paragraph 1 of this Article to the supervisory body at its request.

## TITLE II

### ACCIDENT INSURANCE OF PASSENGERS IN PUBLIC TRANSPORT

#### Obligation to conclude an insurance contract

##### Article 17

(1) The owners of means of transport that are used for the public transport of passengers are obliged to conclude a contract on accident insurance of passengers in public transport.

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

1. buses used for city, inter-city and international public transport, including charter transport,
2. buses transporting workers to and from work and buses of tourism companies used for the transport of tourists,
3. taxi-cabs and rent-a-car vehicles when hired with a driver,
4. railway vehicles for transport of passengers,
5. all types of marine, lake and river crafts, including ferries and rafts transporting passengers on regular routes or freely, also including cruising and transport of tourists,
6. all types of crafts referred to in item 5 of this Article hired with at least one crew member,
7. aircraft used for the public air transport of passengers and goods,
8. all other means of transport, regardless of the type of power source, used for public transport of paying passengers.

#### Passengers in a means of transport

##### Article 18

(1) Passengers shall be considered persons travelling in one of the means of transport designated for public transport, regardless of whether they have already purchased a ticket, but shall also include persons who are located on the grounds of a station, pier, port, airport or in immediate vicinity of a means of transport prior to boarding or following disembarkment, who have the intention of travelling on a particular means of transport or have travelled on it, with the exception of persons employed on the means of transport.

(2) Passengers referred to in paragraph 1 of this Article shall also be considered those persons with the right to transport free of charge.

(3) Persons found on aircraft referred to in Article 17, paragraph 2, item (7) without the consent of the owner of the aircraft or its crew (flight or cabin) shall not be considered passengers as referred to in paragraph 1 of this Article

#### Liability of an insurance undertaking and sum insured

##### Article 19

(1) The obligation of the insurance undertaking in the insurance contract referred to in Article 17, paragraph (1) hereof is represented by the insured amount valid on the day of the loss event, unless a higher amount has not been agreed in the insurance contract.

(2) The minimum amount per loss event for which an insurance contract referred to in Article 17 hereof



must be concluded for a means of transport referred to in Article 17, paragraph 2, items (1) to (8) hereof per passenger amounts to:

- in the event of death 40,000 HRK
- in the event of permanent disability 80,000 HRK

(3) The Decision regarding an increase in the amount of insurance coverage referred to in paragraph 2 of this Article shall be passed by the Government of the Republic of Croatia upon the proposal of the supervisory body.

(4) The Decision referred to in paragraph 4 of this Article shall be published in the Official Gazette.

#### Entitlement to compensation

##### Article 20

(1) A passenger experiencing an accident or a beneficiary in the event of death of a passenger according to the insurance conditions, has the right to demand that the insurance undertaking at which the insurance was concluded meets its obligations ensuing from the insurance contract to him directly.

(2) If the owner of the means of transport who concluded a contract on insurance of passengers in public transport is liable for the incurred damage, any compensation of damages due to the injured party under motor vehicle liability insurance does not include the amount due to the injured party under compulsory insurance of passengers in public transport.

#### Payment of compensation to uninsured passengers

##### Article 21

(1) If the owner of a means of transport has not concluded a contract on insurance for passengers according to the provisions hereof and an accident has occurred, the passenger or person who would be the beneficiary of such an insurance contract had it been concluded, may demand payment of the insured amount from the Croatian Insurance Office.

### TITLE III

#### INSURANCE OF THE OWNER OF A VEHICLE AGAINST LIABILITY FOR DAMAGE CAUSED TO THIRD PARTIES

##### Obligation to conclude an insurance contract

##### Article 22

(1) The owner of the vehicle shall be obliged to conclude an insurance contract against liability for damage which the use of a vehicle may cause to third parties in the form of death, bodily injury, impairment of health, destruction or damage to property.

(2) The insurance contract referred to in Paragraph 1 of this Article also covers losses due to death, personal injury, health deterioration, destruction of or damage to personal belongings of passengers in a vehicle which has caused such loss or losses.

(3) The motor vehicle liability insurance shall not cover damage to the goods the owner of the vehicle causing damage has undertaken to transport and were located in or on the vehicle causing the damage.

(4) The motor vehicle liability insurance shall also cover damage caused by a towing vehicle as well as damage caused by a trailer.

(5) If the damage was caused by a towing or trailer vehicle while both vehicles were connected and thus were an integral whole or if the damage was caused during driving after the separation of the trailer vehicle, the owners of both vehicles shall be jointly liable for damages to third parties and the injured party may submit a claim for compensation of damages to either the insurer of the towing or insurer of the trailer vehicle.

(6) The insurance undertaking which compensated damages to the injured party on the basis of paragraph 5 of this Article has the right to compensation of the paid amount, interest and expenses from the insurer of the towing or trailer vehicle if there exists liability of its insured party for damages and in the framework of his liabilities.

(7) At the request of its insured party, the insurance undertaking shall be obliged to issue a confirmation of subsequently submitted claims for compensation of damages by third parties based on the motor vehicle liability insurance of its insured party.

(8) The confirmation referred to in paragraph 7 must cover a period of at least five years of existing insurance coverage, while the insurance undertaking is obliged to issue the same within 15 days of the date the request was submitted.

#### Exclusion from insurance

##### Article 23

(1) On the basis of motor vehicle liability insurance, the following shall not have the right to compensation of damages:

1. the driver of vehicle that has caused damage, including his relatives and other natural or legal persons in regards to damages in the form of death or bodily injury of the driver,
2. the owner, co-owner or joint owner and any other operator of the vehicle causing damage and this in regards to compensation of damages for personal effects,
3. a passenger who voluntarily entered the vehicle which caused damages and which was being operated by a unauthorised driver, insofar as the insurer proves that the passenger was aware of these circumstances,
4. a passenger who voluntarily entered an uninsured vehicle which caused damages, insofar as the Croatian Insurance Bureau proves that the passenger was aware of this circumstance,
5. an injured person to whom damage has been incurred:
  - due to use of a vehicle at sporting events held on roads or sections of roads closed for traffic, which have as their objective the achievement of fastest or fastest average speed or exercises for such events;
  - due to the effects of nuclear energy during transport of radioactive materials;
  - due to war operations, revolts or terrorist acts, given that the insurance undertaking must in this case prove that the damage has been incurred as a result of such events.

#### Compensation of damages in the event of forfeiture of insurance rights

##### Article 24

(1) An insured person shall forfeit their insurance rights in the following instances:

1. if the driver did not use the vehicle for purpose for which it was intended;
2. if the driver did not hold a valid driver's license for the appropriate type or category, except if during driving lessons where a driving candidate was operating the motor vehicle and abiding by all regulations regulating such lessons;
3. if the driver has had his driver's license confiscated or has been barred from traffic or if protective measures banning his operating a vehicle of a particular type or category or the measure revoking the validity of his driver's license or the protective measure banning the use of a foreign license on the territory of the Republic of Croatia has been pronounced;
4. if the driver has operated the vehicle under the influence of alcohol above the set limit, narcotics and psychoactive medicines or other psychoactive substances;

5. if the driver has caused the damage intentionally;
6. if the damage occurred because the vehicle was significantly technically defective and the driver was aware of this circumstance;

(2) The forfeiture of insurance rights on the basis of paragraph 1, items (1) to (6) of this Article shall have no influence on the right of an injured party to compensation of damages and the injured party may lodge an indemnity claim to the liable insurer.

