

INFORMATIVE UNAUTHORISED TRANSLATION

**Act No. 168/1999 Coll., on liability insurance
for damage caused by operation of vehicle and on amendments to certain related
acts
(the Motor Third-Party Liability Insurance Act)**

as amended by

**Act No. 307/1999 Coll., Act No. 56/2001 Coll., Act No. 320/2002, Act No. 47/2004 Coll. and Act
No. 377/2005 Coll.**

The Parliament has adopted this act of the Czech Republic:

PART ONE

MOTOR THIRD-PARTY LIABILITY INSURANCE

Section One

Introductory provisions

§ 1

(1) This act in accordance with the law of the European Community¹⁾ shall regulate liability insurance for damage caused by operation of vehicle (hereinafter referred to as "liability insurance"), shall establish the Czech Insurers Bureau (hereinafter referred to as "Bureau") and shall determine its legal status, organization, and scope of its activities.

(2) Unless otherwise stipulated by this act, only that party shall be permitted to operate a vehicle on a highway^{1a)} a road²⁾, a local communication³⁾ and a utility communication with the exception of a utility communication that is not publicly accessible⁴⁾ (hereinafter referred to as "land communication"), whose liability for damage caused by operation of such vehicle is insured in accordance with this act.

(3) Unless otherwise stipulated by this Act, liability insurance shall be governed by a special legal provision^{4a)}.

§ 2

Definition of terms

For the purposes of this act

- a) a vehicle
means a road vehicle, a special vehicle and a trolleybus; a road vehicle means a vehicle of kind of a moped, a motorcycle, a three-wheel or a four-wheel vehicle, a personal automobile, a bus, a truck, a special automobile, a towing vehicle, a trailer; a special vehicle means a tractor and its trailers (including a single-axe tractor with a

trailer), a self-propelled working machine, an attachable working machine, and a R-category vehicle; an R-category special vehicle means a vehicle of other category than any of the above, in particular, a snow scooter, a snow truck, an ice-smoother, a four-wheel vehicle for transport of materials or technologies; a wheelchair for handicapped⁵⁾ is not considered a vehicle;

- b) a domestic vehicle
means a vehicle that is subject to registration of road vehicles pursuant to a special legal provision⁹⁾ (hereinafter referred to as “the vehicle register”), or a vehicle that is not subject to registration of vehicles and is owned by a natural person resident in the territory of the Czech Republic or a legal person with its seat in the territory of the Czech Republic;
- c) a foreign vehicle
means a vehicle equipped with a foreign state registration number plate, or a vehicle not equipped with a foreign state registration number plate and owned by a natural person or a legal person permanently residing or having seat outside the territory of the Czech Republic;
- d) an insurer
means an insurance undertaking authorized to carry one liability insurance in the territory of the Czech Republic pursuant to a special legal provision¹⁰⁾;
- e) a policyholder
means the one who has concluded a liability insurance contract with an insurer;
- f) an insured
means the one to whose liability for damage the liability insurance applies;
- g) an injured party
means the one who sustained damage by operation of a vehicle and is entitled to compensation under this act;
- h) a loss event
means causing damage by the operation of a vehicle;
- i) an insurers' bureau
means a professional organization associating insurance undertakings authorized to carry on liability insurance in a certain state;
- j) a registration authority
means an administrative body that maintains the vehicle registration⁹⁾;
- k) a green card
means an international motor insurance card;
- l) a Member State
means a member state of the European Union or another state forming part of the European Economic Area;

- m) a territory in which the vehicle is normally based means
1. the territory of the state whose state registration number plate or another state registration number plate the vehicle bears, or
 2. the territory of the state in which the insurance plate or a distinguishing sign was issued, in cases where no registration is required for the vehicle and where the vehicle bears an insurance plate or a distinguishing sign analogous to the state registration number plate, or
 3. the territory of the state in which the owner of the vehicle is resident in cases where neither registration plate nor insurance plate nor distinguishing sign analogous to the state number plate is required for such a vehicle.

