

Based on Article 43, paragraph 2 of the Law on Compulsory Traffic Insurance ("RS Official Gazette", No 51/2009), Governor of the National Bank of Serbia hereby issues

**D E C I S I O N**  
**ON THE BASIC CRITERIA OF THE BONUS-MALUS SYSTEM, DATA**  
**REQUIRED FOR ITS APPLICATION, AND MAXIMUM BONUS**

1. This decision lays down the basic criteria of the bonus-malus system, data required for its application, and maximum bonus amount in motor third party liability insurance (hereinafter: MTPL insurance).

2. Bonus-malus system, for the purposes hereof, refers to determining the level of MTPL insurance premium for a specific vehicle by applying a premium scale which takes into account claims for damages for which the policyholder was responsible in the prior period.

Bonus-malus system is applied to MTPL insurance contracts (hereinafter: insurance contracts) concluded for a period of minimum one year for motor vehicles registered in the Republic of Serbia.

3. A claim for damages, for the purposes hereof, is a claim made and resolved in the prior period (in part or in full) or reserved, and for which the policyholder was found responsible by the insurance company (hereinafter: company).

All damages arising from one loss event under an insurance contract are deemed to be a single claim for damages.

4. Prior period referred to in Section 2, paragraph 1 shall be as follows:

- 1 January to 31 December of the previous year for insurance contracts concluded from 1 February to 30 April of the current year;
- 1 April of the previous year to 31 March of the current year for insurance contracts concluded from 1 May to 31 July of the current year;
- 1 July of the previous year to 30 June of the current year for insurance contracts concluded from 1 August to 31 October of the current year;
- 1 October of the previous year to 30 September of the current year for insurance contracts concluded from 1 November of the current year to 31 January of the next year.

5. The level of insurance premium based on the bonus-malus system is calculated as a product of the base insurance premium (premium level 4) and a coefficient of the premium level (hereinafter: coefficient) from Table 1, enclosed and integral to this Decision. The formula is as follows:

$$P_{bm} = P_o * k_i,$$

where:

$P_{bm}$ – insurance premium based on the bonus-malus system,

$P_o$ – base premium or premium level 4,

$k_i$ – coefficient.

Premium levels based on the bonus-malus system are determined using data referred to in Section 14, paragraph 1 hereof and published by the Association of Serbian Insurers (hereinafter: Association), previous insurance policy records (hereinafter: policy), and other evidence required for the application of the bonus-malus system.

6. The company shall contract a base MTPL insurance premium (premium level 4) with a policyholder who:

- is taking out insurance policy for his vehicle for the first time;
- is taking out insurance policy for the first time for a recently-bought vehicle (new or used) and is not entitled to premium level transition in accordance with this Decision;
- is renewing the insurance policy concluded for a period shorter than one year during which no claims for damages were made and the policyholder is not entitled to premium level transition in accordance with this Decision;
- has an over three-year interruption in insurance coverage within the same premium group.

7. If MTPL insurance is concluded for a period of minimum one year and no claims were made on the policy in the prior period, and/or if the interruption in insurance coverage did not exceed three years, and no claims were made throughout the validity period of the previous insurance policy until the lapse of the corresponding prior period – the policyholder shall move one level down from the premium level under the previous policy, but not below premium level 1 (maximum bonus).

If claims were made on the policy in the prior period regardless of the duration of the MTPL insurance cover – for each claim made during that period the policyholder shall move three premium levels up (malus) from the premium level under the previous policy concluded for a period of minimum one year, but not above premium level 12.

In case no previous policy was concluded for a period of minimum one year, for each claim made the policyholder shall move three premium levels up (malus) relative to the base premium level.

8. For the purposes of application of the bonus-malus system, a company renewing MTPL insurance shall keep record of:

- the previous company policy, containing mandatorily that company’s registry number, policy number and premium level;
- the number/numbers of policy under which a loss event was reported and based on which malus was calculated;
- the vehicle in respect of which entitlement to a certain premium level is transferred based on the bonus-malus system in accordance with this decision (e.g. identification number of the vehicle from which bonus-malus is transferred, reference number of the cancelled registration certificate, date of vehicle de-registration, number and date of purchase/sale agreement, etc.).

9. The entitlement to a certain premium level under the bonus-malus system pertains to the existing owner of a vehicle and may not be transferred to the new owner of the vehicle.

By way of exception to paragraph 1 hereof, the rights and obligations under a certain premium level based on the bonus-malus system shall be transferred to a person acquiring the right of ownership of a vehicle that this person was entitled to possess and use based on a financial lease and/or rental agreement.

10. The entitlement to a certain premium level under the bonus-malus system shall be transferred from MTPL insurance for one vehicle to MTPL insurance of another vehicle concluded for minimum one year by one and the same policyholder, namely from the last alienated or de-registered vehicle to the newly-bought vehicle belonging to the same premium group, which shall be duly recorded in the insurance policy note.

