

LAW ON COMPULSORY TRAFFIC INSURANCE

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Pursuant to Article 82 paragraph 1 item 2 and Article 91 paragraph 2 of the Constitution of Montenegro, the Parliament of Montenegro, 24th convocation, at its eighth session of the first regular (spring) session in 2012, on 26 July 2012, adopted the following

LAW ON COMPULSORY TRAFFIC INSURANCE¹

I. BASIC PROVISIONS

Subject

Article 1

This Law shall regulate compulsory insurance in traffic.

Types of compulsory insurance in traffic

Article 2

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 1)

The types of compulsory insurance in traffic (hereinafter referred to as: compulsory insurance), within the meaning of this Law, shall be:

- 1) insurance of passengers in public transport against the consequences of an accident;
- 2) insurance of owners or users of motor vehicles against liability for damage caused to third parties;
- 3) insurance of owners or users of aircraft against liability for damage caused to third parties and passengers;
- 4) insurance of owners or users of vessels against liability for damage caused to third parties.

¹ Official Gazette of Montenegro, No. 044/12 of 09 08 2012, 146/21 of 31 12 2021, 069/25 of 03 07 2025

Application of other laws

Article 3

The provisions of the law governing insurance activities shall apply to the establishment, operation and supervision of the operation of an insurance company, unless otherwise provided by this Law.

The regulations governing contractual and obligatory relations, as well as the terms and conditions applicable to specific types of insurance, shall apply to contracts on compulsory insurance, unless otherwise provided by this Law.

Exemption from application

Article 4

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 2)

This Law shall not apply to the means of transport of the Armed Forces of Montenegro.

The State of Montenegro shall be liable for compensation for damage caused by the use of the means of transport referred to in paragraph 1 of this Article.

The regulatory authority responsible for the supervision of insurance (hereinafter: the regulatory authority) shall notify the Member States of the European Union and the European Commission of the exemption referred to in paragraph 1 of this Article and of the persons liable for damage caused by such vehicles.

Meaning of terms

Article 5

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 3)

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 069/25 of 3.07.2025, Article 1)

The terms used in this Law shall have the following meanings:

- 1) means of transport shall mean a motor vehicle, vessel or aircraft;
- 2) motor vehicle shall mean any vehicle propelled solely by mechanical power on land, with a maximum design speed exceeding 25 km/h, or with a maximum net mass exceeding 25 kg and a maximum design speed exceeding 14 km/h, as well as any trailer used together with such vehicle, regardless of whether it is attached or not, except for vehicles running on rails and wheelchairs intended for persons with disabilities;
- 2a) use of a motor vehicle shall mean any use of a vehicle consistent with its function as a means of transport at the time of a traffic accident, regardless of the characteristics of the vehicle, the type of terrain on which it is located, and whether it is stationary or in motion;
- 3) the territory in which the vehicle is normally based shall mean the territory of a Member State of the European Union:
 - whose registration plate, permanent or temporary, the vehicle bears;

- in which an identification mark equivalent to a registration plate has been issued, where registration is not required for a certain type of vehicle;
 - in which the owner or user of the vehicle has their residence, where registration plates or an identification mark are not required for a certain type of vehicle;
 - in which the traffic accident occurred, for the purpose of settling a compensation claim by the Green Card Bureau or the Guarantee Fund, where the vehicle has no registration plates or the registration plates do not correspond, or no longer correspond, to the vehicle involved in the accident;
- 4) policyholder shall mean a person who has concluded an insurance contract with the insurance company;
 - 5) user of a means of transport shall mean a natural or legal person who, with the consent of the owner, has the right to use the means of transport;
 - 6) person suffering damage shall mean a person entitled to compensation for damage in accordance with this Law;
 - 7) insured person shall mean the owner of the means of transport for which a compulsory insurance contract has been concluded, as well as any other authorised user of the means of transport;
 - 8) third party shall mean any person other than the person liable for the damage and the person who, under this Law, is not entitled to compensation for damage;
 - 9) insurance company shall mean a company which, in accordance with the law governing the conditions and manner of performing insurance activities, is authorised to carry out compulsory traffic insurance operations in the territory of Montenegro;
 - 10) responsible insurance company shall mean the insurance company with which the owner of the means of transport that caused the damage has concluded a compulsory insurance contract;
 - 11) Green Card shall mean an international certificate attesting the existence of compulsory motor third-party liability insurance in the territories of the Member States of the Green Card System, issued by the national insurers' bureau;
 - 12) multilateral agreement shall mean an agreement between the national insurers' bureaux of the Member States of the European Economic Area and associated countries, under which each national bureau guarantees compensation for damage occurring in its territory through the use of a vehicle normally based in the territory of another contracting state to that agreement;
 - 13) maximum take-off mass (MTOM) shall mean the maximum permissible mass of an aircraft at take-off, corresponding to the approved mass specified in the aircraft's certificate of airworthiness, flight manual or other equivalent document;
 - 14) special drawing right (SDR) shall mean the unit of account determined by the International Monetary Fund; and
 - 15) flight shall mean the period of carriage of passengers by aircraft, including the boarding and disembarkation of passengers and their hand luggage, or, in relation to cargo and checked baggage, the period of carriage from the moment the baggage or cargo is handed over to the air carrier until it is delivered to the authorised recipient; or, in relation to third parties, the use of an aircraft from the moment power is applied to the engines for the purpose of ground movement or actual take-off until the moment it is on the ground and the engines are completely shut down, or the

movement of the aircraft by means of towing or pushing vehicles, or by forces typical of the propulsion or lift of the aircraft, particularly air currents;

16) home Member State shall mean the Member State in which the head office of the insurance company covering the risk is situated.

II. RIGHTS AND OBLIGATIONS UNDER COMPULSORY INSURANCE IN TRAFFIC

Obligations of the person operating the means of transport

Article 6

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 4)

A person operating a means of transport shall be required, during its use, to possess a contract on compulsory insurance or another proof of insurance, and to present it upon request of an authorised person.

In the event of the occurrence of an insured event, the owner or user of the means of transport shall be obliged to notify the insurance company thereof within seven days from the date of the occurrence of the insured event.

In the event of a traffic accident, the person operating the means of transport shall be obliged to provide all participants in the traffic accident who are entitled to submit a compensation claim under this Law with their personal details and information on the compulsory insurance.

Contract on compulsory insurance

Article 7

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 5)

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 069/25 of 3.07.2025, Article 2)

The owner or user of the means of transport shall be obliged to conclude and regularly renew a contract on compulsory insurance with the insurance company for as long as the means of transport is in use.

The authority competent for registration or entry shall issue a vehicle registration certificate or another appropriate document, or extend its validity, only after the owner of the means of transport, in whose name the means of transport is to be registered or entered, submits proof that a contract on compulsory insurance referred to in paragraph 1 of this Article has been concluded.

The contract on compulsory insurance referred to in paragraph 1 of this Article shall be concluded by the insurance company in accordance with the law, insurance terms and premium tariffs.

The insurance terms shall form an integral part of the contract on compulsory insurance referred to in paragraph 1 of this Article, and the company shall be obliged to deliver them to the insured person no later than at the moment of concluding the contract.

The insurance company may not refuse an offer to conclude the contract on compulsory insurance referred to in paragraph 1 of this Article if the proposer of the insurance accepts the conditions under which the insurance company concludes contracts of the respective type of compulsory insurance.

The contract on compulsory insurance referred to in paragraph 1 of this Article shall mandatorily be concluded prior to placing the means of transport into use.

The obligation of the insurance company under the insurance contract shall commence upon the expiry of the 24th hour of the day stated in the insurance certificate as the beginning of the insurance and shall cease upon the expiry of the 24th hour of the day stated in the insurance certificate as the expiry date of the insurance period, unless otherwise agreed.

By way of exception from paragraph 1 of this Article, the obligation to conclude and renew a contract on compulsory insurance shall not apply to:

- 1) vehicles that are temporarily or permanently withdrawn from use and prohibited from operation, in accordance with the law;
- 2) vehicles used exclusively in areas with restricted access, in accordance with the law;
- 3) vehicles whose use on public roads is not permitted, in accordance with the law.

Compensation for damage caused by the use of vehicles referred to in paragraph 8 items 1, 2 and 3 of this Article shall be exercised in accordance with Article 57 of this Law.

The regulatory authority shall be obliged to notify the European Commission of the exemption referred to in paragraph 8 of this Article and of the manner of compensating damage caused by the use of such vehicles.

Obligations and rights in the event of liquidation or bankruptcy

Article 8

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 6)

If liquidation or bankruptcy proceedings have been initiated against the insurance company with which a contract on compulsory insurance has been concluded, the owner of the means of transport shall be obliged, within 15 days from the date of publication of the decision on the initiation of liquidation proceedings or the announcement of the opening of bankruptcy proceedings, to conclude a contract on compulsory insurance with another insurance company for the remaining period of validity of the insurance or the vehicle registration.

In the case referred to in paragraph 1 of this Article, the insured person shall have the right to compensation for the unused portion of the paid insurance premium from the liquidation or bankruptcy estate of the insurance company in liquidation or bankruptcy.

If the owner of the means of transport fails to conclude the insurance contract referred to in this Article, the means of transport shall be deemed uninsured.

Insured sum

Article 9

The contract on compulsory insurance shall determine the insured sum, which may not be lower than the amount established by this Law.

The insured sum determined by the contract on compulsory insurance shall represent the maximum liability of the insurance company per single loss event.

Insurance terms and premium tariffs

Article 10

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 7)

The insurance terms and premium tariffs, in accordance with the bases for calculating the premium and the structure of the premium (premium system) for compulsory insurance in traffic, shall be determined by the insurance companies.

The insurance company shall be obliged to submit the insurance terms to the regulatory authority no later than 60 days prior to the date scheduled for their entry into force, for the purpose of verifying their compliance with the law and the rules of the insurance profession.

The company shall be obliged to submit to the regulatory authority, within the time limit referred to in paragraph 2 of this Article, the premium tariffs and the premium system, together with the technical bases for calculating the tariff, for the purpose of verifying their compliance with the law, actuarial principles and the rules of the insurance profession.

Together with the documentation referred to in paragraph 3 of this Article, the insurance company shall simultaneously submit to the regulatory authority the opinion of an authorised actuary on the adequacy of the insurance premium for the permanent settlement of all obligations arising from the compulsory insurance contract and the costs of implementing such insurance, as well as the company's three-year business plan demonstrating the adequacy of the calculated premiums.

If the regulatory authority establishes that the acts referred to in paragraphs 2 and 3 of this Article are not in compliance with the law, actuarial principles or the rules of the profession, it shall, by decision, order the insurance company to bring them into compliance.

The insurance company may not apply the acts referred to in paragraphs 2 and 3 of this Article unless they are in compliance with the law, actuarial principles and the rules of the insurance profession.

Determination of compulsory insurance premiums

Article 11

The insurance company shall be obliged to calculate the premium for each group within the premium system on the basis of the relevant data for that tariff group, in accordance with Article 19 of this Law.