Section Two

Liability insurance

§ 3

Insurance contract

(1) Liability insurance incepts on the basis of an insurance contract. The insurer shall be obliged to conclude the insurance contract if a proposal to conclude it does not contradict this act or the general insurance conditions of the insurer. The insurance contract may differ from this act insofar as it does not reduce or restrict an injured party's liability insurance entitlements. Immediately after the conclusion of an insurance contract concerning a domestic vehicle, the insurer shall be obliged to issue to the policyholder a certificate of liability insurance (hereinafter referred to as "insurance certificate") and upon the request of the policyholder a green card. The requirements of the insurance certificate will be stipulated in the decree issued by the Ministry of Finance (hereinafter referred to as the "ministry").

(2) The insurance contract contains at least particulars about the parties to the contract and about the vehicle, the duration of insurance policy, the period insured, the limit of the insurance compensation, the amount of premium, the manner of premium remittance and its due dates. If certain particulars about the vehicle are unavailable at the time of the conclusion of the contract, the policyholder shall be obliged to submit them to the insurer by deadline specified by the insurer but no later than fifteen days after the conclusion of the insurance contract. In this case the insurer shall issue the green card after this information has been received from the policyholder.

(3) For the purposes of this act the limit of the insurance compensation means the upper limit of compensation by the insurer on a single loss event. Broken down in accordance with alinea (4), the limits of compensation shall be stated in the insurance contract separately.

(4) The limit of insurance compensation shall be at least:

- a) for damage as per § 6 (2) (a), CZK 35 000 000 for each injured or dead,
- b) for damage as per § 6 (2) (b) and (c), CZK 18 000 000 irrespective of the number of injured parties; if the sum total of the claims by more injured parties exceeds the limit of insurance compensation included in the insurance contract, the insurance compensation to each of them shall be reduced in proportion of this limit to the sum total of the claims by all the injured parties.

(5) The insurer shall be obliged to set the premium so as to guarantee the permanent ability to meet the contractual obligations arising from the liability insurance, in particular to create adequate assets the source of which are the technical provisions pursuant to a special legal provision regulating insurance¹¹⁾, and payment of contributions to the Bureau, in accordance with § 18 (5).

(6) When determining the amount of the premium in an insurance contract, the insurer shall be obliged to take into consideration the loss history of the policyholder's liability insurance namely by a premium discount in case of a claims free history of the insurance or premium surcharge in case of a payment of indemnity from the liability insurance.

(7) The insurer shall be obliged to present the ministry, at its request in writing, with the mode of setting the premium, including the statistical data, on which the mode of setting the premium is based, and the responsible actuary's statement^{11a)} on the correctness of setting the premium.

§ 4

The obligation to conclude a liability insurance contract

Unless otherwise stipulated by this act the owner or co-owner (hereinafter referred to as "the owner") of a domestic vehicle or the driver of a foreign vehicle shall be obliged to conclude a liability insurance contract (hereinafter referred to as "insurance contract"). The right of another person, other than the owner of a domestic vehicle or the driver of a foreign vehicle, to conclude a liability contract is thereby not precluded.

§ 5

Liability insurance exceptions

(1) To conclude a liability insurance contract under this act shall not be an obligation incumbent upon

- a) the driver of a foreign vehicle who is the holder of a valid green card issued by an insurance undertaking in a foreign state, or of a vehicle whose liability insurance in the territory of the Czech Republic is guaranteed by an insurers' bureau of a foreign state,

- b) the constituent part of the Integrated Rescue System, for all vehicles that are not used for entrepreneurial purposes and that are listed in a continuously updated appendix of the emergency plan of the regional Integrated Rescue System,¹²⁾
- c) Czech Security Information Service for its vehicles, Ministry of Defense for vehicles operated by Military Intelligence and Ministry of the Interior for vehicles operated by The Office for Foreign Relations and Information and for vehicles operated by the departments of criminal police and investigation services of the Police of the Czech republic and municipality for vehicles operated by units of municipal voluntary fire brigades.

(2) The ministry shall issue the green card for the vehicles as per alineas (1) (b) and (c) (hereinafter referred to as "vehicle with liability insurance exception"). If a reason, for which the green card for the vehicle with liability insurance exception has been issued, expires, who operates this vehicle shall be obliged to surrender to the ministry the green card.

The scope of liability insurance

§ 6

(1) Liability insurance shall apply to each person, who is liable for damage caused by the operation of a vehicle specified in an insurance contract.