The last alienated or de-registered vehicle referred to in paragraph 1 hereof is the last vehicle alienated or de-registered over the past three years from which no premium level has been transferred to a newly-bought vehicle.

12. If a vehicle is under a financial lease and/or rental agreement (to be specified in the registration certificate), the bonus-malus system applies to persons entitled to possess and use the vehicle. When concluding MTPL insurance, the information that the vehicle is under a financial lease and/or rental agreement must be clearly stated in the policy.

13. A premium contracted by a company based on the bonus-malus system may not be lower than the one corresponding to the premium level to which the policyholder is entitled pursuant to the criteria laid down in this Decision.

14. For the purposes hereof, the following data shall be used for the application of a bonus-malus system:

1) company registry number, identification number of the injurer (policyholder, and/or person entitled to the possession and use of a vehicle under a financial lease and/or rental agreement), first and last name, and/or business name of the injurer, vehicle identification

number, registration plate number, brand and type of vehicle, label showing that the vehicle is under a financial lease and/or rental agreement, number of the policy under which the loss event/events was/were reported, date and place of loss event/events, number of loss events and other data relevant for the application of the bonus-malus system;

2) registry number of the previous company, number of the previous policy (preceding the issuance of new policy), expiry date of the previous policy, premium level under the previous policy, tentative premium level possibly corresponding to the premium level to be assigned following the renewal of MTPL insurance, and other data.

Data from paragraph 1, provision 1 hereof do not relate to loss events that occurred prior to 1 July 2010.

In addition to data from paragraph 1 hereof, required for the application of the bonus-malus system are data on policy numbers and premium levels under policies in respect of which a malus was calculated.

A company shall submit data from paragraph 1, provision 1) of this Section, as well as data from paragraph 3 of that Section, to the Association within the following timeframes:

- by 20 January of the current year – data for the period 1 October–31 December of the previous year;
- by 20 April of the current year – data for the period 1 January–31 March of the current year;
- by 20 July of the current year – data for the period 1 April–30 June of the current year;
- by 20 October of the current year – data for the period 1 July–30 September of the current year.

The Association shall publish the data from paragraph 1 hereof within the following timeframes:

- by 25 January of the current year – data applicable to insurance contracts concluded in the period 1 February–30 April of the current year;
- by 25 April of the current year – data applicable to insurance contracts concluded in the period 1 May–31 July of the current year;
- by 25 July of the current year – data applicable to insurance contracts concluded in the period 1 August–31 October of the current year;
- by 25 October of the current year – data applicable to insurance contracts concluded in the period 1 November–31 January of the next year.

15. Data from Section 14, paragraph 1, provision 1 hereof for the period 1 July–31 December 2010 shall be submitted to the Association for the first time by 20 January 2011, and data for the period 1 January–30 June 2011 by 20 July 2011.

Data from Section 14, paragraph 3 hereof for the period 1 September–30 September 2011 shall be submitted to the Association for the first time by 20 October 2011.

The Association shall publish the data from Section 14, paragraph 1, provision 1 hereof for the period 1 July 2010–30 June 2011 for the first time by 20 August 2011, and those data shall be applicable to insurance contracts concluded in the period 1 September 2011–31 October 2011.

The Association shall publish the data from Section 14, paragraph 1, provision 2 hereof from its database for the first time by 25 April 2012, which data may be applicable to insurance contracts concluded in the period 1 May–31 July 2012.

16. By way of exception to Sections 6 and 7 hereof, when determining the amount of premium for insurance contracts whose coverage starts in the period 12 October 2010–31 August 2011, a company shall apply the base premium level (premium level 4) under the bonus-malus system irrespective of whether a claim was made against the policyholder in the prior period for which he was found responsible.

If an insurance contract concluded after 1 September 2011 represents a first renewal of MTPL insurance, it shall be assumed that the premium level under the previous policy was the base level (level 4) whereon, depending on the number of claims made, the bonus-malus system shall be applied.

17. This Decision shall take effect on the day following its publication in the "RS Official Gazette".

D. No 27  
15 April 2010  
B e l g r a d e

G o v e r n o r  
National Bank of Serbia

Radovan Jelašić, sign.

Table 1

*Premium level coefficients*

<b>Premium level (i)</b>	<b>Premium level coefficient (k<sub>i</sub>)</b>
<b>1</b>	<b>0.75</b>
<b>2</b>	<b>0.85</b>
<b>3</b>	<b>0.95</b>
<b>4</b> <b>(base premium level)</b>	<b>1</b>
<b>5</b>	<b>1.15</b>
<b>6</b>	<b>1.3</b>
<b>7</b>	<b>1.5</b>
<b>8</b>	<b>1.7</b>
<b>9</b>	<b>1.9</b>
<b>10</b>	<b>2.1</b>
<b>11</b>	<b>2.3</b>
<b>12</b>	<b>2.5</b>