The premium system referred to in paragraph 1 of this Article shall determine:

- 1) the bases for calculating the premium and the structure of the premium for compulsory insurance;
- 2) the minimum amount of the technical premium for compulsory insurance;
- 3) the maximum percentage of the gross premium that may be allocated for administrative expenses;

- 4) the maximum amount of remuneration or commission that may be paid for insurance intermediation or representation activities, as well as for performing other activities directly related to insurance operations;
- 5) the bonus-malus system.

The regulatory authority shall carry out control of the proper application of the premium system referred to in paragraph 2 of this Article.

Claim for compensation of damage

Article 12

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 8)

Compensation for damage under a contract on compulsory insurance shall be exercised by the person suffering damage through the submission of a compensation claim to the insurance company which, under the insurance contract, is obliged to compensate the damage, or to the association of insurance companies (hereinafter referred to as: the Association), in cases determined by this Law.

A claim for compensation of damage caused by an uninsured or unidentified means of transport, or by a means of transport insured with a company whose licence has been revoked or against which liquidation or bankruptcy proceedings have been initiated, shall be submitted to the Association.

The insurance company or the Association shall be obliged, within 60 days from the date of receipt of the compensation claim, to provide the person suffering damage with:

- a reasoned offer for compensation of damage, if the liability for compensation and the amount of damage are undisputed; or
- a reasoned reply, if the liability for compensation or the amount of damage are disputed.

If the insurance company or the Association fails to respond to the claim within the time limit referred to in paragraph 3 of this Article, the person suffering damage may exercise the right to compensation by filing a lawsuit with the competent court.

A lawsuit filed against the responsible insurance company or the person liable for the damage before the expiry of the time limit referred to in paragraph 3 of this Article shall be deemed premature.

Decisions on compensation claims

Article 13

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 9)

If the final amount of compensation could not be determined within the time limit referred to in Article 12 paragraph 3 of this Law, the insurance company or the Association shall be obliged to offer and pay to the person suffering damage the undisputed portion of its liability as an advance payment.

Article 14

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 10)

Is deleted.

Time limit for payment of compensation

Article 15

The insurance company or the Association shall be obliged to pay the full amount of compensation within eight days from the date of the decision taken in accordance with Articles 12 and 13 of this Law, or from the date of conclusion of the settlement agreement on compensation, unless otherwise provided by the agreement.

The insurance company or the Association which fails to pay the compensation within the time limit referred to in paragraph 1 of this Article shall be obliged to pay to the claimant default interest for the period from the expiry of the time limit for payment until the date of payment.

Objection of the insurance company and right of recourse

Article 16

When the person suffering damage submits a compensation claim to the insurance company, the company may not, in its response to the claim, raise objections which, under the law or the insurance contract, may be raised against the insured person due to non-compliance with the law or the contract.

The insurance company which compensates the person suffering damage shall enter into that person's rights against the person liable for the damage, in the amount of the compensation paid, together with interest on the paid amount of compensation and the costs of processing the claim, if the company's obligation did not arise under the terms of the contract on compulsory insurance in traffic.

Procedure for handling compensation claims

Article 17

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 11)

The insurance company or the Association shall be obliged to establish rules for the procedure of handling compensation claims, with a view to ensuring timely and appropriate payment of compensation to claimants, in accordance with this Law.

The rules of procedure referred to in paragraph 1 of this Article shall in particular regulate: the manner of recording compensation claims, the evidence required for determining the grounds and the amount of compensation, the method of damage assessment, the manner of determining the amount of compensation, the time limit for resolving compensation claims and the time limit for payment, as well as the procedure for handling an appeal submitted by the claimant.

The insurance company or the Association shall be obliged to publish the rules of procedure referred to in paragraph 1 of this Article on its website and in another appropriate manner.

The insurance company and the Association shall be obliged to record compensation claims in a register of losses. The regulatory authority shall prescribe the detailed content of the register of losses.

Filing of recourse claims by funds

Article 18

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 12)

The insurance company shall be obliged to compensate the funds performing health, pension and disability insurance activities for the actual damage, within the scope of liability of its insured person and within the limits of the obligations assumed under the insurance contract.

The actual damage referred to in paragraph 1 of this Article shall be deemed to include the costs of medical treatment and other necessary expenses incurred in accordance with the regulations on health insurance, as well as the proportionate amount of the pension of the person suffering damage or of the members of their family.

The proportionate amount of the pension shall be determined in accordance with the regulations on pension insurance, in the amount of the difference between the disability pension established by the decision of the Pension and Disability Insurance Fund of Montenegro and the disability pension that would have been established in the case of an occupational injury.

The provisions of paragraphs 1, 2 and 3 of this Article shall also apply to recourse claims of insurance companies for reimbursement of actual damage paid on the basis of voluntary health, pension, annuity or similar insurance.

The obligations towards the funds referred to in paragraph 1 of this Article shall be settled after the settlement of all claims of persons suffering damage arising from the same loss event submitted to the insurance company.

The funds referred to in paragraph 1 of this Article, the insurance companies, as well as other natural and legal persons who compensate the person suffering damage in whole or in part for damage caused by the use of an uninsured or unidentified means of transport, shall have the right to recourse from the Guarantee Fund only if the compensation has been paid on the basis of a contract on compulsory insurance.

Obligation to collect statistical and other data

Article 19

The insurance company or the Association shall be obliged to collect, process and maintain statistical and other data on the types of insurance referred to in Article 2 of this Law.

The data referred to in paragraph 1 of this Article shall in particular include data on insured persons, concluded insurance contracts, means of transport, losses, and data necessary for risk assessment and determination of the premium.

The insurance company or the Association shall be obliged to process the data referred to in this Article by applying insurance statistical standards, in accordance with the regulations on confidentiality and protection of personal data.

The content and manner of maintaining the data referred to in paragraph 1 of this Article, as well as the manner and deadlines for their submission, shall be determined by the Association.

The regulatory authority may, if necessary, order the collection and processing of additional data.

The Association and the insurance companies shall be obliged to submit the data referred to in this Article to the regulatory authority upon request.

Collection and storage of data and use of the database

Article 20

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 13)

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 069/25 of 3.07.2025, Article 3)

The data referred to in Article 19 of this Law shall be collected directly from the persons to whom they relate and from other persons (participants and witnesses of the loss event).

The data referred to in paragraph 1 of this Article, which are recorded by the authorities competent for internal affairs, judicial authorities, health, pension and disability insurance funds, health institutions and social welfare institutions, shall be obtained from those authorities and organisations.

For the purpose of efficient processing of compensation claims of insured persons, the state administration authority competent for internal affairs and the Association shall establish a system for the automatic exchange of documentation (traffic accident reports, photographs of the scene, official notes and other documentation prepared during the on-site investigation).

The data referred to in paragraph 1 of this Article shall be retained for at least ten years after the expiry of the insurance contract or the completion of the claims settlement procedure.

The content and manner of operation of the system referred to in paragraph 3 of this Article shall be prescribed by the state administration authority competent for internal affairs.

The insurance company or the Association shall be obliged to enable the person suffering damage, when submitting a claim for compensation, to use the data referred to in paragraph 1 of this Article free of charge.

III. INSURANCE OF PASSENGERS IN PUBLIC TRANSPORT AGAINST THE CONSEQUENCES OF AN ACCIDENT

Obligation to insure passengers in public transport against the consequences of an accident

Article 21

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 14)

Owners or users of means of transport used for the carriage of passengers in public transport (hereinafter referred to as: users) shall be obliged to conclude a contract on insurance of passengers in public transport against the consequences of an accident, except for passengers in air transport.

The contract referred to in paragraph 1 of this Article shall be concluded by the owners or users of:

- 1) buses and passenger vehicles used for the public carriage of passengers in regular and occasional road transport;
- 2) passenger vehicles used for taxi services and vehicles used on the basis of a lease agreement (rent-a-car);
- 3) rail vehicles used for the carriage of passengers;
- 4) all types of sea, lake and river vessels used for the carriage of passengers on regular lines or for free navigation, including cruises and tourist transport;
- 5) all types of vessels referred to in item 4 of this paragraph that are taken on lease;
- 6) other means of transport, regardless of the type of propulsion, used for the carriage of passengers for remuneration as a registered activity.

The insurance contract referred to in paragraph 1 of this Article may not be concluded as a liability insurance contract.

The owners or users of the means of transport referred to in paragraph 2 of this Article may obtain a licence to perform the activity only after submitting proof of the concluded liability insurance contract referred to in Article 2 paragraph 1 items 2 and 4 of this Law and of the contract referred to in paragraph 1 of this Article.

Passenger in public transport

Article 22

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 15)

For the purposes of this Law, a passenger in public transport shall mean:

- 1) a person who is in a means of transport engaged in public transport and intends to travel, regardless of whether they hold a travel ticket;
- 2) a person who is within the premises of a station, terminal, port or in the immediate vicinity of the means of transport, prior to boarding, and intends to travel;
- 3) a person who has completed the journey and disembarked from the means of transport and is in the immediate vicinity of the means of transport, within the premises of a station, terminal or port.

Persons whose place of work is on the means of transport shall not be considered passengers within the meaning of paragraph 1 of this Article.

Amount of the insured sum

Article 23

The obligation of the insurance company under the contract referred to in Article 21 of this Law shall be represented by the insured sums applicable on the date of the loss event, unless a higher insured sum has been agreed in the insurance contract.

The minimum insured sum that may be agreed for the insurance of passengers in public transport against the consequences of an accident, per passenger, shall amount to:

- 1) in the event of the death of a passenger – EUR 8,000;
- 2) in the event of permanent loss of general working capacity (disability) of a passenger – EUR 16,000;
- 3) in the event of temporary incapacity for work, as compensation for loss of earnings and actual and necessary medical expenses of a passenger – EUR 4,000.

The decision on increasing the insured sum referred to in paragraph 2 of this Article shall be adopted by the Government of Montenegro (hereinafter referred to as: the Government), upon the proposal of the regulatory authority.

The owner or user of the means of transport may conclude an insurance contract for an amount higher than the minimum insured sum referred to in paragraph 2 of this Article.

Right to payment of the insured sum

Article 24

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 16)

A passenger who suffers an insured event, or a person designated in the insurance contract as the beneficiary in the event of the passenger's death (hereinafter referred to as: the insurance beneficiary), shall have the right to request from the insurance company with which the insurance contract referred to in Article 21 of this Law has been concluded to make payment in accordance with that contract.

If the owner of the means of transport has not concluded the insurance contract referred to in Article 21 of this Law, or has concluded such a contract with an insurance company whose operating licence has been revoked or against which bankruptcy or liquidation proceedings have been initiated, and an insured event has occurred, the person referred to in paragraph 1 of this Article may request payment of the insured sum from the Association, from the resources of the Guarantee Fund, in accordance with the law.

The passenger or the insurance beneficiary shall be entitled to the insured sum referred to in Article 23 of this Law, irrespective of the right to compensation for damage under the liability insurance contract referred to in Article 2 paragraph 1 items 2 and 4 of this Law.

IV. INSURANCE OF VEHICLE OWNERS OR USERS AGAINST LIABILITY FOR DAMAGE CAUSED TO THIRD PARTIES

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 17)

Subject and obligation of insurance

Article 25

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 18)

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 069/25 of 3.07.2025, Article 4)

The subject of compulsory insurance against liability for damage caused to third parties through the use of a vehicle shall be the civil liability of natural and legal persons for damage to persons or property caused to third parties by the use of a vehicle.