(2) Unless otherwise stipulated by this act, the insured has the right that the insurer settles on his behalf to the extent and in the amount pursuant to a special legal provision¹⁵⁾ for all entitlements made and proved by the injured party

- a) for personal injuries or death,
- b) for damage caused by impairment, destruction or loss of property, as well as for damage incurred by a loss of property if a natural person lost the capability to take care of it (hereinafter referred to as "damage to property"), or
- c) for damage that has the nature of loss of profit,
- d) for reasonably spent costs related to legal representation when making claims under (a) to (c), in connection with damage pursuant to letter b) or c), but only in the case of the futile expiration of the period stipulated in § 9 (3) or of the unauthorised rejection or unauthorised reduction of the insurance compensation by the insurer.

provided the loss event in which the damage originated and for which the insured is liable occurred while the liability insurance was in force. Payment of claim shall be made in money, however, to the maximum of the limit of insurance compensation, determined in the insurance contract.

(3) Unless otherwise stipulated by this act, liability insurance shall apply to a loss event that occurred in the territory of the Czech Republic or a foreign state listed; the list of foreign states shall be stipulated in a ministry decree.

(4) An insurance contract relating to liability insurance must be concluded so that this insurance, upon an indivisible premium, is valid in the territory of all Member States and other states mentioned in a list specified in a decree to be issued by the ministry. The insurer shall be obliged to specify this scope of validity of the insurance in the green card.

(5) The liability insurance shall be valid also in the territory of other states than those mentioned in alinea (4) if the insurer specified such validity of insurance in the green card.

(6) In case of a damage caused by the operation of a domestic vehicle in the territory of another Member State, the scope of the liability insurance shall be subject to the legal provisions of the given Member State, unless this scope is wider under this act or under the insurance contract.

(7) In case of a damage caused by the operation of a vehicle to a citizen of a Member State during his direct journey between two territories of Member States, if there is no national insurers' bureau responsible for the territory being crossed by such a person, and where the event causing the damage happened, the legal provisions of the Member State, in whose territory the vehicle is normally based, shall apply.

§ 7

(1) The insurer shall not compensate for

- a) damage sustained by the driver of the vehicle by operation of which the damage was caused,
- b) damage as per § 6 (2) (b) and (c) for which the insured is liable to his/her spouse or to the persons who lived with the insured in a household at the time of the loss event's inception except for damage as per § 6 (2) (c), if the damage is related to damage as per § 6 (2) (a),
- c) damage to the vehicle by operation of which the damage was caused as well as to the property transported by this vehicle, with the exception of the damage to property which the person transported by this vehicle had on or in his custody, in the extent to which the insured is liable for damage,
- d) damage as per § 6 (2) (b) and (c) that occurred between the set of vehicles consisting of a motor vehicle and a trailer, as well as the damage to things transported by these vehicles, except for the damage caused by the operation of another vehicle,
- e) damage caused by manipulation with the load of a non-moving vehicle,
- f) costs incurred by the provision of health care, health insurance benefits or pensions from social insurance as a consequence of personal injury or death sustained by the driver of the vehicle by operation of which this damage had caused,
- g) damage caused by the operation of vehicle during its participation in an organized motor race or competition, with the exception of the damage caused in the course of such participation if the driver during this race or competition shall be obliged to observe land communication traffic rules,

- h) damage caused by operation of a vehicle during an act of terrorism or war event, if such an operation is in direct connection with this act or event.

(2) If the damage was caused to the owner of the vehicle by the operation of his vehicle which at the time of the inception of the damage was driven by another person, or to a person who lawfully handles the vehicle by operation of which a damage was caused to this person as his own or with vehicle he lawfully exercises the right for himself and if at the time of inception of the damage the vehicle was driven by another person, the insurer shall be obliged to compensate this owner or this person only for the damage as per § 6 (2) (a).

(3) In case of a collision of vehicles owned by the same person, the person shall be indemnified only if the collision involved different operators of vehicles participating at the loss event and if the owner is not the operator of the damaged vehicle.

§ 8

The obligations of insured

(1) The insured shall be obliged, without unreasonable delay, to notify the insurer in writing that a loss event took place and state the factual situation as regards this event, to produce necessary documents, and in the course of investigation related to the loss event to proceed in compliance with the instructions of insurer.