(3) The insurance undertaking that has, on the basis of paragraph 1, item (5) of this Article, paid damages to the injured party has the right to compensation of the entire amount paid in damages, interest and expenses from the person liable for the damage and in the case of paragraph 1, items (1), (2), (3), (4) and (6) of this Article to a maximum of 12 (twelve) average net wages according to the last official report of the Central Bureau of Statistics.

#### Compensation of damages in the event of unauthorised driving

##### Article 25

(1) If the damage has been caused by a driver who was operating the vehicle without authorisation, the injured party may lodge an indemnity claim to the liable insurer, except in the case of Article 23, paragraph 1, item (3) hereof.

(2) An unauthorised driver shall be considered a person that at the time of the loss event was operating the vehicle without the consent of the owner but was not employed by the owner to drive the car, nor is a member of his/her family, nor has the owner of the vehicle handed over possession.

(3) The insurance undertaking which has paid damages to the injured party shall have the right to compensation of the entire amount paid in damages, interest and expenses from the person liable for the damage.

#### Liability of an insurance undertaking and sum insured

##### Article 26

(1) The obligation of an insurance undertaking ensuing from the insurance contract referred to in Article 22 hereof is represented by the insured amount valid on the day of the loss event unless a greater amount has been contracted in an insurance contract.

(2) The minimum amount for which the insurance contract referred to in paragraph 1 of this Article must be concluded shall be:

1. For damage due to death, bodily injury and impairment to health resulting from a loss event:
 

- for buses and freight vehicles, including trailers	6,500,000 HRK
- for vehicles transporting hazardous substances	8,000,000 HRK
- for damage incurred by other vehicles incl. unidentified vehicles	3,500,000 HRK
2. For damage due to destruction or damage of property resulting from a loss event:
 

- for buses and freight vehicles, including trailers	3,500,000 HRK
- for vehicles transporting hazardous substances	4,000,000 HRK
- for damage caused by other vehicles incl. unidentified vehicles	1,500,000 HRK

(3) If there are several injured parties and the total compensation exceeds the amount listed in paragraph 2 of this Article, the rights of the injured parties in regards to the insurance undertaking shall be reduced proportionally.

(4) An insurance undertaking which has paid out one injured party an amount greater than due following the proportional reduction of compensation, as regardless of measures undertaken it could not be known

that there were additional injured parties, shall be liable to such other parties only up to the amount referred to in paragraph 2 of this Article.

(5) The insurance undertaking with which the owner of a vehicle has motor vehicle liability insurance shall be liable to compensate a third party for any damage caused by use of that vehicle in the Member states of the Green Card System exceeding the amount of compensation stated in paragraph 2 of this Article up to the amount stipulated by the legislation on compulsory insurance of the state in which the damage occurred.

(6) The Decision on the increase of sum insured referred to in paragraph 2 of this Article shall be passed by the Government of the Republic of Croatia at the proposal of the supervisory body.

(7) The Decision referred to in paragraph 6 of this Article shall be published in the Official Gazette.

#### Subrogation claims of a holder of social security

##### Article 27

(1) An insurance undertaking shall be obliged to compensate actual damages of institutes conducting health, pension and disability insurance activities within the framework of liabilities of their insured person and within the limits of the obligations assumed in the insurance contract.

(2) Actual damages in the sense of paragraph 1 of this Article shall be considered medical and other necessary expenses carried out in accordance with legislation on health insurance, also including a proportional amount of pension of the injured party or members of their family.

(3) The proportional amount of pension shall be determined according to the pension insurance legislation as a difference between disability pension determined by virtue of a decision of the Croatian Pension Insurance Institute and the disability pension which would be determined in the case of occupational accident.

(4) The provisions of paragraphs 1, 2 and 3 of this Article shall be correspondingly applied to subrogation claims of an insurance company for compensation of actual damages paid on the basis of voluntary health, pension, life or similar insurance.

#### Change of vehicle ownership

##### Article 28

(1) If ownership over a vehicle changes during the period of insurance coverage, the rights and responsibilities arising from the contract on motor vehicle liability insurance are transferred to the new owner and shall last until the expiry of the insurance contract, including also the rights and obligations referred to in Article 8 hereof.

(2) Bodies competent for the registration of vehicles shall be obliged to notify the Croatian Insurance Office of the change of ownership within 8 (eight) days.

#### Compensation of damages caused by use of an uninsured vehicle

##### Article 29

(1) An injured party to whom injury was caused by use of a vehicle whose owner was not covered by motor vehicle liability insurance may lodge an indemnity claim with the Croatian Insurance Office.

(2) An injured person who has sustained a loss caused by an unregistered vehicle taken over in another Member State, whose destination is the Republic of Croatia may submit a claim to the Croatian Insurance Bureau within a maximum of thirty (30) days of the date of delivery of the vehicle.

(3) In case of a damage and/or loss caused through use of the vehicles referred to in Paragraphs 1 and 2 of this Article, the Croatian Insurance Bureau shall guarantee for the liabilities up to the limits specified in Article 26 Paragraph 2 of this Act .

(4) The Croatian Insurance Office may entrust the processing and payment of such claims to one of its

members, who shall be obliged to process and settle claims at the expense of the Guarantee fund.

(5) The Croatian Insurance Office shall be entitled to compensation from the person liable for damages, in the amount of paid damages, interest and expenses.

#### Compensation of damages caused by use of an unidentified vehicle

##### Article 30

(1) An injured natural person may lodge an indemnity claim to the Croatian Insurance Office for damages caused by the use of an unidentified vehicle.

(2) A natural injured party has the right to claim compensation of damages in the form of death, bodily injury or impairment of health, up to the maximum amount listed in Article 26, paragraph (2) hereof.

(3) The injured party has the right to claim compensation of damages due to destruction or damage to things up to the amount referred to in paragraph 2 of this Article stipulated for damage to things and along with excess in the amount of 3, 750 HRK, the injured party has the right to claim compensation of damages if the Croatian Insurance Office has already paid damages to one of the participants of this accident because of death or bodily injury which required hospitalisation.

(4) If the vehicle by use of which the damage was caused is later identified and the liable insurance undertaking is established, the Croatian Insurance Office shall be entitled to compensation from the liable person or liable insurance undertaking to the amount paid in damages, interest and expenses.

#### Compensation of loss in case of reasons for dissolution or liquidation of an insurance undertaking

##### Article 31

(1) In the event of cessation of operations of an insurance company based on the legally valid decision of a competent commercial court, the injured party may lodge a claim for compensation of damages to the Croatian Insurance Office.