For the purposes of paragraph 1 of this Article, a third party shall also mean a lessee who is the policyholder and user of the vehicle, and who is not responsible for the traffic accident in which damage was caused to them by another vehicle of the same lessor.

The owner or user of a vehicle shall be obliged to conclude a motor third-party liability insurance contract covering damage caused to third parties as a result of death, bodily injury, impairment of health, destruction or damage to property, except for damage to property received for carriage (hereinafter referred to as: motor third-party liability insurance).

Motor third-party liability insurance shall also cover, for the vehicle owner, damage to property received for carriage if such property is intended for the personal use of the persons who were in the vehicle.

Motor third-party liability insurance shall also cover damage caused by a trailer or towing vehicle.

If the damage was caused by a trailer or towing vehicle while both vehicles were connected and formed a single unit, or if the damage occurred during movement after the detachment of the trailer, the owners of both vehicles shall be jointly and severally liable for the damage caused to third parties, and the person suffering damage may submit a compensation claim either to the insurer of the trailer or to the insurer of the towing vehicle.

The insurance company which, pursuant to paragraph 5 of this Article, has compensated the person suffering damage shall have the right to reimbursement of the amount paid, together with interest and costs, from the insurer of the trailer or the towing vehicle, if there is liability of its insured person for the damage and within the limits of such liability. If the trailer or towing vehicle is uninsured or unidentified, the right to reimbursement of the amount paid, together with interest and costs, shall be exercised against the Association.

The damage referred to in paragraph 1 of this Article shall also be deemed to include damage caused to a third party as a result of objects falling from a moving vehicle.

Under motor third-party liability insurance, the insured person may not be obliged to participate in the payment of compensation for damage.

Motor third-party liability insurance for delivered vehicles

Article 26

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 19)

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 069/25 of 3.07.2025, Article 5)

If a vehicle is delivered from one Member State of the European Union to another, the Member State of the European Union in which the risk is situated shall be considered, depending on the choice of the vehicle owner, either the Member State of registration or, immediately upon acceptance of delivery by the purchaser, the Member State of destination within the European Union, for a period of 30 days, even if the vehicle has not been officially registered in the Member State of destination.

In the event of damage caused by a vehicle referred to in paragraph 1 of this Article, the compensation claim shall be submitted to the Association.

Motor third-party liability insurance contract – insurance policy

Article 27

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 069/25 of 3.07.2025, Article 6)

The insurance company shall, upon request, issue to the person who has concluded a motor third-party liability insurance contract a certificate confirming the existence and number of compensation claims submitted by third parties in relation to that vehicle for the period of five years preceding the establishment of the contractual relationship, or a certificate confirming the absence of such compensation claims.

The company shall be obliged to issue the certificate referred to in paragraph 1 of this Article within 15 days from the date of receipt of the request.

If the insurance company, when determining premiums for the insurance referred to in Article 25 of this Law or when applying discounts, takes into account the certificates of compensation claims, it shall be obliged to publish on its website the manner in which such certificates are used.

The insurance company shall be obliged to treat the certificates of compensation claims issued by other insurance companies or other authorities in other Member States of the European Union in the same manner as those issued in Montenegro, and shall not treat policyholders in a discriminatory manner or charge a higher insurance premium due to their nationality or solely on the basis of their residence in a previous Member State of the European Union.

The detailed content and format of the certificate form referred to in paragraph 1 of this Article shall be prescribed by the state administration authority competent for financial affairs.

The detailed content of the motor third-party liability insurance contract – insurance policy shall be determined by the regulatory authority.

Territorial scope of the motor third-party liability insurance contract

Article 27a

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 20)

Motor third-party liability insurance shall cover damage occurring in the territory of the Member States of the European Union and in the territory of the Member States of the

Green Card System, or of the states whose national insurance bureau is a signatory to the Multilateral Agreement, without payment of an additional insurance premium.

European Accident Statement

Article 28

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 21)

Together with the motor third-party liability insurance policy, the insurance company shall be obliged to deliver to the insured person a copy of the European Accident Statement, which the insured person shall be required to keep in the vehicle and present to an authorised person upon request.

The European Accident Statement shall be completed by the participants in an accident involving no injured persons, where material damage has been caused and the vehicles are able to continue their movement in accordance with regulations, and where the participants have agreed on the circumstances under which the accident occurred.

The person suffering damage may use the European Accident Statement as a claim for compensation from the responsible insurance company.

Registration of motor vehicles

Article 29

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 19)

The registration of vehicles, renewal of registration and issuance of temporary plates may be carried out only after submission to the authority competent for registration of proof of a concluded motor third-party liability insurance contract.

The owner of a vehicle not subject to annual registration shall be obliged to conclude a motor third-party liability insurance contract prior to obtaining the permit for use and to renew the contract regularly.

Persons not entitled to compensation for damage

Article 30

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 22)

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 069/25 of 3.07.2025, Article 7)

No right to compensation for damage under motor third-party liability insurance shall have:

- 1) the owner, co-owner or other user of the vehicle by the use of which the damage was caused, in the case of damage to property, regardless of whether they were driving the vehicle at the time the damage occurred;

- 2) the driver of the vehicle who caused the traffic accident and their legal successors, for bodily injury, impairment of health or death of the driver;
- 3) a person who has committed or participated in the unlawful taking of the vehicle by the use of which the damage was caused, regardless of whether they were driving the vehicle at the time the damage occurred;
- 4) a person who voluntarily entered the vehicle knowing that it had been unlawfully taken, if the responsible company proves that the person was aware of that fact;
- 5) a person who suffered damage:
 - through the use of a vehicle in events and activities related to motor sports, including races, competitions, training, testing and demonstrations in a restricted and marked area, if the organiser of such activities or another interested person has concluded a liability insurance contract or guarantee covering damage caused to any third party, including spectators and other passers-by, but not necessarily covering damage caused by the drivers participating in such activities and their vehicles;
 - as a result of an earthquake;
 - as a result of the effects of nuclear energy during the transport of nuclear material;
 - as a result of military operations, military manoeuvres, uprisings or terrorist acts, where a causal link exists between such actions and the damage incurred.

The right to compensation for damage under motor third-party liability insurance shall also belong to a lessee who is the policyholder and user of the vehicle, and who is not responsible for the traffic accident in which damage was caused to them by another vehicle of the same lessor.

Compensation for damage in the event of loss of rights under the insurance contract

Article 31

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 23)

Compulsory motor third-party liability insurance shall also cover liability for damage caused to third parties through the use of a vehicle by a person who:

- 6) was driving the vehicle without a valid driving licence;
- 7) used the vehicle for purposes other than those for which it is intended;
- 8) was being trained to drive the vehicle in traffic without the supervision of an authorised driving instructor;
- 9) used the vehicle without the knowledge or consent of the owner or authorised user of the vehicle;
- 10) was driving the vehicle under the influence of alcohol above the permitted limit, narcotic drugs, psychoactive medicines or other psychoactive substances, or avoided or refused alcohol or drug testing;
- 11) intentionally caused the damage;

- 12) caused the damage using a technically defective vehicle, being aware of such defect;
- 13) came into possession of the vehicle unlawfully;
- 14) left the scene of the traffic accident without providing personal details and insurance information.

The insurance company which has paid compensation to the person suffering damage for damage caused in the cases referred to in paragraph 1 of this Article shall have the right to recover from the person liable for the damage the total amount of compensation paid, together with interest and related costs.

The amount of reimbursement referred to in paragraph 2 of this Article, to be recovered from a natural person liable for the damage caused, may not exceed the amount of 24 average net salaries in Montenegro, according to the most recent official data of the state administration authority competent for statistical affairs.

Change of ownership of a motor vehicle

Article 32

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 19)

If, during the term of the insurance, the ownership of the vehicle changes, the rights and obligations under the motor third-party liability insurance contract shall be transferred to the new owner and shall remain valid until the expiry of the current insurance period.

Insured sum

Article 33

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 24)

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 069/25 of 3.07.2025, Article 8)

The obligation of the insurance company under the contract referred to in Article 25 of this Law shall be limited to the insured sum applicable on the date of the loss event, unless a higher sum has been agreed in the insurance contract.

The minimum insured sum shall be:

- 1) in the case of damage resulting from death, bodily injury or impairment of health – up to an amount of EUR 6,450,000 per loss event, regardless of the number of persons suffering damage, or EUR 1,300,000 per person suffering damage; and
- 2) in the case of destruction or damage to property – up to an amount of EUR 1,300,000 per loss event, regardless of the number of persons suffering damage.

The decision on increasing the insured sum referred to in paragraph 2 of this Article shall be adopted by the Government, upon the proposal of the regulatory authority.

If there are several persons suffering damage and the total compensation exceeds the amount referred to in paragraph 2 of this Article, the rights of the persons suffering

damage against the insurance company shall be reduced proportionally to the insured sum referred to in paragraph 2 of this Article.

If the insurance company has paid to one person suffering damage an amount exceeding that to which they are entitled, because it did not know and could not have known that other persons suffering damage existed, the compensation to the remaining persons suffering damage shall be proportionally reduced in accordance with paragraph 4 of this Article, and the company shall remain liable towards those persons only up to the remaining amount of the insured sum referred to in paragraph 2 of this Article.

Compensation for damage caused abroad

Article 34

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 25)

When leaving Montenegro, a person operating a vehicle insured in Montenegro shall be obliged to possess an international certificate of motor third-party liability insurance – the Green Card.

The competent authorities shall verify possession of the Green Card when leaving the territory of Montenegro.

The insurance company which has issued a Green Card to the vehicle owner shall be obliged to compensate the person suffering damage for damage caused by the use of that vehicle abroad, up to the amount determined by the motor third-party liability insurance regulations of the country in which the damage occurred, or in accordance with the international agreement, if the international certificate is valid in the country where the damage occurred.

Damage caused by a vehicle for which a Green Card has been issued shall be compensated within 90 days from the date of receipt of the compensation claim, in accordance with the procedure established by the international agreements to which the Association is a signatory in its capacity as the national Green Card bureau.

If the insurance company fails to pay the compensation in accordance with paragraphs 3 and 4 of this Article, the compensation claim shall be submitted to the Association.

The Association shall have the right of recourse for the compensation paid against the insurance company that was obliged to pay the compensation.

International certificate of motor third-party liability insurance for vehicles with foreign registration

Article 35

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 19)

A person operating a vehicle with foreign registration, upon entering the territory of Montenegro, must possess a valid international certificate of motor third-party liability insurance applicable in the territory of Montenegro, covering damage up to at least the amounts referred to in Article 33 of this Law.

A valid international certificate shall be deemed to include a valid Green Card, as well as other evidence recognised as valid by the Association.

In addition to the certificates referred to in paragraph 2 of this Article, a valid certificate shall also be deemed to include the registration plate of a vehicle normally based in the territory of a state that is a signatory to the Multilateral Agreement.

The Association shall guarantee the obligations arising from the certificate referred to in paragraph 1 of this Article up to the amounts specified in Article 33 of this Law.

The international certificate referred to in paragraph 1 of this Article shall also be required for a vehicle brought into Montenegro by another means of transport, unless such vehicle is not intended for use in Montenegro.

