

# **Law on Insurance Agency of Bosnia and Herzegovina**

## **Article 1 General provisions**

The Law regulates the insurance industry in Bosnia and Herzegovina by ensuring the necessary coordination of the insurance laws in both Entities, within the Entities and in Bosnia and Herzegovina; insurance related activities carried out in Bosnia and Herzegovina; establishment, location, structure, status, scope of work, management, rights, obligations and financing of the Insurance Agency of Bosnia and Herzegovina (“Agency”).

## **Article 2 Purpose**

The purpose of this Law is to provide that the Agency, by adhering to its general principles and goals, ensures:

- a. uniform implementation of the insurance law between the Entities, a smooth and efficient cooperation between the FBiH and RS Entity insurance supervisory agencies, and an equal and just implementation of the Entity laws.
- b. full reconciliation of the Entity insurance legislations to provide equal and just treatment of all insurance organizations in both Entities and the District of Brcko of Bosnia and Herzegovina (“District of Brcko”) and to provide equal legal protection to the insurers and the claimants on the territory of Bosnia and Herzegovina.
- c. that the insurance legislation in Bosnia and Herzegovina is and remains reconciled with the corresponding insurance-related European Union legislation.
- d. coordinated representation of Bosnia and Herzegovina in organizations dealing with insurance at the international level and to ensure continuous cooperation therewith.
- e. continuous cooperation with the Entity and the District of Brcko insurance supervision agencies in order to resolve litigations between the supervisory agencies related to uniform interpretation of the insurance legislation at the Entity and the District of Brcko levels by issuing written declarations and opinions. These written declarations and opinions will ensure uniform implementation of the insurance legislation.
- f. The Agency provides and maintains all relevant data about the insurance market in Bosnia and Herzegovina.

## **Article 3 Establishment, status, location and structure**

This Law establishes the Insurance Agency of Bosnia and Herzegovina, an independent organization reporting to the Council of Ministers.

The Agency’s headquarters shall be located in Sarajevo.

The Agency shall be managed by the Management Board of seven.

The structure of the Board and the election of its member are regulated by this Law.

The Chairman of the Management Board shall be an expert in the field of finance, an insurance specialist, and shall be appointed by the Council of Ministers of Bosnia and Herzegovina.

The Council of Ministers of Bosnia and Herzegovina shall appoint the Chairman of the Management Board and two more Board members, one being a representative of the Ministry of Finance and Treasury of Bosnia and Herzegovina and the other a representative from the insurance industry. The members elected by the Council of Ministers of Bosnia and Herzegovina should also represent the constituent people of Bosnia and Herzegovina.

The Entity Ministries of Finance shall suggest two members each, one from the Entity Ministry of Finance and one from the insurance industry.

The Council of Ministers of Bosnia and Herzegovina shall decide on the appointments of the Board members coming from the Entities.

The Board members shall be appointed on a three-year term, with the first appointment terms ranging from one to three years to provide annual reappointment of the two Board members coming from the Entities.

The Board members may be reappointed several times, in accordance to the applicable regulations.

The Board members' appointment decisions shall be published in the "Official Gazette of BiH" and the gazettes of the Entities and the District of Brcko.

The Management Board shall elect the Director of the Agency in accordance with the State Administration Law of BiH, while the Council of Ministers of BiH shall make an official decision to execute the appointment of the Director.

#### **Article 4 Activities**

Within three months from the date of establishment, the Management Board of the Agency shall create procedures to regulate the execution of general and administrative duties and to grant decision making authority to the Agency, and to regulate employment status of the Agency's staff.

Within three months from the date of Management Board members' appointment, the Agency shall submit drafts of the legislative documents to the Council of Ministers of Bosnia and Herzegovina.

Upon the Council of Ministers of Bosnia and Herzegovina's approval, these legislative documents shall be published in the "Official Gazette of BiH" and the gazettes of the Entities and the District of Brcko.

## **Article 5 Financing**

The Agency shall be financed from the Budget of the Institutions of Bosnia and Herzegovina and from international obligation of Bosnia and Herzegovina and participatory contributions of the Entity governments, based on the previously stipulated Memorandum on Financing of the Work of the Agency signed by the Council of Ministers of Bosnia and Herzegovina and the Entity governments.

The Agency's annual budget proposal shall contain detailed information and amounts necessary to ensure the smooth and continuous work of the Agency.

For the payment of the Agency's original revenue, a special payment code shall be set out in the Rulebook on fees and shall have the treatment of special funds intended solely for the work of the Agency.

## **Article 6 Legislative role**

The Management Board of the Agency shall be responsible for drafting Entity-level laws and other legislative documents; drafting amendments and changes to the existing insurance legislation; approving drafts of the laws and other legislative documents submitted by one of both Entities, including:

- a. submission, to the Entity ministries, of drafts of the laws concerning the implementation of the European Union legislation or of guidelines for reconciliation of Entity level legislation;
- b. submission, to the Entity ministries of finance, of drafts of amendments or changes to the existing Entity-level insurance legislation, including proposals to introduce other types of insurance;
- c. approvals of drafts to amend or change Entity-level insurance legislation, which are proposed by one or both Entities.

When the Management Board of the Agency submits, to the Entity ministries, a draft of the law that pertains to the implementation of the European Union Council regulations with a direct effect within the European Union, the Entity parliaments shall enact and put into effect such legislation without amendments.