(2) An injured party has the right to claim compensation of damages up to a maximum listed in Article 26, paragraph (2) hereof.

(3) In the event of payment of damages in the course of settlement proceedings, the Croatian Insurance Office has the right to be compensated by the insurance undertaking undergoing settlement proceedings and this in the amount of paid damages, interest and expenses. Insofar as bankruptcy proceedings have been filed against the insurance undertaking, the Croatian Insurance Office has the right to compensation of all amounts from the bankruptcy estate of the insurance undertaking.

#### International insurance documents of vehicles with foreign registration

##### Article 32

(1) A driver who enters the territory of the Republic of Croatia in a vehicle with foreign registration must have a valid international motor vehicle liability insurance document which is valid in the territory of the European Union or some other evidence of the existence of such insurance, covering damages at least up to the amount listed in Article 27, paragraph (2) hereof.

(2) The frontier police authorities shall be obliged to check whether the conditions specified in paragraph 1 of this Article have been fulfilled.

#### Proof of existence of international document

##### Article 33

(1) The international documents and evidence referred to in Article 33, paragraph (1) hereof shall be considered the official registration plates on the vehicle which is usually based on the territory of the state whose national office is a signatory to the Multilateral agreement or valid Green Card issued for the vehicle which originates from the state whose national office is not a signatory of the Multilateral

agreement and other documents whose validity is acknowledged by the Croatian Insurance Office.

(2) The Croatian Insurance Office acknowledges the validity of international documents and evidence in advance by informing the body authorised for control of borders of the Republic of Croatia.

(3) The acknowledgement of the validity of international documents and evidence also includes a guarantee by the Croatian Insurance Office for liabilities based on such documents and evidence up to the amount specified in Article 26, paragraph (2) hereof.

#### Entitlement to compensation

##### Article 34

(1) An injured party to whom damage was caused in the Republic of Croatia by the use of a foreign registered vehicle for which there exists valid international document or evidence regarding the existence of motor vehicle liability insurance as referred to in Article 32, paragraph (1) hereof may lodge a claim for compensation of damages to the Croatian Insurance Office.

(2) The provisions of Article 29 of this Act shall apply to compensation of damage and/or loss caused by a vehicle from the territory of the European Union which does not have any registration plate or has a registration plate which does not correspond or no longer corresponds to the vehicle, or to compensation of damage and/or loss caused by a specific type of vehicle for which registration plate, insurance plate or another identification mark similar to a registration plate is not necessary, and the Croatian Insurance Bureau is entitled to reimbursement of the paid claim amount plus interest and expenses against the Guarantee Fund of the European Union Member State in which the vehicle is normally based.

(3) In the event of damage caused by use of the vehicle referred to in paragraph 1 of this Article, the Croatian Insurance Office guarantees for liabilities up to the amount specified in Article 26, paragraph (2) hereof, however if the vehicle with foreign registration has a insurance contract with greater contracted coverage, the Croatian Insurance Office shall guarantee to the amount of the contracted amount of insurance coverage.

(4) The Croatian Insurance Office may entrust the processing and payment of such claims to its members or to a specialised organisation for the processing of the aforementioned damages that are obliged to process and settle the claim for compensation of damages in accordance with international agreements on compulsory motor vehicle liability insurance.

#### Border insurance against motor vehicle liability

##### Article 35

(1) A driver of a vehicle with foreign registration that does not have a valid international document or evidence regarding the existence of motor vehicle liability insurance referred to in Article 32, paragraph (1) hereof is obliged to conclude a contract for motor vehicle liability insurance (border insurance) which is valid on the territory of the EU Member States with a validity period equal to his stay in territory of the Member Country of the European Union or at least 15 days.

(2) Implementation of the insurance referred to in Paragraph 1 of this Article shall come within the competence of the Croatian Insurance Bureau.

(3) If the driver of the vehicle referred to in paragraph 1 hereof does not conclude an insurance contract referred to in paragraph 1 of this Article prior to entering the Republic of Croatia, he may not enter the territory of the Republic of Croatia and shall be turned away from the border together with his vehicle.

(4) Monitoring the fulfilment of obligations by drivers of vehicles with foreign registration referred to in paragraph 1 of this Article shall be carried out by the persons authorised for control of borders of the Republic of Croatia.

(5) If the person authorised for control of traffic should at the time of control confirm that the driver does not have a valid international document or evidence of the existence of motor vehicle liability insurance referred to in paragraph 1 of this Article, they shall prevent further use of the vehicle and order the

concluding of a contract for motor vehicle liability insurance referred to in paragraph 1 of this Article.

#### Entitlement to compensation for a loss based on border insurance

##### Article 36

(1) An injured party to whom damage was caused by use of a vehicle with foreign registration which is insured with a domestic insurance undertaking referred to in Article 35, paragraph (1) hereof, may lodge a claim for compensation of damages to the undertaking that issued the policy or to the Croatian Insurance Office.

(2) An injured party has the right to claim compensation of damages up to the amount specified in Article 26, paragraph (2) hereof.

(3) If the injured party has filed a claim for compensation of damages referred to in paragraph 1 of this Article with the insurer who issued the insurance policy, the provisions of Article 11, 12 and 14 hereof shall be applied in an appropriate manner.

(4) If the injured party has filed a claim for compensation of damages referred to in paragraph 1 of this Article with the Croatian Insurance Office, the provisions of Article 15 hereof shall be applied in an appropriate manner.

(5) In the case referred to in paragraph 4 of this Article, the Croatian Insurance Office has the right to compensation and this shall include the amount paid in damages, interest and expenses.

(6) The injured party may also file a claim for compensation of damages to the national office of the state in which the loss event occurred, which shall guarantee for liabilities up to the amount of insurance coverage stipulated in its country.

#### Entitlement to compensation for a loss caused by an uninsured foreign vehicle

##### Article 37

(1) For compensation of damage caused by the use of a vehicle with foreign registration which does not have a valid international document or evidence regarding the existence of motor vehicle liability insurance referred to in Article 32, paragraph (1) hereof, nor has an insurance contract been concluded with a domestic insurance undertaking referred to in Article 35, paragraph (1) hereof, the provisions of Article 29 hereof shall apply.

#### European accident report forms

##### Article 38

(1) Participants involved in a traffic accident must complete, sign and exchange European accident reports forms. A correctly completed European accident report form may be used by the injured party or insured party as a claim for compensation of damages on the basis of motor vehicle liability insurance.

(2) An insurance undertaking shall be obliged to deliver a European accident report form to the policy holder along with the insurance policy.

(3) While operating a vehicle in traffic a driver shall be obliged to carry with him the European accident report form which he must present at the request of a person authorised for supervision of traffic.