The Association shall be obliged to notify the state administration authority competent for internal affairs of the recognition of the validity of the certificate referred to in paragraph 1 of this Article.

Border insurance

Article 36

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 26)

Persons who do not possess a valid certificate referred to in Article 35 of this Law shall be obliged, at the border, to conclude a motor third-party liability insurance contract (hereinafter referred to as: border insurance) with a domestic insurance company, valid for the territory of Montenegro.

Border insurance shall be concluded for the duration of stay in the territory of Montenegro, for a minimum period of 15 days.

Border insurance shall also be valid in the territories of the Member States of the European Economic Area.

Verification of the international certificate

Article 37

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 19)

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 069/25 of 3.07.2025, Article 9)

The validity of the international insurance certificate and the certificate referred to in Article 36 of this Law shall be verified by the state administration authority competent for internal affairs at the border crossing, upon the entry of the vehicle into the territory of Montenegro.

When vehicles normally based in the territory of a Member State of the European Union or a third country enter the territory of Montenegro from the territory of a Member State of the European Union, the state administration authority competent for internal affairs shall be authorised to carry out non-systematic checks of compliance with the conditions referred to in paragraph 1 of this Article, where such checks are necessary, non-discriminatory and proportionate to the purpose of the verification, and:

- 1) are carried out as part of inspections not aimed exclusively at verifying insurance;
- or

2) form part of a general system of checks also applied to vehicles normally based in the territory of Montenegro, and their implementation does not require the stopping of vehicles.

The checks referred to in paragraph 2 of this Article shall be carried out in accordance with the regulations on personal data protection applicable to the data controller, and personal data may be processed where necessary for the purpose of combating the use of uninsured vehicles in Montenegro, which is not a Member State of the European Union in which such vehicles are normally based, provided that such regulation complies with Regulation (EU) 2016/679 of the European Parliament and of the Council and includes measures for the protection of the rights, freedoms and legitimate interests of the persons subject to verification, specifying the exact purpose of data processing, referring to the relevant legal basis, ensuring that the verification respects relevant security requirements and the principles of necessity, proportionality and purpose limitation, and defining a proportionate data retention period.

Personal data processed in accordance with paragraph 2 of this Article exclusively for the purpose of verifying insurance shall be retained only for as long as necessary for that purpose and shall be completely deleted as soon as that purpose has been achieved. If the insurance verification confirms that the vehicle is covered by compulsory insurance, the data controller shall immediately delete such data, whereas in cases where the verification cannot establish whether the vehicle is covered by compulsory insurance, the data shall be retained only for a limited period not exceeding the number of days necessary to determine whether insurance coverage exists.

Compensation for damage caused by vehicles with foreign registration

Article 38

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 27)

A person who has suffered damage caused by the use of a vehicle with foreign registration in the territory of Montenegro, for which a valid certificate referred to in Article 35 of this Law exists, shall submit a compensation claim to the Association, the insurance company, or a person authorised by the Association to perform tasks arising from the international agreement on motor vehicle owners' liability insurance for damage caused by the use of vehicles domestically or abroad.

Compensation for damage may be determined up to a maximum amount specified in Article 33 of this Law.

The Association, or the company or person referred to in paragraph 1 of this Article, shall be obliged to pay the compensation or issue a reasoned decision rejecting the claim within 90 days from the date of receipt of a duly submitted claim.

If the Association fails to act within the time limits referred to in paragraph 3 of this Article, the person suffering damage may initiate proceedings for compensation before the competent court.

Compensation for damage under border insurance

Article 39

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 19)

Damage occurring in the territory of Montenegro caused by the use of a vehicle with foreign registration, whose owner has obtained motor third-party liability insurance in accordance with Article 36 of this Law with a domestic insurance company, shall be compensated by that company under the provisions of this Law applicable to the insurance of owners of vehicles with domestic registration.

Compensation for damage caused by an uninsured vehicle with foreign registration

Article 40

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 19)

Damage caused by the use of an uninsured vehicle with foreign registration shall be compensated by the Association from the Guarantee Fund, in accordance with this Law, with the right of recourse for the amount of compensation paid, together with interest and costs, against the competent organisation of the state in which the vehicle is registered.

Rights of the person suffering damage in the event of initiation of liquidation or bankruptcy proceedings against an insurance company with its head office in Montenegro

Article 40a

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 069/25 of 3.07.2025, Article 10)

A person suffering damage with residence in Montenegro may submit a compensation claim directly to the Association for payment of compensation for damage to property or bodily injury caused by a vehicle insured by an insurance company with its head office in Montenegro, from the moment when:

- 1) bankruptcy proceedings are initiated against the insurance company by a decision of the competent court published in the "Official Gazette of Montenegro";
- 2) liquidation proceedings are initiated against the insurance company by a decision of the regulatory authority published in the "Official Gazette of Montenegro".

In the event of damage caused by the use of a vehicle referred to in paragraph 1 of this Article, the Association shall pay compensation from the Guarantee Fund up to the insurance obligation, which may not be lower than that prescribed in Article 33 paragraph 2 of this Law, in accordance with Article 57 of this Law, from the contributions paid pursuant to Article 55 of this Law.

In addition to the public announcement of the decision on the initiation of the proceedings referred to in paragraph 1 of this Article, the Association shall immediately notify all organisations in the Member States authorised to compensate persons suffering damage of the initiation of bankruptcy or liquidation proceedings against the insurance company.

Upon receipt of the compensation claim, the Association shall notify the responsible insurance company in bankruptcy or in liquidation, or its bankruptcy administrator or liquidators, that it has received a compensation claim from the person suffering damage.

The insurance company referred to in paragraph 4 of this Article, or its bankruptcy administrator or liquidator, shall notify the Association when they receive a compensation claim and when they pay compensation or deny liability in respect of a compensation claim also received by the Association.

The Association shall, on the basis of the information at its disposal and the information provided to it by the person suffering damage upon its request, within 90 days from the date of receipt of the compensation claim, provide the person suffering damage with:

- 1) a written reasoned offer for compensation, if it establishes that it is liable for the payment of compensation in accordance with paragraph 1 items 1 or 2 of this Article, that the compensation claim has not been rejected, and that the amount of damage has been partially or fully assessed;
- 2) a written reasoned reply to the allegations in the compensation claim, if it establishes that it is not liable for the payment of compensation in accordance with paragraph 1 items 1 or 2 of this Article, or if liability is disputed, not clearly established, or the amount of damage has not been fully assessed.

The reasoned offer and the reasoned reply referred to in paragraph 6 of this Article must specify the right of the person suffering damage to file a complaint, to which the Association shall be obliged to respond within 30 days from the date of receipt of the complaint, as well as the right to initiate an out-of-court compensation procedure and the right to file a lawsuit against the decision of the Association referred to in this Article.

If there is an obligation to pay compensation in accordance with paragraph 6 item 1 of this Article, the Association shall pay the compensation to the person suffering damage without undue delay and no later than within 90 days after the person suffering damage has given written acceptance of the reasoned offer for compensation, and shall also pay the compensation within the same period where the amount of damage has been only partially assessed, from the moment of written acceptance of the corresponding reasoned offer for compensation.

In the procedure referred to in paragraphs 1 to 8 and paragraphs 9 to 13 of this Article, the Association shall be obliged to cooperate in a timely manner with the bodies established or authorised to compensate persons suffering damage in cases of initiation of bankruptcy or liquidation proceedings against an insurance company in their Member State of the European Union, including the insurance company subject to bankruptcy or liquidation proceedings, its bankruptcy administrator or liquidator, and the competent authorities. Such cooperation shall include the requesting, receipt and provision of information on individual compensation claims and on the insurance of the person liable for the traffic accident, where necessary.

By way of exception from paragraphs 1 to 9 of this Article, the Association shall have the right to reimbursement of the amount of compensation paid, together with interest and costs, from the persons liable for the traffic accident and from other insurers or social insurance bodies obliged to compensate the person suffering damage in connection with the same traffic accident. In the event of compensation being paid during liquidation proceedings, the Association shall have the right to reimbursement from the insurance company undergoing such proceedings for the amount of compensation paid, together with interest and costs, and if bankruptcy proceedings have been initiated against the insurance company, it shall have the right to reimbursement of those amounts from the bankruptcy estate of the insurance company.

In the compensation procedure, to the extent that the Association has provided compensation for the damage or injury suffered and has not yet received reimbursement, the rights of the person suffering damage against the person who caused the traffic accident or against the responsible insurance company shall be transferred to the

Association. However, the rights of the person suffering damage against the policyholder or another insured person who caused the traffic accident shall not be transferred to the Association if the liability of the policyholder or the insured person would be covered by the responsible insurance company in accordance with the regulations applicable to the bankruptcy or liquidation proceedings of the insurance company.

The Association may not have any claims for the payment of compensation other than those prescribed by this Law and may not make the payment of compensation conditional upon the person suffering damage proving that the liable legal or natural person is unable or refuses to pay the compensation.

At the request of a compensation body from another Member State of the European Union which has paid compensation to a person suffering damage for property damage or bodily injury caused by a vehicle insured by the insurance company referred to in paragraph 1 of this Article, the Association shall be obliged to reimburse that body in full for the amount of compensation paid, whereby:

- 1) payment shall be made within a reasonable period after receipt of the request for such reimbursement, which shall not exceed 180 days, unless those bodies have otherwise agreed in writing; and
- 2) the rights of the person suffering damage against the person who caused the accident shall be transferred to the Association; or
- 3) against the responsible insurance company, except against the policyholder or another insured person who caused the accident, if the liability of the policyholder or the insured person would be covered by the insolvent insurance company referred to in paragraph 1 of this Article.

Protection of persons suffering damage with residence in Montenegro where the liable insurer is an insolvent insurance company from another Member State of the European Union

Article 40b

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 069/25 of 3.07.2025, Article 10)

A person suffering damage with residence in Montenegro may submit a compensation claim directly to the Association for the payment of compensation for property damage or bodily injury caused by a vehicle that is insured and normally based in another Member State of the European Union, from the moment when:

- 1) bankruptcy proceedings are initiated against the liable insurance company from another Member State of the European Union in accordance with the laws of the home Member State of that insurance company;
- 2) liquidation proceedings are initiated against the liable insurance company from another Member State of the European Union in accordance with the laws of the home Member State of that insurance company.

In the event of damage caused by the use of a vehicle referred to in paragraph 1 of this Article, the Association shall pay compensation from the Guarantee Fund up to the insurance obligation, which may not be lower than that prescribed in Article 33 paragraph 2 of this Law, in accordance with Article 57 of this Law, from the contributions paid pursuant to Article 55 of this Law.

Upon receipt of the compensation claim referred to in paragraph 1 of this Article, the Association shall notify the compensation bodies in the home Member State of the insurance company undergoing bankruptcy or liquidation proceedings, as well as that insurance company or its bankruptcy administrator or liquidator, that it has received a compensation claim from the person suffering damage.

The insurance company referred to in paragraph 3 of this Article, or its bankruptcy administrator or liquidator, shall notify the Association when they receive a compensation claim and when they pay compensation or deny liability in respect of a compensation claim also received by the Association.