## **Article 7 Arbitration of litigations between the insurance agencies**

In case of any litigation or a need to provide guidelines or interpretation of regulations to or between the Entity and the District of Brcko insurance supervisory agencies regarding the reconciliation of the supervisory authorities between the Entities and the District of Brcko, each of the agencies may submit a request or inquiry to the Management Board of the Agency. Such requests and inquiries should contain the nature of the problem and should relate to supervision of insurance business activities between the Entities and the District of Brcko, or the Entities, the District of Brcko and foreign countries, or regarding the supervision of the free flow of insurance services on the territory of Bosnia and Herzegovina.

In case of a litigation, the members of the Management Board of the Agency shall act as a mediating council or shall appoint one or more members or the third party to resolve the issue in a peaceful manner.

The third party shall be appointed on the basis of its expertise and qualifications to resolve a particular issue and shall not have to be a citizen of Bosnia and Herzegovina.

In case a request is received to interpret or provide instructions on an Entity or the District of Brcko issue or the issue regarding the state law or the insurance authorization and supervisory practice, the members of the Management Board of the Agency shall review the issue, while the representatives of the Entity and the District of Brcko insurance supervisory agencies and other witnesses and experts shall be summoned to deliver oral and written counts.

Upon the completion of the hearings, the Management Board of the Agency shall deliver a conclusion. The conclusion shall represent a legally binding decision regarding the best practice to follow or the uniform interpretation of the insurance legislation by one or both Entity insurance supervisory agencies and the District of Brcko.

The Management Board of the Agency is authorized to conduct its own investigations, whether they're initiated by the Board following the request made by the Entity or the District of Brcko courts, insurers, insurance organizations or their brokers. The Board is also authorized to monitor the authorities' supervisory activities are conducted to ensure their cooperation in accordance with their duties as defined by this Law or Entity or the District of Brcko insurance laws. It is also authorized to use other means to ensure uniform implementation of the insurance legislation in each Entity and the District of Brcko.

All litigation settlement procedures and all procedures to resolve issues shall be done in accordance with the regulations enacted per definition of the Article 4 of this Law.

## **Article 8 Implementation of Decisions made by Management Board**

Agencies for insurance supervision in both Entities and the District of Brcko shall implement instructions, decisions, and findings of the Management Board of the Agency. The Management Board's decisions shall be legally binding in both Entities and the District of Brcko. The Entity and the District of Brcko insurance supervision agencies shall implement these decisions in their entirety.

## **Article 9 International Relations**

The Agency is responsible for international relations of Bosnia and Herzegovina in the area of insurance. This shall include appointment of representatives who will attend international and regional forums, European Union insurance supervision, legislative and expert forums.

Appointment of these representatives shall be duly executed to warrant equal representation of regional insurance industries in both Entities and the District of Brcko. All decisions made on the international level, with the participation of the Agency, shall be binding for both Entities and the District of Brcko.

The Agency is responsible to provide all reports about the Insurance Law and its implementation as such may be requested by the European Union. These reports shall be provided to evaluate harmonization of the Bosnia and Herzegovina's legislation with the European Union standards.

The Agency is responsible to manage all issues related to the insurance of export credits extended to the exporters from Bosnia and Herzegovina.

The Agency shall represent Bosnia and Herzegovina in all issues related to creation of insurance organizations' subsidiaries, representative offices or affiliates in any one of the Entities or the District of Brcko. Such representation shall be executed with recommendation from the corresponding Entity insurance supervisory agency. The Agency's duties shall include all necessary coordination and cooperation between the Entity insurance supervisory agency and a corresponding foreign insurance supervisory agency.

The Agency shall enter into information sharing agreements with appropriate authorities of other countries, and it shall cooperate with the Entity insurance supervisory agencies.

The Agency shall cooperate with the Entity insurance supervisory agency when requested to do so by a foreign insurance supervisory agency.

The Agency shall perform due diligence tests of an insurance organization's liquidity certificate issued the Entity insurance supervisory agency for purposes of opening affiliate offices abroad.

The Agency shall share information with the Entity insurance supervisory agencies regarding international insurance best-practices, international insurance statistics and other information received while participating on international insurance forums and which can assist the Entity insurance supervisory agencies in their daily operations.

#### **Article 10 Green Card Bureau**

The Agency shall monitor the work of the Green Card Bureau of Bosnia and Herzegovina with respect to the implementation of the requests made by the Bureau Council and in accordance to the laws and regulations applicable to the business activities of the Green Card Bureau of Bosnia and Herzegovina.

#### **Article 11 Statistics Service**

The Agency shall keep the statistics regarding the activities of the insurance markets in Bosnia and Herzegovina. The statistics reports shall be developed from the Annual Reports of the Entity and the District of Brcko insurance supervisory agencies. The Agency shall, having previously obtained an approval from the Management Board of the Agency, publish such statistics in the "Official Gazette of BiH" and the gazettes of the Entities and the District of Brcko.

Acting on behalf of Bosnia and Herzegovina, the Agency shall be responsible to deliver the statistics reports to the European Commission or any other international organization that has formally requested such reports.

**Article 12**  
**Closing Provisions**

The Council of Ministers shall appoint the members of the Management Board within 60 days from the date this Law came into effect.

**Article 13**  
**Date of Effect**

This Law shall come into effect on the eighth day following its publication in the “Official Gazette of BiH” and the gazettes of the Entities and the District of Brcko.