#### TITLE IV

### INSURANCE OF OWNERS OF AIRCRAFT AGAINST LIABILITY TO DAMAGE CAUSED TO THIRD PARTIES

#### Obligation of concluding an insurance contract

##### Article 39

- (1) The owner of the aircraft entered in the Croatian register of civilian aircrafts shall conclude a contract of insurance in respect of liability to aircraft passengers and third parties for any damage and/or loss caused through use of the aircraft.
- (2) The insurance contract referred to in Paragraph 1 of this Article shall cover:
  1. third party losses due to death, bodily injury, deterioration of health, destruction of or damage to property during a flight by aircraft;
  2. losses due to death, bodily injury, deterioration of health of passengers during a flight by aircraft;
  3. damages to and/or losses of personal belongings of passengers which are situated in a cabin of an aircraft;
  4. damages to and/or losses of cargo and checked-in luggage.
- (3) A third party is each person other than a passenger and member of flight and cabin crew of an aircraft during a flight by aircraft.
- (4) The passenger referred to in Paragraph 2, Item 2 of this Article is each person who is transported by aircraft with the air carrier's or aircraft operator's consent, except for the members of flight and cabin crew of the respective aircraft who are on duty during a flight by aircraft.
- (5) The insurance contract referred to in Paragraph 1 of this Article does not have to cover losses referred to in Paragraph 2, Items 3 and 4 if an aircraft is not used for commercial purposes.
- (6) The insurance contract referred to in Paragraph 1 of this Article shall also cover damages and/or losses due to risks of war and terrorism.
- (7) By way of derogation from paragraph 6 of this Article, for aircrafts whose MTOM is up to 500 kg the insurance contract referred to in paragraph 1 of this Article does not have to cover damages and/or losses due to risks of war and terrorism.
- (8) The owner of a foreign aircraft who operates the aircraft flight in the air space of the Republic of Croatia must have a valid contract of insurance against liability for the losses referred to in paragraph 2 of this Article, unless otherwise provided in an international agreement.
- (9) By way of derogation from Paragraph 8 of this Article, an aircraft owner who is not from the Republic of Croatia or a European Union Member State or whose aircraft is registered outside the territory of the European Union and whose flights do not include landing at or take-off from the territory of the European Union, but only operation of flights in the air space of the Republic of Croatia is not obliged to have in place an insurance contract covering losses referred to in Paragraph 2, Items 2, 3 and 4 of this Article.
- (10) The provisions of Articles 29, 30, 31, 32, 33 and 34 of this Act, which govern third-party liability insurance of a vehicle's owner, shall apply *mutatis mutandis* to insurance of an aircraft owner in respect of liability to aircraft passengers and third parties.



## Liability of an insurance undertaking and sum insured

## Article 40

- (1) The liability of the insurance undertaking under the insurance contract referred to in Article 39 Paragraph 1 of this Act shall correspond to the sum insured in force on the date of occurrence of the loss event, unless a higher sum insured is provided under the insurance contract.
- (2) The lowest sum insured per single loss event fixed by the insurance contract referred to in Paragraph 1 of this Article amounts to:
1. in respect of damages and/or losses sustained by third parties:
    - a) for paragliders and motor gliders, as well as hang-gliders whose MTOM is over 20 kg 10,000 SDR
    - b) for unattached balloons with crew 20.000 SDR
    - c) for aircrafts whose MTOM is:
 

- from 20 to 500 kg	750,000 SDR
- from 501 to 1000 kg	1,500,000 SDR
- from 1,001 to 2,700 kg	3,000,000 SDR
- from 2,701 to 6000 kg	7,000,000 SDR
- from 6,001 to 12,000 kg	18,000,000 SDR
- from 12,001 to 25,000 kg	80,000,000 SDR
- from 25,000 kg to 50,000 kg	150,000,000 SDR
- from 50,001 kg to 200,000 kg	300,000,000 SDR
- from 200,001 kg to 500,000 kg	500,000,000 SDR
- over 500,001 kg	700,000,000 SDR
  2. for one passenger 250,000 SDR
  3. for personal belongings of passengers which are situated in an aircraft cabin 1,000 SDR
  4. for cargo and checked-in luggage, per kg 17 SDR
- (3) By way of derogation from Paragraph 2, Item 2 of this Article, the lowest sum insured per single loss event fixed by the insurance contract referred to in Article 39 Paragraph 1 of this Act for aircrafts whose MTOM is 2,700 kg or less and which are not used for commercial purposes amounts to 100,000 SDR per passenger.
- (4) The decision on increase in the sum insured referred to in Paragraph 2 of this Article shall be taken by the Government of the Republic of Croatia upon proposal of the supervisory authority.
- (5) The decision referred to in Paragraph 4 of this Article shall be published in the Official Gazette.

## TITLE V

### INSURANCE OF OWNERS OF BOATS OR YACHTS AGAINST LIABILITY FOR DAMAGE CAUSED TO THIRD PARTIES

#### Obligation of concluding an insurance contract

##### Article 41

(1) The owner of a boat or yacht with engine power greater than 15 kW and which according to regulations on registration of boats must be entered in the logbook of the boat or yacht shall be obliged to conclude an insurance contract against liability for damage which the boat or yacht may cause to third parties in the form of death, bodily injury or impairment of health.

(2) The third parties referred to in Paragraph 1 of this Article shall not be deemed to be persons in a boat or on board a yacht which caused damage and/or loss, nor persons in another boat or on board another yacht, ship or other floating object.

(3) An owner of a foreign boat or yacht entering into the territorial waters of the Republic of Croatia must have a valid insurance contract against damage liability referred to in paragraph 1 of this Article unless there exists another guarantee for compensation of damages or unless it has been otherwise determined by international agreements.

(4) The provisions of Articles 29, 30, 31, 32, 33 and 34 hereof, which regulate insurance of owners of vehicle against liability for damage caused to third parties, shall be applied correspondingly to the insurance of owners of boats or yachts against liability for damage caused to third parties.

(5) The provisions of this Article shall be applied correspondingly to the liability of owners of motor boats during navigation in the inland waters of the Republic of Croatia.

#### Sum insured

##### Article 42

(1) The obligation of the insurance undertaking regarding compensation of damages on the basis of Article 41 hereof is represented by the insured amount valid on the day of the loss event, unless a higher amount has been determined by an insurance contract.

(2) The minimum sum insured for which the insurance contract referred to in paragraph 1 of this Article must be concluded per each loss event shall be 3, 500,000 HRK.

(3) The decision on increase in the sum insured referred to in Paragraph 2 of this Article shall be taken by the Government of the Republic of Croatia upon proposal of the supervisory authority.

(4) The Decision referred to in paragraph 3 of this Article shall be published in the Official Gazette.

## TITLE VI

### THE CROATIAN INSURANCE OFFICE

#### General provision

##### Article 43

(1) An insurance undertaking may carry on the compulsory insurance referred to in Article 2 Paragraph 1 of this Act only if it is a member of the Croatian Insurance Bureau.