The Association shall, on the basis of the information at its disposal and the information provided to it by the person suffering damage upon its request, within 90 days from the date of receipt of the compensation claim, provide the person suffering damage with:

- 1) a written reasoned offer for compensation if it establishes that it is liable for the payment of compensation in accordance with paragraph 1 items 1 or 2 of this Article, that the compensation claim has not been rejected, and that the amount of damage has been partially or fully assessed;
- 2) a written reasoned reply to the allegations in the compensation claim if it establishes that it is not liable for the payment of compensation in accordance with paragraph 1 items 1 or 2 of this Article, or if liability is disputed, not clearly established, or the amount of damage has not been fully assessed.

The reasoned offer and the reasoned reply referred to in paragraph 5 of this Article must specify the right of the person suffering damage to file a complaint, to which the Association shall be obliged to respond within 30 days from the date of receipt of the complaint, as well as the right to initiate an out-of-court compensation procedure and the right to file a lawsuit against the decision of the Association referred to in this Article.

If there is an obligation to pay compensation in accordance with paragraph 5 item 1 of this Article, the Association shall pay the compensation to the person suffering damage without undue delay and no later than within 90 days after the person suffering damage has given written acceptance of the reasoned offer for compensation, and shall also pay the compensation within the same period where the amount of damage has been only partially assessed, from the moment of written acceptance of the corresponding reasoned offer for compensation.

In the procedure referred to in paragraphs 1 to 7 and paragraphs 9 to 12 of this Article, the Association shall be obliged to cooperate in a timely manner with the bodies established or authorised to compensate persons suffering damage in cases of initiation of bankruptcy or liquidation proceedings against an insurance company, including the insurance company subject to bankruptcy or liquidation proceedings, its claims representative, bankruptcy administrator or liquidator, and the national competent authorities of the Member States of the European Union. Such cooperation shall include the receipt and provision of notifications on the initiation of bankruptcy or liquidation proceedings against the insurance company, as well as the requesting, receipt and provision of information, inter alia, on the details of individual compensation claims and on the insurance of the person liable for the traffic accident, where necessary.

The Association shall have the right to request in writing full reimbursement of the amount of compensation paid from the compensation body for property damage or bodily injury caused by a vehicle insured by an insurance company undergoing bankruptcy or liquidation proceedings in the home Member State of the liable insurance company, whereby:

- 1) the compensation body from the home Member State of the liable insurance company of the European Union shall make payment to the Association for the Guarantee Fund within a reasonable period after receiving the request for such reimbursement, which shall not exceed 180 days, unless those bodies have otherwise agreed in writing; and
- 2) the rights of the person suffering damage against the person who caused the accident or their insurance company shall be transferred to the compensation body from the home Member State of the European Union, except against the policyholder or another insured person who caused the accident, if the liability of the policyholder or the insured person would be covered by the insolvent insurance company in accordance with the law.

By way of exception from paragraphs 1 to 9 of this Article, the Association shall have the right to reimbursement of the amount of compensation paid, together with interest and costs, from the persons liable for the traffic accident and from other insurers or social insurance bodies obliged to compensate the person suffering damage in connection with the same accident, where applicable.

The Association may not have any other claims for the payment of compensation and may not make the payment of compensation conditional upon the person suffering damage proving that the liable legal or natural person is unable or refuses to pay the compensation.

The provisions of paragraphs 1 to 11 of this Article shall also apply where the damage was caused by a vehicle that is insured and normally based in Montenegro, and the liable insurance company is the company referred to in paragraph 1 of this Article.

Appointment of claims representatives

Article 41

For the purpose of conducting motor third-party liability insurance, an insurance company shall be obliged to appoint a representative for the settlement of claims under that type of insurance contract in all Member States of the European Union (hereinafter referred to as: authorised representative).

The appointment of an authorised representative in a Member State of the European Union shall not affect the application of substantive law in the processing of compensation claims nor alter judicial jurisdiction.

An insurance company shall appoint as its authorised representative a natural or legal person with residence or registered office in that Member State, qualified to handle all matters that may arise in connection with compensation claims in the official language of the Member State for which it has been appointed, and responsible for the processing, settlement, and payment of compensation claims for damage caused by the policyholders of the insurance company that appointed it to persons residing in the Member State for which it has been appointed.

The authorised representative may act on behalf of several insurers.

In the procedure concerning a compensation claim, the authorised representative shall be obliged to collect all necessary information to determine the cause of the insured event, the extent of the damage incurred, and to take other actions aimed at resolving the compensation claim and fulfilling the obligations arising therefrom.

The appointment of an authorised representative shall not limit the right of the person suffering damage to submit a compensation claim directly to the liable insurance company at its head office or at the office of its branch.

Paragraphs 1 to 5 of this Article shall also apply to the activities of the authorised representative appointed for the territory of Montenegro by insurance companies having their head office in the Member States of the European Union.

The register of authorised representatives of insurance companies from Montenegro shall be maintained by the Association.

V. INSURANCE OF AIRCRAFT OWNERS OR USERS AGAINST LIABILITY FOR DAMAGE CAUSED TO THIRD PARTIES AND PASSENGERS

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 28)

Insurance obligation

Article 42

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 29)

The owner or user of an aircraft shall be obliged to conclude a liability insurance contract covering damage caused to third parties and passengers through the use of the aircraft in flight.

A third party referred to in paragraph 1 of this Article shall mean any person other than passengers and members of the flight and cabin crew of the aircraft who are on duty during the flight.

A passenger referred to in paragraph 1 of this Article shall mean any person carried on the aircraft with the consent of the owner or user of the aircraft, except for members of the flight and cabin crew of the aircraft who are on duty during the flight.

The insurance contract referred to in paragraph 1 of this Article shall also cover damage caused to cargo and baggage, except for aircraft not used for commercial purposes.

The insurance contract referred to in paragraph 1 of this Article shall also cover damage arising from war and terrorism risks, except for aircraft with an MTOM of up to 500 kg.

The owner or user of a foreign aircraft entering the airspace of Montenegro must be insured against liability for damage referred to in paragraph 1 of this Article, unless other security for compensation has been provided or otherwise regulated by a ratified international agreement.

By way of exception from paragraph 6 of this Article, the owner or user of an aircraft not registered in Montenegro whose operations do not involve landing on or taking off from the territory of Montenegro, but only overflight through the airspace of Montenegro, shall not be required under the insurance contract referred to in paragraph 1 of this Article to have coverage for damage caused to passengers, cargo, and baggage.

The owner or user of an aircraft entered in the Register of Civil Aircraft of Montenegro shall, when issuing or renewing the certificate of airworthiness of the aircraft, be obliged to submit the insurance contract referred to in paragraph 1 of this Article to the independent legal entity performing public authorisations in the field of air transport.

The operator of an unmanned aircraft system or model aircraft shall, when conducting flight operations with an unmanned aircraft or model aircraft with an operational mass of 250 grams or more, or when conducting flight operations for which the independent legal

entity performing public authorisations in the field of air transport issues a licence, permit, or other equivalent document, be obliged to hold a liability insurance contract covering damage caused to third parties through the use of the unmanned aircraft or model aircraft in flight.

Insured sum

Article 43

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 30)

The obligation of the insurance company under the contract referred to in Article 42 of this Law shall be limited to the insured sum as of the date of the loss event, unless a higher sum has been agreed in the insurance contract.

The minimum insured sum for insurance referred to in Article 42 of this Law shall amount to:

1) for damage caused to third parties, for aircraft with an MTOM of:

- from 250 g to 900 g – 3,000 SDR,
- from 901 g to 4 kg – 5,000 SDR,
- from 4.01 kg to 25 kg – 10,000 SDR,
- from 25.01 kg to 150 kg – 20,000 SDR,
- from 150.01 kg to 500 kg – 750,000 SDR,
- from 500.01 kg to 1,000 kg – 1,500,000 SDR,
- from 1,000.01 kg to 2,700 kg – 3,000,000 SDR,
- from 2,700.01 kg to 6,000 kg – 7,000,000 SDR,
- from 6,000.01 kg to 12,000 kg – 18,000,000 SDR,
- from 12,000.01 kg to 25,000 kg – 80,000,000 SDR,
- from 25,000.01 kg to 50,000 kg – 150,000,000 SDR,
- from 50,000.01 kg to 200,000 kg – 300,000,000 SDR,
- from 200,000.01 kg to 500,000 kg – 500,000,000 SDR,
- above 500,000.01 kg – 700,000,000 SDR;

2) for each passenger, 250,000 SDR;

3) for registered baggage per passenger, 1,288 SDR and

4) for cargo carried, 22 SDR per kilogram.

By way of exception from paragraph 2 item 1 indent 5 of this Article, the minimum insured sum for insurance referred to in Article 42 of this Law for damage caused to third parties shall amount to 128,821 SDR for:

- aircraft taking off with the aid of legs, including powered paragliders and powered hang gliders, and
- aircraft, including gliders, with a maximum take-off mass (MTOM) of less than 500 kg: ultralight aircraft used for non-commercial purposes and ultralight aircraft used for local pilot training during which no international borders are crossed, provided that the obligations relating to insurance covering war and terrorism risks are not concerned.

By way of exception from paragraph 2 item 2 of this Article, the minimum insured sum per loss event determined by the insurance contract referred to in Article 42 of this Law, for aircraft with an MTOM of 2,700 kg or less that are not used for commercial purposes, shall amount to 128,821 SDR per passenger.

The minimum insured sum for insurance referred to in Article 42 paragraph 9 of this Law, for unmanned aircraft or model aircraft with an operational mass of less than 250 grams, when used for flight operations requiring a licence, permit, or other equivalent document issued by the independent legal entity performing public authorisations in the field of air transport, shall amount to 3,000 SDR.

The decision on amending the insured sum referred to in paragraph 2 of this Article shall be adopted by the Government, upon the proposal of the regulatory authority.

Application of liability provisions

Article 44

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 31)

The provisions of this Law relating to compensation for damage caused to third parties and passengers by the use of motor vehicles, as well as the provisions of the laws governing contractual and property relations in air transport, shall apply accordingly to the liability of the owner or authorised user of an aircraft for damage caused to third parties, unless otherwise provided by Articles 42 and 43 of this Law.

VI. INSURANCE OF OWNERS OR USERS OF VESSELS AGAINST LIABILITY FOR DAMAGE CAUSED TO THIRD PARTIES

Insurance obligation

Article 45

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 32)

The owner or authorised user of a vessel, which under the regulations on the registration or enrolment of vessels must be entered in the vessel register or record, is obliged to conclude a contract of insurance against liability for damage caused to third parties through the use of the vessel, resulting in bodily injury, impairment of health, or death.

Damage referred to in paragraph 1 of this Article shall also include damage caused to a third party as a result of an object falling from, or being thrown out of, the vessel.

The owner or authorised user of a foreign vessel, prior to obtaining a permit to navigate in the internal waters and territorial sea of Montenegro, or when navigating within Montenegro's internal waters and territorial sea, must be insured against liability for damage referred to in paragraph 1 of this Article, unless other security for compensation has been provided or unless otherwise regulated by an international agreement.

A permit for navigation of a vessel and its renewal may be issued only upon submission to the competent authority of proof of a concluded insurance contract referred to in this Article.

The owner of a vessel not subject to mandatory annual inspection shall conclude the insurance contract referred to in paragraph 1 of this Article prior to obtaining a navigation permit valid for more than one year and shall renew the insurance throughout the validity period of that permit.