## TITLE VII

### GUARANTEE FUND

#### Guarantee fund

#### Article 44

(1) The Guarantee fund is the property of the Croatian Insurance Office and is intended for carrying out obligations on the basis of:

1. claims arising from damages and/or losses occurred outside the territory of the Republic of Croatia in any of the European Union Member States or a third country which is a member of the Green Card System and caused by both insured and uninsured vehicles which are normally based in the Republic of Croatia, a guarantee for such damages and/or losses to a foreign national bureau being provided by the Croatian Insurance Bureau pursuant to the Crete Agreement, the Multilateral Agreement and other international agreements;
2. claims arising from damages and/or losses occurred outside the territory of the Republic of Croatia in some of the European Union Member States, which are caused by vehicles bearing a foreign registration plate and insured under Article 35 Paragraph 1 of this Act;
3. claims arising from damages and/or losses occurred outside the territory of the Republic of Croatia in some of the European Union Member States or a third country which is a member of the Green Card based on Article 57 of this Act;
4. claims arising from damages and/or losses occurred in the territory of the Republic of Croatia and caused by uninsured means of transportation;
5. claims arising from losses due to death, bodily injury or health deterioration occurred in the territory of the Republic of Croatia and caused by unidentified means of transportation,
6. claims arising from damages and/or losses occurred in the territory of the Republic of Croatia and caused by vehicles bearing the foreign registration plate referred to in Articles 34, 36 and 37 of this Act;
7. claims arising from losses due to destruction of or damage to property caused in the territory of the Republic of Croatia by unidentified vehicles under Article 30 of this Act;
8. claims which could not be collected by injured parties as a result of dissolution or liquidation of an insurance undertaking under Article 31.
9. insured amount if the owner of a vehicle which serves for transportation of passengers contrary to Article 21 of this Act has not concluded a contract of insurance covering passengers in public transportation against personal accident, or if the insured amount has not been paid out because of dissolution or liquidation of an insurance undertaking under Article 31.

(2) Expenses resulting from the processing of damages referred to in paragraph 1 of this Article shall also be compensated from the funds of the Guarantee fund.

(3) Provisions of the paragraphs 1 and 2 of this Article shall apply on damages that have been occurred but not settled before entry into force of this Act.

(4) The funds of the Guarantee fund shall not be used to compensate damage caused by vehicles with foreign registration travelling in the territory of the Republic of Croatia on the basis of special agreements of which Croatia is a signatory, if they do not have international documents or evidence on the existence of motor vehicle liability insurance as referred to in Article 32, paragraph (1) hereof.

(5) The institutes for health, pension and disability insurance and insurance undertakings with subrogation claims, also including natural and legal persons who in any manner directly compensated the damage to the injured party or part of the damage caused by use of uninsured or unidentified means of transport, shall not have the right to compensation of amounts paid out from the Guarantee fund.

(6) By way of derogation from Paragraph 5 of this Article, for compensated damage or part of damage caused by uninsured or unidentified vehicle based on compulsory insurance within the transport sector referred in Article 2(1) of this Act, insurance undertaking has a right to compensation of the amount paid

in damages from the Guarantee fund.

(7) In the event of the existence of rights to compensation of damages from the Guarantee fund, it may not be demanded that the injured party submit evidence of the fact that the person liable for damages is refusing or is not capable of paying damages.

(8) Any subsequent dispute between the Croatian Insurance Office and an insurance undertaking or between insurance undertakings regarding the matter of who shall be obliged to settle damages of an injured party shall be resolved in the manner that the party to whom the injured party first lodged a claim for compensation of damages shall be obliged to settle the matter. Compensation of damages must be paid out to the injured party without delay. In the event that a legally valid decision is later rendered according to which the other party shall be obliged to pay damages, the party that has compensated damages to the injured party has the right to compensation of the amount paid in damages, interest and expenses.

(9) The Croatian Insurance Office shall guarantee the fulfilment of obligations specified in this Article.

(10) The Croatian Insurance Office shall have the right to compensation from the person liable for damages and this shall include the amount paid in damages, interest and expenses.

#### The obligation of payment of contributions to the Croatian Guarantee Fund

##### Article 45

(1) An insurance undertaking carrying out business activities of compulsory insurance referred to in Article 2, paragraph (1) hereof shall be obliged to make contribution payments to the Guarantee fund in proportion to the premium achieved for a particular type of compulsory insurance in the preceding year.

(2) The supervisory body shall stipulate the manner of calculating and deadlines for payment of contributions referred to in paragraph 1 of this Article.

(3) The Croatian Insurance Office is obliged to without delay notify the supervisory body if an insurance undertaking shall act in contradiction to the provisions of paragraph 1 of this Article and legislation passed pursuant to paragraph 2 of this Article.

(4) If an insurance undertaking acts in contradiction to the provisions of paragraph 1 of this Article and legislation passed pursuant to paragraph 2 of this Article, the supervisory body may revoke the license for carrying out activities of compulsory insurance referred to in Article 2, paragraph (1) hereof of such undertaking.

#### Assets intended for obligations of the Guarantee Fund

##### Article 46

(1) The Croatian Insurance Office is obliged to keep the assets intended for obligations of the Guarantee Fund separate from the other assets of the Croatian Insurance Office.

(2) The Croatian Insurance Office is obliged to submit a monthly report on the state of the assets intended for the obligations of the Guarantee Fund to the supervisory body.

(3) The supervisory body shall stipulate in greater detail the manner of keeping and use of the assets intended for the obligations of the Guarantee Fund.

#### TITLE VIII

#### SPECIAL PROVISIONS ON IMPLEMENTATION OF MOTOR VEHICLE LIABILITY INSURANCE

##### VIII. 1. Protection of injured parties in traffic accidents caused in other EU Member States

##### Article 47

(1) An authorised representative for settlement of claims on the basis of motor vehicle liability insurance (hereinafter: claims representative) shall be a person that on behalf of and for the account of the liable insurer collect information, undertakes measures necessary for the settlement of claims and in the country

of permanent residence of the injured party carries out the appropriate payment of damages in the case of claims caused by a traffic accident in a Member Country of the European Union which is not be the country of permanent residence of the injured party or in third countries whose national insurer's bureau is a member of the Green card system, but caused by use of a vehicle which is insured and is usually based in one of the EU Member States though not the country of permanent residence of the injured party.

(2) A claims representative must have all necessary powers to represent the insurance undertaking in relation to injured parties and government bodies and must have registered offices or residency in that country.

(3) A claims representative must be capable of processing damage claims in the official language of the country for which he has been appointed.

(4) The claims representative may work for one or more insurance undertakings.

(5) Notwithstanding the provisions of paragraph 1 of this Article, the injured party or its insurance undertaking has the right to direct realisation of an indemnity claim in regards to the person responsible for the accident or the liable insurance undertaking.

(6) Legal persons referred to in Article 27 hereof and other legal persons to which, on the basis of law, the right to compensation of the injured party has been transferred, shall not have the right to realise indemnity claims from a claims representative.

#### Article 48

(1) An insurance undertaking carrying out activities of motor vehicle liability insurance in the territory of the Republic of Croatia shall be obliged to appoint claims representatives in all the EU Member States.

(2) The insurance undertaking, by means of the Information Centre, shall inform the information centres of other EU Member States of the names and addresses of claim representatives.

#### Article 49

(1) The system for appointment of claims representatives in The EU Member States shall not influence the substantive law to be applied in the procession of particular indemnity claims nor shall it alter court jurisdiction.

#### Article 50

(1) In the case of non-property loss, the liable insurer or his authorised agent shall within three months of the date of submission of the claim submit to the injured party:

- a justified offer for compensation of damages – insofar as liability for compensation of damages and the amount of damages are not in dispute.
- a founded response – insofar as the liability of compensation of damage and amount of damage are in dispute.

(2) If the liable insurer or his claims representative in the event mentioned in paragraph 1 of this Article misses the stipulated deadline and does not deliver to the injured party a justified offer for compensation of damages or founded response, the injured party may file a lawsuit against the liable insurer in the place of his/her residence.

(3) The supervisory body shall notify the competent supervisory body of the Member Country if the liable insurer or his claims representative breaches the provisions of paragraph 1 of this Article.

### VIII.2 Information Centre

#### Article 51

(1) The Information Centre shall be established within the Croatian Insurance Bureau for the purpose of

ensuring efficient realisation of indemnity claims based on damage resulting from traffic accidents where a vehicle was used.

#### Article 52

(1) The Information Centre referred to in Article 51 hereof shall:

1. collect data and keep a register of data,
2. enable access to the data referred to in item 1 of this paragraph,
3. offer assistance to injured parties when gathering data from the register referred to in item 1 of this paragraph and collection of data from the registers of the information centres of other EU Member States.

(2) The register referred to in paragraph 1, item (1) of the previous paragraph contains the following data:

1. registration markings, types, brands and the types and numbers of chassis of vehicles registered in the Republic of Croatia,
2. policy numbers of motor vehicle liability insurance of vehicles referred to in item 1 of this paragraph,
3. expiry dates of the insurance coverage based on the contracts on motor vehicle liability insurance,
4. names and registered offices of insurance undertakings offering insurance coverage on the basis of insurance policies referred to in item 3 of this paragraph,
5. name and surname (or title), date of birth, permanent and temporary residence of the insured party,
6. names and addresses or registered offices of the authorised representatives appointed by insurance undertakings in the Republic of Croatia and other EU Member States,
7. a list of vehicle owners in the Republic of Croatia exempt from the obligation of motor vehicle liability insurance.

(3) Data from paragraph 2 of this Article shall be collected from the list of data of insurance undertakings and records of registered vehicles in the Republic of Croatia.

(4) At the request of the injured party referred to in paragraph 2 of this Article, the Croatian Insurance Office shall also request data from the registers of information centres of the EU Member States.

(5) Insurance undertakings and body keeping records of registered vehicles in the Republic of Croatia are obliged to regularly forward data referred to in paragraph 2 of this Article to the Croatian Insurance Office.

#### Article 53

(1) The Information Centre shall keep the data referred to in Article 53, paragraph 2, items (1), (2), (3), (4) and (5) hereof for a minimum of seven years following the day of vehicle registration termination or expiry of the insurance policy.

#### Article 54

(1) In providing assistance with collecting of data referred to in Article 53, paragraph (1), item 3 hereof, the Information Centre shall cooperate with information centres of The EU Member States.

#### Article 55

(1) The Information Centre shall be obliged to enable, without delay, access to the following data contained within their registers or registers of information centres of The EU Member States to injured parties for seven years following a traffic accident:

1. the name and address of the insurance undertaking offering insurance coverage on the basis of an insurance policy for the vehicle which caused the traffic accident,

2. the number of the insurance policy referred to in the previous item, and
3. the name and surname (or title) of the claims representative in the Republic of Croatia appointed by the insurance undertaking of the Member Country of the European Union offering insurance coverage on the basis of and insurance policy for the vehicle which caused the traffic accident.

(2) Upon the request of the injured party, the Information Centre shall collect data on the name and surname (or title), including the address of the owner, the usual driver or registered user of the vehicle if the injured party has a legitimate legal interest in obtaining such information. The Information Centre shall collect the aforementioned data primarily from insurance undertakings or from bodies competent for vehicle registration.

(3) The Information Centre shall provide the injured party with the name and surname (or title), including the address of the address, of the persons guaranteeing for the damage caused by a vehicle which is exempt from the obligation of concluding a contract on motor vehicle liability insurance.

#### Article 56

(1) The Information Centre must enable access to and use of data in accordance with this Act to all injured parties and other participants of any traffic accident.

(2) Processing, storage, providing access and use of data which are by their nature personal data, must be carried out in accordance with the provisions of Article 16 hereof.

#### VIII.3. Compensation Office

##### Article 57

(1) The Compensation Office shall be established within the Croatian Insurance Bureau.

(2) Injured parties with permanent residence in the Republic of Croatia may file a claim for compensation of damages to the Compensation Office for compensation if the traffic accident is caused in another Member Country of the European Union or third countries whose national insurer's bureau is a member of the Green Card System, and has been caused by a vehicle which is insured and normally based in another Member Country of the European Union,

(3) The Compensation Office is only liable in exceptional instances where the responsible insurer or his claims representative have not fulfilled their obligations as stipulated by this Act.

(4) The injured parties referred to in paragraph 2 of this Article may address their indemnity claim to the Compensation Office if:

1. within three months from the date the injured party lodged its indemnity claim with the liable insurer or its claim representative, the liable insurer or its claim representative have not proceeded in accordance with Article 50 hereof,
2. the liable insurer in the Republic of Croatia has not appointed a claims representative; in this case the injured party may not lodge a indemnity claim with the Compensation Office if the indemnity claim has already been lodged directly with the liable insurer and if the injured party within three months after the lodging of a indemnity claim to the insurer has received a founded response.
3. it was not possible to identify the vehicle or liable insurer within 2 months of the date of lodging the indemnity claim.

##### Article 58

(1) The Compensation Office shall be obliged to decide on a claim for compensation of damages within a period of two months, at the latest, from the date the indemnity claim was lodged. The Compensation Office shall discontinue proceedings if the insurance undertaking or its claim representative fulfils their obligations as referred to in Article 50 hereof.

(2) The Compensation Office shall immediately inform the following of the receipt of a claim for

compensation of damages and of the fact that it shall, within 2 months of receipt of the claim for compensation of damages, proceed in an appropriate manner:

- a) the liable insurer or its claims representative,
- b) the Compensation Office in the Member Country of the European Union in which the insurance undertaking, with which the contract on motor vehicle liability insurance was concluded, is registered,
- c) the person who caused the traffic accident if that person is known.

#### Article 59

(1) If the injured party referred to in Article 57 hereof initiates direct legal proceedings against the person who caused the traffic accident or the liable insurer, a claim for compensation of damages may not be lodged with the Compensation Office.