The insurance contract referred to in paragraph 1 of this Article shall be concluded for a period of one year.

The use of a vessel in maritime navigation without a concluded insurance contract is prohibited.

Insured sum

Article 46

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 19)

The obligations of the insurance company shall be limited to the insured sums applicable on the date of the loss event, unless a higher insured sum has been agreed in the insurance contract.

The minimum insured sum for the insurance referred to in Article 45, paragraph 1 of this Law shall amount to:

1) for ships:

- of up to 1,000 GT, EUR 100,000,
- of 1001 to 10000 GT, EUR 200.000,
- of 10001 to 20000 GT, EUR 300.000,
- of 20001 to 30000 GT, EUR 400.000,
- of to 30001 GT, EUR 500.000;

2) for other vessels and watercraft used for sport and recreation:

- motor boats, EUR 50.000,
- for hydrofoils, jet skis, and speedboats, EUR 200,000,
- yachts, EUR 800.000.

The decision on increasing the insured sum referred to in paragraph 2 of this Article shall be adopted by the Government, upon the proposal of the regulatory authority.

NOTE OF THE PUBLISHER:

Pursuant to the Law on Amendments to the Law on Compulsory Traffic Insurance (*Official Gazette of Montenegro*, No. 146/21), in Article 46, the words “motor vehicle” in various grammatical cases are replaced by the word “vehicle” in the corresponding grammatical case.

The text of the regulation has NOT been consolidated in accordance with the aforementioned provisions, because Article 46 does not contain the stated words.

Application of liability provisions

Article 47

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 19)

The provisions of this Law relating to compensation for damage caused to third parties through the use of vehicles shall apply mutatis mutandis to the liability of the owner or authorized user of a vessel for damage caused to third parties, unless otherwise provided by Articles 45 and 46 of this Law.

VII. ASSOCIATION OF INSURANCE COMPANIES ENGAGED IN COMPULSORY TRAFFIC INSURANCE

Association of insurance companies

Article 48

Insurance companies engaged in compulsory insurance activities in Montenegro shall become members of the Association, for the purpose of performing the tasks established by this Law and achieving common interests.

The Association shall perform the activities referred to in paragraph 1 of this Article within the Guarantee Fund, the Green Card Bureau, and the Information Centre.

In addition to the activities referred to in paragraph 2 of this Article, the Association shall also perform the duties of the Compensation Bureau.

The Association has the status of a legal entity, with the rights and responsibilities established by law and by the Statute of the Association.

The Statute of the Association shall regulate its internal organization, operations, functioning of its bodies, financing, and other matters relevant to the work of the Association.

The Statute of the Association shall be approved by the regulatory authority.

Membership in the Association

Article 49

An insurance company may perform the compulsory insurance activities defined by this law only if it is a member of the Association.

If an insurance company fails to meet its obligations under a compulsory insurance contract or in accordance with international agreements to which the Association is a signatory, the Association shall, without delay, notify the regulatory authority.

The regulatory authority shall forward the information referred to in paragraph 2 of this Article to the competent supervisory authorities in the country where the insurance company has its registered office and may also apply other measures in accordance with the law.

An insurance company's membership in the Association shall cease on the date it stops performing compulsory traffic insurance activities, or on the date of receipt of the notice by which the supervisory authority of the company's home country informs the regulatory authority of the cessation of its insurance activities in Montenegro or in its home country.

Funds of the Association

Article 50

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 33)

Insurance companies are required to provide the funds necessary for the performance of the tasks of the Association as prescribed by law.

The funds referred to in paragraph 1 of this Article consist of contributions for the operation of the Association, regular contributions to the Guarantee Fund, and other contributions prescribed by the Statute of the Association.

Activities of the Association

Article 51

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 34)

In carrying out the activities referred to in Article 48 of this Law, the Association performs the following tasks:

- 1) represents insurance companies in international professional organizations;
- 2) handles the processing, calculation, payment of damages, and collection of recourse claims for paid damages:
 - based on international agreements on compulsory traffic insurance for damages occurring domestically and abroad (Green Card),
 - for damages caused on the territory of Montenegro by the use of uninsured vehicles, aircraft, and vessels,
 - in cases where the owner of a vehicle used for public passenger transport has not concluded the contract referred to in Article 21 of this Law,
 - for damages caused by unknown vehicles, aircraft, vessels, or other means of transport resulting in death, bodily injury, or health impairment,
 - based on claims of injured parties who could not collect compensation due to the revocation of the operating licence or initiation of bankruptcy or liquidation proceedings against the insurance company with which they were insured;
- 3) determines and prints the forms of the International Motor Insurance Card (Green Card) for its members;
- 4) manages the organizational units referred to in Article 48, paragraphs 2 and 3 of this Law;
- 5) collects, stores, and processes data and prepares reports in accordance with this Law;
- 6) submits to the regulatory authority proposals for:
 - the criteria for determining the amount of regular contributions to the Guarantee Fund,
 - the amounts of deposits and bank guarantees by which insurance companies secure the settlement of obligations for which the Association is liable;
- 7) determines the tariff for calculating and paying the costs of claims processing referred to in point 2 of this paragraph;
- 8) performs other tasks authorized by the insurance companies and the regulatory authority;
- 9) prepares the business plan and financial reports on operations;

- 10) cooperates with competent authorities and organizations of other countries on matters related to the comprehensive and effective protection of the rights of policyholders, injured parties, and Association members;
- 11) adopts a Code of Conduct for compulsory insurance operations;
- 12) publishes its operating rules;
- 13) performs other duties prescribed by this Law.

The criteria and the amounts of deposits and bank guarantees referred to in paragraph 1, item 6 of this Article shall be determined by the regulatory authority.

The Association shall, without delay, notify the regulatory authority if it obtains information indicating that an insurance company has committed a misdemeanour referred to in Article 65 of this Law, and shall submit with the notification the relevant evidence in its possession.

Reporting on the operations of the Association

Article 52

The Association shall be obliged to prepare an annual business plan and an annual financial report.

As part of the annual business plan and annual financial reports, a separate annual plan and annual financial report of the Guarantee Fund shall be prepared.

The financial reports referred to in paragraphs 1 and 2 of this Article shall be subject to audit, for which an appropriate audit report shall be prepared.

In addition to the reports referred to in paragraphs 1 to 3 of this Article, the Association shall, at the request of the regulatory authority, submit other reports and data relevant for the performance of supervision.

The detailed content, manner, and deadlines for submitting the reports and data referred to in this Article shall be determined by the regulatory authority.

Supervision over activities of the Association

Article 53

Supervision of the operations of the Association shall be carried out by the regulatory authority.

The provisions of the law governing insurance activities shall apply accordingly to the supervision of the operations of the Association, unless otherwise provided by this law.

The Association shall ensure that the regulatory authority has access to all data that it is required to maintain in accordance with the law.

If the Association fails to perform its activities in accordance with this law, the Government may, until the activities are brought into compliance with the law, temporarily transfer the functions of the Association to another legal entity or to the regulatory authority.

Guarantee Fund

Article 54

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 35)

The Guarantee Fund is established for the economic protection of passengers in public transport and third-party victims in cases where damage is caused by the use of an uninsured or unidentified means of transport, as well as in cases where the insurance company whose operating license has been revoked or which is subject to liquidation or bankruptcy proceedings is liable for compensation, and for damages arising under the Green Card system.

The resources of the Guarantee Fund are provided from the funds referred to in Article 55 of this Law and from funds obtained through recourse claims in cases established under this Law.

Regular contribution to the Guarantee Fund

Article 55

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 36)

The insurance company is obliged to pay to the Association a regular contribution from the premiums of compulsory traffic insurance, in proportion to the premium earned in a specific type of compulsory insurance in the previous year.

The amount of the regular contribution referred to in paragraph 1 of this Article shall be determined by the Association, in accordance with the criteria set out in Article 51 paragraph 2 of this Law, by 1 December of the current year for the following business year.

The act referred to in paragraph 2 of this Article shall be submitted by the Association to the regulatory authority for approval.

If the resources of the Guarantee Fund from regular contributions are insufficient to cover the obligations referred to in Article 54 of this Law, the missing funds shall be provided through an additional contribution, determined in the same manner and following the same procedure as the regular contribution to the Guarantee Fund.

If an insurance company fails to fulfil its obligation to pay the regular contribution to the Guarantee Fund, the Association shall, without delay, notify the regulatory authority thereof.

Management of assets of the Guarantee Fund

Article 56

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 37)

The assets of the Guarantee Fund shall be held in a separate account of the Association, which shall be responsible for the management and use of those assets.

The assets of the Guarantee Fund shall be invested in a manner that ensures the safety, quality, liquidity, and profitability of the portfolio as a whole.

Purpose of assets of the Guarantee Fund

Article 57

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 19)

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 069/25 of 3.07.2025, Article 11)

The assets of the Guarantee Fund shall be used for the payment of the insured sum or compensation of damages to injured parties, as follows:

- 1) caused by the use of a vehicle, aircraft, vessel, or other means of transport for which no compulsory insurance contract was concluded in accordance with this Law;
- 2) due to death, bodily injury, or impairment of health caused by the use of an unknown vehicle, aircraft, vessel, or other means of transport;
- 3) caused by the use of a vehicle, aircraft, vessel, or other means of transport for which a compulsory insurance contract was concluded with an insurance company whose operating licence has been revoked or against which bankruptcy or liquidation proceedings have been initiated;
- 4) in the cases referred to in Articles 34, 38, and 40 of this Law.

The following expenses shall also be reimbursed from the assets of the Guarantee Fund:

- 1) processing and payment of compensation claims charged to the Guarantee Fund,
- 2) pursuing recourse (recovery) claims,
- 3) salaries and other remunerations for employees of the Guarantee Fund Service,
- 4) salaries and other remunerations for employees of the Association who partially perform tasks for the needs of the Guarantee Fund Service, in proportion to the percentage of their engagement in such tasks,
- 5) reinsurance of claims covered by the Guarantee Fund and the Green Card Bureau,
- 6) use of the Association's business premises, in proportion to the extent used for the purposes of the Guarantee Fund Service,
- 7) administrative costs, in proportion to the share of the Guarantee Fund's income in the total income of the Association,
- 8) consultancy and non-productive services (audit, marketing, training),
- 9) software and hardware used for the processing and payment of compensation claims, as well as for pursuing recourse claims.

If an unknown vehicle causes death or serious bodily injury, the Guarantee Fund shall also compensate for property damage, provided that the damage exceeds EUR 500.

In the event of a dispute between the Association and an insurance company regarding liability for the payment of compensation, the compensation shall be paid by the party that first received the compensation claim. If it is subsequently determined that the other party was liable for the compensation, the party that made the payment shall have the right of recourse for the entire amount paid, including the corresponding interest.

Right of Recourse of the Guarantee Fund

Article 58

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 38)

After making payments under Article 57 paragraph 1 points 1, 2 and 4, and paragraph 2 of this Law, the Guarantee Fund shall have the right of recourse against the person liable for the damage, for the amount of the compensation paid, interest, and other costs related to the processing and payment of the compensation.