(2) Legal persons to which, based on law, the rights of the injured party have been transferred in regards to compensation of damages from the person causing the accident or its insurance undertaking and legal persons referred to in Article 28 hereof, have no rights to the realisation of claims for compensation of damages from the Compensation Office.

(3) If the Compensation Office has paid damages to the injured person referred to in Article 57 hereof, it shall have the right to compensation of the amount paid in damages and expenses from the competent compensation body of the Member Country of the European Union in which the insurance undertaking, in accordance with concluded international agreements, concluded the contract on motor vehicle liability insurance.

(4) In accordance with concluded international agreements, the Compensation Office shall be obliged to compensate the amount paid in damages to the compensation body of the Member Country of the European Union provided that this concerns obligations b< virtue of a contract on motor vehicle liability insurance of an insurance undertaking registered on the territory of the Republic of Croatia.

#### Article 60

(1) If it is not possible to identify the vehicle which caused the damage or if within a two month period from the date of lodging the claim for compensation of damages it is not possible to determine the liable insurer, the injured party referred to in Article 57 hereof may lodge his claim for compensation of damages with the Compensation Office. The Compensation Office which has compensated the damages of the injured party has the right to compensation in the amount of paid damages and expenses in accordance with concluded international agreements:

1. in the event that it is not possible to determine the liable insurance undertaking – from the Guarantee fund in that Member Country of the European Union in which the vehicle is usually based,
2. in the event that it is not possible to identify the vehicle – from the Guarantee fund in that Member Country of the European Union in which the traffic accident occurred.
3. in the event of vehicles from third countries - from the Guarantee fund in that Member Country of the European Union in which the traffic accident occurred.

#### Article 61

(1) The Compensation Office carries out obligations referred to in Article 57 hereof form the Guarantee Fund.

### VIII.4. Pursuit of motor third-party liability insurance by the European Union Member States

#### Article 62

(1) An insurance undertaking of a Member Country of the European Union or branch of the insurance



undertaking of a Member Country of the European Union may commence carrying out activities of compulsory insurance within the transport sector in the Republic of Croatia in accordance with Article 83 of the Insurance Act (OG).

(2) The insurance undertaking or branch referred to in paragraph 1 hereof must be a member of the Croatian Insurance Office.

(3) The provisions of Articles 43 and 45 hereof shall be correspondingly applied to a member of the Croatian Insurance Office referred to in paragraph 2 of this Article.

(4) The insurance undertaking or branch referred to in paragraph 1 of this Article must appoint a claims representative who has registered offices or permanent residence in the Republic of Croatia and must notify the supervisory body of his name or title and address.

(5) The appointed claims representative referred to in paragraph 4 of this Article shall, on behalf of and for the account of the insurance undertaking or branch referred to in paragraph 1 of this Article, process and settle claims by injured parties, represent the undertaking before courts and competent bodies of the Republic of Croatia.

(6) The appointed claims representative referred to in paragraph 4 of this Article may also carry out the activities of an authorised representative referred to in Article 47 hereof.

(7) The appointed claims representative referred to in paragraph 4 of this Article must carry out activities in the Croatian language.

## TITLE X.

### PENALTY PROVISIONS

#### Breaches of the insurer

#### Article 63

- (1) In case of misdemeanour, a fine from HRK 1,000 to HRK 5,000 shall be imposed on an insurance undertaking if:
  1. it does not hand over insurance terms and conditions to the policyholder pursuant to Article 8 Paragraph 3 of this Act;
  2. it does not issue on request of the Insured a certificate of any claims made by third parties under motor third-party liability insurance within the time limit set out in Article 22 (8) of this Act.
- (2) In case of the misdemeanours specified in Paragraph 1, a fine from HRK 500 to HRK 1,000 shall also be imposed on the responsible person of the insurance undertaking.
- (3) In case of misdemeanour, a fine from HRK 200,000 to HRK 500,000 shall be imposed on an insurance undertaking if:
  1. it concludes an insurance contract contrary to Article 8 Paragraph 1 of this Act;
  2. it applies insurance terms and conditions and premium tariffs contrary to Article 10 Paragraph 3 of this Act;
  3. it pursues the compulsory insurance business referred to in Article 2 Paragraph 1 of this Act and is not member of the Croatian Insurance Bureau;
  4. it does not pay contribution to the Guarantee Fund pursuant to Article 45 Paragraph 1 and 2 of this Act.
- (4) In case of the misdemeanours specified in Paragraph 3 of this Article, a fine from HRK 5,000 to HRK 25,000 shall also be imposed on the responsible person of the insurance undertaking.
- (5) In case of misdemeanour, a fine from HRK 20,000 to HRK 100,000 shall be imposed on an insurance

undertaking if:

1. it declines the proposal for conclusion of insurance contract contrary to Article 8 Paragraph 2 of this Act;
  2. it starts to apply insurance terms and conditions and premium tariffs without notifying the supervisory authority of the insurance terms and conditions and the technical basis it uses within the time period specified in Article 10 Paragraph 1 of this Act;
  3. it does not submit to the injured parties a substantiated offer or a reasoned reply within the time period specified in Article 12 Paragraph 1 of this Act;
  4. it does not pay to the injured party the amount corresponding to the indisputable portion of the claim pursuant to Article 12 Paragraph 3 of this Act,
  5. it acts contrary to Article 16 of this Act;
  6. it does not appoint authorised agents in the European Union Member States pursuant to Article 47 of this Act.
- (6) In case of the misdemeanours specified in Paragraph 5 of this Article, a fine from HRK 10,000 to HRK 25,000 shall also be imposed on the responsible person of the insurance undertaking.
- (7) In case of misdemeanour, a fine from HRK 10,000 to HRK 25,000 shall be imposed on an authorised agent of an insurance undertaking if he does not submit to the injured party a substantiated offer for compensation or reasoned reply within the time limit set out in Article 50 Paragraph 1 of this Act.

#### Breaches of the Croatian Insurance Bureau

##### Article 64

- (1) In case of misdemeanour, a fine from HRK 20,000 to HRK 100,000 shall be imposed on the Croatian Insurance Bureau if:
1. it does not submit to the injured party a substantiated offer for compensation or reasoned reply within the time limit set out in Article 12 Paragraph 1 of this Act where it is responsible for payment of compensation pursuant to Article 15 Paragraph 1 of this Act;
  2. it does not pay to the injured party the amount corresponding to the indisputable portion of the claim pursuant to Article 12 Paragraph 3 of this Act where it is responsible for payment of compensation pursuant to Article 15 Paragraph 1 of this Act;
  3. it acts contrary to Article 16 of this Act;
  4. it manages the assets of the Guarantee Fund contrary to Article 46 Paragraph 1 of this Act;
  5. it does not manage and does not use the assets of the Guarantee Fund in the manner laid down by law or regulation adopted under Article 46 Paragraph 3 of this Act;
  6. it does not establish the Information Centre and keeps it up to date pursuant to Article 51 of this Act;
  7. the Information Centre does not keep the information referred to in Article 52 Paragraph 2, Items 1, 2, 3, 4 and 5 of this Act pursuant to the provisions of Article 53 of this Act;
  8. it does not establish the Compensation Office pursuant to the provisions of Article 57 of this Act;
  9. it does not inform the supervisory authority in the case when it is aware that an insurer is committing a violation or if it does not submit all proofs required pursuant to the provisions of Article 67 Paragraph 2 and 3 of this Act.
- (2) In case of the misdemeanours specified in Paragraph 1 of this Article, a fine from HRK 10,000 to HRK 25,000 shall also be imposed on the responsible person of the Croatian Insurance Bureau.
- (3) In case of misdemeanour, a fine from HRK 1,000 to HRK 5,000 shall be imposed on the Croatian Insurance Bureau if:

1. it does not notify the supervisory authority pursuant to Article 45 Paragraph 3 of this Act;
  2. it does not inform the supervisory authority of the balance of assets of the Guarantee Fund in the manner laid down in Article 46 Paragraph 2 of this Act;
  3. it does not enable the injured party or any other person involved in a traffic accident inspection of available information and use of such information in accordance with Article 56 of this Act.
- (4) In case of the misdemeanours specified in Paragraph 3 of this Article, a fine from HRK 500 to HRK 1,000 shall also be imposed on the responsible person of the Croatian Insurance Bureau.

#### Breaches of the owner of the transport vehicle

##### Article 65

(1) The legal person or natural person shall be fined in the amount of 5,000 to 20,000 HRK for a misdemeanour if, as the owner of the transport vehicle, he breaches the provisions of Article 4, paragraph (1) hereof and if he does not conclude an insurance contract prior to use of the transport vehicle or renew such contract while the transport vehicle is in use.

(2) The responsible person in the legal person shall be fined in the amount of 1,000 to 5,000 HRK for a misdemeanour if he acts in contradiction to the provisions of paragraph 1 of this Article.

#### Breaches of the driver of the transport vehicle

##### Article 66

(1) In case of misdemeanour, a fine from HRK 300 to HRK 1,000 shall be imposed on a driver of a means of transport if:

on request of an authorised officer he does not produce an insurance policy or another proof of a concluded insurance contract in accordance with Article 6 Paragraph 1 of this Act;

on request of an authorised officer he does not produce the European Accident Report pursuant to Article 38 Paragraph 3 of this Act.

(2) In case of misdemeanour, a fine from HRK 5,000 to HRK 20,000 shall be imposed on a driver of a means of transport if he does not conclude an insurance contract covering motor third-party liability (frontier insurance) pursuant to Article 35 Paragraph 1 of this Act.

##### Article 67

(1) A misdemeanour procedure shall be initiated at the proposal of:

- the supervisory body for misdemeanours referred to in Article 63 and 64 hereof.

- bodies responsible for control of traffic for misdemeanours referred to in Article 65 and 66 hereof.

(2) The Croatian Insurance Office is obliged to notify the supervisory body without delay if it has knowledge that an insurer is committing a misdemeanour referred to in Article 63 hereof.

(3) Along with the notification referred to in paragraph 2 of this Article, the Croatian Insurance Office is obliged to forward all evidence regarding the misdemeanour of the insurer to the supervisory body.

#### TITLE XI

#### TRANSITIONAL AND FINAL PROVISIONS

##### Conditions of insurance and premiums

##### Article 68

(1) Insurance undertakings which carry on the compulsory insurance classes in the area of transportation

services, as referred in Article 2 Paragraph 1 of this Act, shall apply the provisions of Paragraphs 2, 3, 4, 5, 6, 7, 8 and 9 of this Article.

(2) The insurance undertakings referred to in paragraph 1 of this Article are obliged, as members of the Croatian Insurance Office, to pass common insurance conditions and premium systems with unified bases of functional insurance premium for the types of insurance referred to in Article 2, paragraph (1) hereof.

(3) Insurance undertakings are obliged to obtain the approval of the supervisory body before applying common insurance conditions and premium system referred to in paragraph 2 of this Article.

(4) The application for issuing of the approval referred to in paragraph 3 of this Article is submitted to the Croatian Insurance Office.

(5) The supervisory body shall issue the approval referred to in paragraph 3 of this Article if the common insurance conditions and premium system referred to in paragraph 2 of this Article are in accordance with legislation, actuarial principles and trade practices.

(6) If the supervisory body shall determine that the common insurance conditions and premium system referred to in paragraph 2 of this Article are not in accordance with legislation, actuarial principles and trade practices it shall issue measures instructing the insurance undertakings to amend these to comply with legislation.

(7) In the approval referred to in article 5 of this Article, the supervisory body shall determine the commencement date for application of common insurance conditions and the premium system of insurance referred to in paragraph 2 of this Article.

(8) Common conditions and the premium system referred to in paragraph 2 of this Article shall be released by the Croatian Insurance Office after receipt of the approval referred to in paragraph 3 of this Article, which shall be at least 30 days before commencement of application.

(9) The supervisory body may pass common conditions and a premium system with unified bases of functional insurance premium for the types of insurance referred to in Article 2, paragraph (1) hereof, if it assess such are necessary on the basis of technical results of activities of the insurance undertakings referred to in paragraph 1 of this Article that, or if the provisions of paragraphs 2, 3, 4, 6 and 7 of this Article are not being applied.

#### Harmonisation of insurance undertakings

##### Article 69

(1) Insurance undertakings carrying out the activities of compulsory insurance within the transport sector on the day this Act enters into force are obliged to harmonise their insurance conditions with the provisions with this Act within six months of the entry into force of this Act.

(2) The Croatian Insurance Office shall be obliged to establish an Information Centre in accordance with the provisions of this Act within one year of the entry into force of this Act.

#### Passing of legislation

##### Article 70

(1) The supervisory authority shall bring into force the regulations by virtue of the powers conferred upon it under this Act within six months of the date of entry into force of this Act.

(2) Pending entry into force of the regulations referred to in Paragraph 1 of this Article, the subordinate legislation adopted under the Insurance Act (Official Gazette 46/97 – consolidated version 116/99 and 11/02), shall apply, unless they are in conflict with this Act.

#### Cessation of effect of legislation

## Article 71

- (1) The provisions of Article 30 Paragraph 3, Article 36 Paragraph 6, Article 37 Paragraph 2, Article 44 Paragraph 1, Items 2 and 7, Articles 47 to 50, Article 52 Paragraph 2, Item 6, Articles 54 and 55 and Articles 57 to 59 of this Act shall enter into force as of the date of full membership of the Republic of Croatia of the European Union.
- (2) Pending full membership of the Republic of Croatia of the European Union, the provisions of Article 32 Paragraph 1 and Article 35 Paragraph 1 shall appropriately apply to the territory of the Republic of Croatia only.
- (3) The provisions of Article 68 of this Act shall be repealed as of 31 December 2007.

### Entry into force

## Article 72

This Act will be published in the Official Gazette and shall enter into force on 1 January 2006.