The amount of compensation referred to in paragraph 1 of this Article, recoverable from a natural person liable for the damage caused, may not exceed the amount of 24 average net salaries in Montenegro, according to the latest official data of the authority competent for statistics.

After the payment of compensation referred to in Article 57 paragraph 1 point 3 of this Law, the Association shall have the right of recourse against the liable insurance company or, in the event of bankruptcy or liquidation, from the bankruptcy estate of the company subject to bankruptcy proceedings, in accordance with the order of settlement prescribed by a separate law.

Compensation Bureau

Article 59

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 39)

A person residing in Montenegro who has suffered damage on the territory of a Member State of the European Union or a third country that is a signatory to the Multilateral Agreement, caused by a vehicle that is insured or normally based in the territory of an EU Member State, may submit a claim for compensation to the Compensation Bureau (hereinafter: the Bureau).

A claim for compensation may be submitted to the Bureau if:

- 1) the responsible insurance company or its authorised representative in Montenegro has not paid the compensation or provided a reasoned response within the prescribed time limit;
- 2) the responsible insurance company has not appointed an authorised representative in the territory of Montenegro;
- 3) it is not possible to identify the responsible insurer or the vehicle that caused the accident within 60 days from the date of submission of the compensation claim.

The Bureau is not obliged to decide on a compensation claim if the injured party has initiated court proceedings in respect of that claim directly against the liable person or the responsible insurance company.

The compensation referred to in this Article shall be paid by the Bureau from the resources of the Guarantee Fund.

Handling of compensation claims by the Bureau

Article 60

The Bureau shall be obliged to resolve the compensation claim within 60 days from the date of its receipt.

Upon receipt of the claim referred to in paragraph 1 of this Article, and of its intention to act accordingly within the time limit referred to in paragraph 1, the Bureau shall, without delay, notify:

- 1) the liable insurance company or its authorised representative;
- 2) the compensation body in the state where the liable insurance company has its registered office;
- 3) the person responsible for the accident, if their identity and address are known.

The Bureau shall discontinue the compensation procedure if, before the expiry of the time limit for resolving the compensation claim, the compensation is paid to the injured party by the person who caused the damage, the liable insurance company or a third party, or if the liable insurance company or its representative provides the injured party with a reasoned response within the time limit referred to in paragraph 1 of this Article.

The procedure referred to in paragraph 3 of this Article shall not be discontinued if the injured party has been compensated under a life insurance policy or accident insurance policy.

Right of the Bureau to recourse

Article 61

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 40)

In cases of payment of compensation for damage to the injured party referred to in Article 59 paragraph 1 of this Law, the Bureau shall have the right of recourse for the amount of compensation and related costs paid from the compensation body of the Member State of the European Union in which the vehicle that caused the accident is insured.

In cases of damage caused by unknown or uninsured vehicles, the Bureau shall have the right to reimbursement of the amount of compensation and related costs paid from:

- 1) the Guarantee Fund of the Member State of the European Union in which the vehicle that caused the accident is normally based, if the responsible company cannot be identified;
- 2) the Guarantee Fund of the Member State of the European Union in which the accident occurred, if the vehicle cannot be identified;
- 3) the Guarantee Fund of the Member State of the European Union in which the accident occurred, if the damage was caused by a vehicle normally based in a third country.

The Bureau shall, in accordance with international agreements, reimburse the amount of compensation paid to the compensation body of a Member State of the European Union, if the obligation arises from a motor third-party liability insurance contract concluded with an insurance company registered in Montenegro.

Legal entities to which, under the law, the rights of injured parties against the person who caused the accident or its insurance company, and the persons referred to in Article 18 of this Law, have been transferred, shall not be entitled to compensation from the Bureau.

Information Centre

Article 62

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 19)

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 069/25 of 3.07.2025, Article 12)

An Information Centre shall be established within the Association for the purpose of ensuring more efficient exercise of rights arising from claims for damages in cases of losses caused by the use of motor vehicles.

The information centre:

- 1) collects data relevant for the exercise of rights arising from claims for damages and maintains a register of such data;
- 2) provides access to the data referred to in item 1 of this paragraph;
- 3) provides assistance to injured parties in obtaining data from the register referred to in item 1 of this paragraph and from the registers of the information centres of the Member States of the European Union.

The register referred to in paragraph 2 item 1 of this Article shall contain data on:

- 1) registration numbers, categories, makes, types, and chassis numbers of vehicles registered in Montenegro;
- 2) numbers of motor third-party liability insurance policies for the vehicles referred to in item 1 of this paragraph;
- 3) dates of termination of insurance coverage under motor third-party liability insurance contracts and, where the period of validity of the insurance policy has expired, the date on which the insurance coverage ended;
- 4) name and registered office address of the insurance company providing insurance coverage under the contract referred to in item 3 of this paragraph;
- 5) name, surname, date of birth, residence, or name and registered office of the policyholder;
- 6) name and residence or registered office of authorised representatives appointed by insurance company companies from Montenegro in the Member States of the European Union;
- 7) vehicle owners in Montenegro who are exempt from the obligation to obtain motor third-party liability insurance.

The data referred to in paragraph 3 of this Article shall be collected from insurance companies and from the register of vehicles registered in Montenegro and shall be maintained in the manner prescribed by Article 19 paragraphs 3 and 4 of this Law.

At the request of the injured party, the Association shall also obtain the data referred to in paragraph 3 of this Article from the registers of the information centres of the Member States of the European Union.

The insurance company and the authority responsible for the registration of vehicles in Montenegro shall be obliged to regularly submit to the Association the data referred to in paragraph 3 of this Article.

The Information Centre shall cooperate and exchange data with the information centres of the Member States of the European Union for the purpose of providing assistance in obtaining the data referred to in paragraph 2 item 3 of this Article, as well as with regard to vehicles delivered pursuant to Article 26 of this Law.

For the purpose of providing assistance in obtaining the data referred to in paragraph 2 item 3 of this Article, the Information Centre shall cooperate with the information centres of the Member States of the European Union.

Provision of information to the injured party

Article 63

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 19)

The Information Centre shall, within seven years from the date of the traffic accident, without delay, provide the injured party with access to the following data from its register:

- 1) the name and registered office of the responsible insurance company;
- 2) the number of the insurance policy of the company referred to in item 1 of this paragraph;
- 3) the name and surname, or name and residence, or registered office of the authorised representative of the responsible insurance company appointed in Montenegro.

At the request of the injured party, the Information Centre shall obtain data on the name and surname, or name and residence, or registered office of the owner or user of the vehicle, provided that the injured party has demonstrated a legitimate legal interest in obtaining such data.

The data referred to in paragraph 1 of this Article shall also be obtained from the registers of the information centres of the Member States of the European Union.

The data referred to in paragraphs 1 and 2 of this Article shall be collected from the persons referred to in Article 62 paragraph 4 of this Law and from other persons.

At the request of the injured party, the Information Centre shall collect data on the name and surname, or name and residence, or registered office of the person liable for damage caused by the use of a vehicle exempt from the obligation to obtain motor third-party liability insurance.

VIII. SUPERVISION

Article 64

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 41)

Supervision of the operations of an insurance company shall be carried out by the regulatory authority in accordance with this Law and the law governing insurance activities.

Supervision of the implementation of Articles 6, 7, and 8 in connection with Articles 25, 28, 29, and 36 of this Law shall be carried out by the administrative authority responsible for the supervision and control of road traffic safety.

Supervision of the implementation of Articles 6, 7, and 8 in connection with Article 42 of this Law shall be carried out by an independent legal entity vested with public authority in the field of air transport.

Supervision of the implementation of Articles 6, 7, and 8 in connection with Article 45 of this Law shall be carried out by the administrative authority responsible for maritime affairs.

IX. PENAL PROVISIONS

Article 65

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 42)

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 069/25 of 3.07.2025, Article 13)

A fine ranging from EUR 1,000 to EUR 20,000 shall be imposed on a legal entity – an insurance company, if it:

- 1) fails to conclude a compulsory insurance contract in accordance with Article 7 of this Law;
- 2) fails to submit the insurance terms and conditions to the regulatory authority no later than 60 days prior to the date scheduled for their entry into force, for the purpose of verifying compliance with the law and the rules of insurance practice (Article 10 paragraph 2);
- 3) fails to submit premium tariffs and the premium system, together with the technical bases for the calculation of the tariffs, to the regulatory authority no later than 60 days prior to the date scheduled for their entry into force, for the purpose of verifying compliance with the law, actuarial principles, and the rules of insurance practice (Article 10 paragraph 3);
- 4) fails to provide the injured party with a reasoned offer for compensation or a reasoned response within 60 days from the date of receipt of the claim for damages (Article 12 paragraph 3);
- 5) fails to offer and pay to the injured party the undisputed part of the compensation as an advance payment (Article 13 paragraph 1);
- 6) fails to pay the established amount of compensation in full within eight days from the date of decision-making in accordance with Articles 12 and 13 of this Law, or from the date of conclusion of the settlement agreement on compensation (Article 15 paragraph 1);
- 7) fails to establish the rules of procedure for the settlement of claims, in accordance with this Law (Article 17 paragraph 1);
- 8) fails to publish on its website and in another appropriate manner the rules of procedure referred to in Article 17 paragraph 1 of this Law (Article 17 paragraph 3);
- 9) fails to compensate the actual damage to the health, pension, and disability insurance funds within the limits of the obligations assumed under the insurance contract (Article 18 paragraph 1);
- 10) fails to collect, maintain, or process statistical or other data in accordance with Articles 19 and 20 of this Law;
- 11) fails to submit to the regulatory authority the requested data referred to in Article 19 of this Law (Article 19 paragraph 6);

12) fails, at the request of the person who has concluded a motor third-party liability insurance contract, to issue within 15 days from the date of receipt of the request a certificate confirming the existence and number of claims for damages submitted by third parties in relation to that vehicle for a period of five years preceding the conclusion of the contractual relationship, or a certificate confirming that no such claims have been submitted (Article 27 paragraphs 1 and 2);

12a) when determining premiums for the insurance referred to in Article 25 of this Law or when applying discounts, takes into account certificates of claims history but fails to publish on its website the manner in which such certificates are used (Article 27 paragraph 3);

12b) fails to treat certificates of claims history issued by other insurance companies or competent authorities in other Member States of the European Union in the same manner as those issued in Montenegro, or treats policyholders in a discriminatory manner, or charges higher insurance premiums on the grounds of their nationality or solely on the basis of their residence in the previous Member State of the European Union (Article 27 paragraph 4);

13) fails to deliver to the policyholder, together with the policy, a copy of the European Accident Statement, which the policyholder is obliged to keep in the vehicle and present to an authorised person upon request (Article 28 paragraph 1);

14) fails to appoint an authorised representative in accordance with Article 41 of this Law;

15) fails to provide the funds necessary for the performance of the tasks entrusted to the Association by law (Article 50 paragraph 1); and

16) fails to regularly submit to the Association the data referred to in Article 62 paragraph 3 of this Law (Article 62 paragraph 6)

The responsible person within the legal entity shall also be subject to a fine ranging from EUR 500 to EUR 2,000 for the offence referred to in paragraph 1 of this Article.

Article 66

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 43)

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 069/25 of 3.07.2025, Article 14)

A fine ranging from EUR 1,000 to EUR 15,000 shall be imposed on a legal entity – the Association, if it:

- 1) fails to provide the injured party with a reasoned offer for compensation or a reasoned response within 60 days from the date of receipt of the claim for damages (Article 12 paragraph 3);
- 2) fails to offer and pay to the injured party the undisputed part of the compensation as an advance payment (Article 13);
- 3) fails to pay the established amount of compensation in full within eight days from the date of decision-making in accordance with Articles 12 and 13 of this Law, or from the date of conclusion of the settlement agreement on compensation (Article 15 paragraph 1);

- 4) fails to establish the rules of procedure for the settlement of claims, in accordance with this Law (Article 17 paragraph 1);
- 5) fails to publish on its website and in another appropriate manner the rules of procedure referred to in Article 17 paragraph 1 of this Law (Article 17 paragraph 3);
- 6) fails to collect, maintain, or process statistical or other data in accordance with Articles 19 and 20 of this Law;
- 7) fails to submit to the regulatory authority the requested data referred to in Article 19 of this Law (Article 19 paragraph 6);
- 8) fails to notify the administrative authority responsible for internal affairs of the recognition of the validity of the document referred to in Article 35 paragraph 1 of this Law (Article 35 paragraph 6);
- 8a) based on the information available to it and the information provided by the injured party at its request, fails to deliver to the injured party, within 90 days from the date of receipt of the claim for damages, a written reasoned offer referred to in Article 40a paragraph 6 item 1 or a written reasoned response referred to in Article 40a paragraph 6 item 2 of this Law (Article 40a paragraph 6);
- 8b) fails to respond to the objection of the injured party submitted against the reasoned offer or the reasoned response referred to in Article 40a paragraph 6 of this Law, within 30 days from the date of receipt of the objection (Article 40a paragraph 7);
- 8c) based on the information available to it and the information provided by the injured party at its request, fails to deliver to the injured party, within 90 days from the date of receipt of the claim for damages, a written reasoned offer referred to in Article 40b paragraph 5 item 1 or a written reasoned response referred to in Article 40b paragraph 5 item 2 of this Law (Article 40b paragraph 5);
- 8d) fails to respond to the objection of the injured party submitted against the reasoned offer or the reasoned response referred to in Article 40b paragraph 5 of this Law, within 30 days from the date of receipt of the objection (Article 40b paragraph 6);
- 9) fails to maintain the register of authorised representatives of insurance companies from Montenegro (Article 41 paragraph 8);
- 10) fails to promptly notify the regulatory authority of the non-fulfilment of obligations under a compulsory insurance contract by an insurance company (Article 49 paragraph 2);
- 11) fails to perform the tasks referred to in Article 51 of this Law;
- 12) fails to submit, or fails to submit in the prescribed manner, data to the regulatory authority (Article 52 paragraphs 4 and 5);
- 13) fails to provide the regulatory authority with access to all data it is required by law to maintain (Article 53 paragraph 3);
- 14) fails to fulfil the obligations referred to in Article 55 of this Law;
- 15) fails to manage the assets of the Guarantee Fund in the manner prescribed by Article 56 of this Law;
- 16) fails to make payments from the assets of the Guarantee Fund in the manner prescribed by Article 57 of this Law;
- 17) fails to retain the data maintained within the Information Centre in the manner prescribed by Article 62 of this Law; and
- 18) fails to provide the injured party with access to data in accordance with Article 63 of this Law.

The responsible person within the legal entity shall also be subject to a fine ranging from EUR 500 to EUR 2,000 for the offence referred to in paragraph 1 of this Article.

Article 67

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 44)

A fine ranging from EUR 500 to EUR 2,000 shall be imposed on a legal entity – the owner of the means of transport, if it:

- 1) fails to conclude a compulsory motor insurance contract in accordance with Article 7 of this Law, in connection with Articles 25, 42, and 45 of this Law;
- 2) fails, within 15 days from the date of publication of the decision on the initiation of liquidation proceedings or the notice of opening of bankruptcy proceedings against an insurance company, to conclude a compulsory motor insurance contract with another insurance company for the remaining period of validity of the insurance, or until the expiry of the vehicle registration (Article 8 paragraph 1);
- 3) fails to renew the motor third-party liability insurance contract for a motor vehicle not subject to annual registration (Article 29 paragraph 2).

The responsible person within the legal entity shall also be subject to a fine ranging from EUR 100 to EUR 2,000 for the offence referred to in paragraph 1 of this Article.

For the offence referred to in paragraph 1 of this Article, an entrepreneur shall be subject to a fine ranging from EUR 150 to EUR 6,000.

For the offence referred to in paragraph 1 of this Article, a natural person shall be subject to a fine ranging from EUR 50 to EUR 2,000.

Article 68

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 45)

A fine ranging from EUR 50 to EUR 200 shall be imposed on the driver of the means of transport if he:

- 1) fails to act in accordance with Article 6 of this Law;
- 2) fails to keep the European Accident Statement in the vehicle or to present it to an authorised person upon request (Article 28 paragraph 1);
- 3) fails to conclude border insurance when entering the territory of Montenegro with a vehicle bearing foreign registration plates (Article 36 paragraph 1).

X. TRANSITIONAL AND FINAL PROVISIONS

Harmonisation of the terms and premium tariffs of compulsory insurance

Article 69

Article 10 paragraphs 4 to 6 of this Law shall apply upon the expiry of five years from the date of entry into force of this Law.

Until the beginning of the application of Article 10 paragraphs 4 to 6 of this Law, insurance companies, as members of the Association, shall be obliged to prepare a joint proposal of the terms and premium tariffs, as well as the technical bases for the

calculation of premiums, in accordance with actuarial principles, the rules of insurance practice, and general regulations governing insurance activities, and to submit them for approval to the regulatory authority within 180 days from the date of entry into force of this Law.

The request for approval referred to in paragraph 2 of this Article shall be submitted by the Association.

The regulatory authority shall decide on the request referred to in paragraph 3 of this Article within 60 days from the date of submission of the request.

The regulatory authority shall publish in the “Official Gazette of Montenegro” the decision granting approval, together with the terms and premium tariffs referred to in paragraph 4 of this Article.

The companies referred to in paragraph 1 of this Article shall be obliged to harmonise the insurance terms and premium tariffs with this Law within six months from the date of its entry into force.

Article 69a

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 46)

On the date of Montenegro’s accession to the European Union, the provisions of Article 10 paragraphs 3 to 6 and Article 11 of this Law shall cease to apply.

Adjustment of insured sums

Article 70

Article 33 of this Law shall apply upon the expiry of three years from the date of entry into force of this Law.

Insurance companies shall, upon the expiry of one year from the date of entry into force of this Law, apply the following minimum insured amounts:

- 1) for damage arising from death, bodily injury, and impairment of health:
 - for buses and freight vehicles – EUR 400,000,
 - for other motor vehicles and unidentified vehicles – EUR 250,000,
 - for vehicles used for the transport of hazardous materials – EUR 450,000;
- 2) for damage arising from the destruction or damage of property:
 - for buses and freight vehicles – EUR 200,000,
 - for other motor vehicles – EUR 150,000,
 - for vehicles used for the transport of hazardous materials – EUR 250,000.

Insurance companies shall, upon the expiry of two years from the date of entry into force of this Law, apply the following minimum insured amounts:

- 1) for damage arising from death, bodily injury, and impairment of health:
 - for buses and freight vehicles – EUR 550,000,
 - for other motor vehicles and unidentified vehicles – EUR 400,000,
 - for vehicles used for the transport of hazardous materials – EUR 600,000;
- 2) for damage arising from the destruction or damage of property:
 - for buses and freight vehicles – EUR 300,000,

- for other motor vehicles – EUR 220,000,
- for vehicles used for the transport of hazardous materials – EUR 400,000.

For the purpose of harmonisation referred to in paragraphs 1 to 3 of this Article, the Association shall be obliged to submit to the regulatory authority the proposed terms and premium tariffs for motor third-party liability insurance no later than 90 days prior to the expiry of the deadlines referred to in paragraphs 1 to 3 of this Article.

Deferred application of insured sums

Article 70a

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 47)

The insured sums referred to in Article 33 paragraph 2 of this Law shall apply as of the date of Montenegro's accession to the European Union.

Until the beginning of the application of the insured sums referred to in Article 33 paragraph 2 of this Law, the following minimum insured amounts shall apply for damage arising from:

- 1) for death, bodily injury, and impairment of health:
 - buses and freight vehicles – EUR 750,000;
 - other vehicles, including unidentified vehicles – EUR 550,000; and
 - vehicles used for the transport of hazardous materials – EUR 800,000;
- 2) for the destruction or damage of property:
 - buses and freight vehicles – EUR 500,000;
 - other vehicles, including unidentified vehicles – EUR 300,000; and
 - vehicles used for the transport of hazardous materials – EUR 550,000.

The Government may, upon the proposal of the regulatory authority, adopt a decision to increase the insured sums referred to in paragraph 2 of this Article, up to the amounts established in Article 33 paragraph 2 of this Law.

Adjustment of operations of Associations

Article 71

The Association shall be obliged to harmonise its organisation and operations with this Law within 180 days from the date of its entry into force.

Adjustment of operations

Article 71a

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 146/21 of 31.12.2021, Article 48)

Insurance companies and the Association shall be obliged to harmonise their organisation and operations with this Law within 90 days from the date of its entry into force.

Article 71b

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 069/25 of 3.07.2025, Article 15)

The state administration authority responsible for internal affairs and the Association shall establish a system for the automatic exchange of documentation referred to in Article 20 paragraph 3 of this Law no later than 31 December 2026.

Deadline for the adoption of secondary legislation

Article 72

The secondary legislation for the implementation of this Law shall be adopted within 180 days from the date of its entry into force.

The secondary legislation adopted pursuant to the Law on Compulsory Traffic Insurance (“Official Gazette of the Republic of Montenegro”, No. 46/07) shall remain in force until the adoption of the secondary legislation referred to in paragraph 1 of this Article.

Deferred application

Article 73

The provisions of Article 4 paragraph 2, Article 26, Article 36 paragraph 3, Article 37 paragraph 2, Article 41, Article 49 paragraph 3, Article 57 paragraph 3, Articles 59 to 61, Article 62 paragraph 2 item 3, paragraph 3 items 6 and 7, paragraphs 5 and 8, and Article 63 paragraph 2 of this Law shall apply as of the date of Montenegro’s accession to the European Union.

The provision of Article 35 paragraph 3 of this Law shall apply as of the date determined by the act on the signing of the Multilateral Agreement.

Deferred application of certain provisions

Article 73a

(Law on Amendments to the Law on Compulsory Insurance in Traffic, Official Gazette of Montenegro, No. 069/25 of 3.07.2025, Article 16)

The provisions of Article 26 paragraph 1, Article 37 paragraphs 2, 3, and 4, Articles 40a and 40b, and Article 62 paragraph 7 of this Law shall apply as of the date of Montenegro’s accession to the European Union.

Termination of validity

Article 74

On the date of entry into force of this Law, the Law on Compulsory Traffic Insurance (“Official Gazette of the Republic of Montenegro”, No. 46/07) shall cease to apply.

Entry into force

Article 75

This Law shall enter into force on the eighth day following its publication in the “Official Gazette of Montenegro.”