(2) The insured shall be obliged, without unreasonable delay, to notify the insurer in writing that

- a) the right for compensation has been filed against him and to comment on the compensation requested and the amount thereof,
- b) administrative or penal proceedings have been filed against him in connection with the loss event and inform the insurer about the progress and result thereof, without undue delay,
- c) the injured party has exercised his right to get compensated by filing the claim with a court or another relevant authority, if the insured learns of this fact.

(3) The insured shall be obliged, without unreasonable delay, to provide the injured party upon his request with particulars necessary to make the injured party's claim for compensation, namely his name and surname and place of the residence; name, surname and place of residence or commercial name, seat or place of business of the vehicle's owner; commercial name, seat or business place of the insurer with whom the liability insurance was contracted, the number of the insurance contract, and if this concerns a vehicle that is subject to vehicle registration (hereinafter referred to as "registered vehicle") to provide the state registration number plate of the vehicle which caused the damage.

§ 9

Insurance payment

(1) The injured party has the right to make his claim for compensation as per § 6 with the respective insurer or with the Bureau if it is a claim for a compensation from the guarantee fund as per § 24.

(2) The compensation by insurer is payable within 15 days, as soon as the insurer has completed investigations necessary to ascertain the extent of his obligation to pay, or as soon as the insurer received a cognizable court judgment regarding his obligation to pay insurance compensation.

(3) The insurer shall be obliged to perform the investigation of a loss event without undue delay. Within the period of 3 months following the day of laying claim for compensation from liability insurance by the eligible party, the insurer shall be obliged to

- a) complete investigation of the insured event and inform the injured party of the amount of insurance compensation, provided that the insurer's obligation to pay a compensation from liability insurance and the claim for compensation of the eligible party have been proved, or
- b) notify the injured party in writing on those claims for compensation which were rejected by the insurer or where the compensation of the insurer was reduced.

(4) If the insurer failed to meet the obligation as per alinea (3), the amount in delay of the insurance compensation payable by the insurer shall be increased to include interest for delay. The rate of interest for delay shall be based on the amount of the discount rate of the Czech National Bank in effect on the first day of delay, increased by 4 % p.a. Interest for delay shall always be updated at the beginning of each month of delay as one twelfth of the annual interest rate for delay, whereby the annual interest rate for delay shall be updated every month according to the discount rate of the Czech National Bank in effect on the first day of the given month of delay. The interest for delay derived from the discount rate shall apply unless a higher amount is specified in the insurance contract."

(5) Unless the criminal proceedings conducted pursuant to a special legal provision¹⁶⁾ or processing of a misdemeanor is jeopardized, the authority performing the criminal proceedings or authority processing the misdemeanor shall inform the insurer or the Bureau about the traffic accident, to the extent set in a special legal provision^{16a)}, and allow him to examine the file and make excerpts thereof in respect of the loss event.

§ 9a

Claims representative

(1) The insurer shall be obliged to appoint a claims representative in each Member State, except for Member State where he has obtained an authorization to carry on liability insurance. The claims representative, if it is a natural person, must be resident or have a place of business or, if a legal person, a seat in the state where he was appointed.

(2) The claims representative shall deal with the loss events on behalf and on the account of the insurer, including final settlement of claims for compensation raised by the injured party. For these purposes he shall collect information necessary for examination of such claims and make arrangements their settlement, if the damage was caused by the operation of a vehicle:

- a) for which a liability insurance was taken out with by the insurer or branch of the insurer in another Member State than the state, where the injured party is resident or has the seat,
- b) which is normally based in another Member State than the state where the injured party is resident or has the seat, and
- c) if the damage occurred in another Member State than the state where the injured party is resident or has the seat.

(3) The claims representative may work for several insurers. He must be authorized to represent the insurer towards the injured party, be provided with appropriate competences to the extent so as to fully satisfy justified claims of the injured party and be able to deal the issue in the official language of the Member State where the injured party is resident or has the seat. Appointment of a claims representative does not preclude the right of the injured party or his insurer to claim compensation for the suffered damage directly from the party that caused the damage or from the relevant insurer.

(4) Appointment of the claims representative does not constitute establishment of the insurer's branch office.

(5) The insurer shall be obliged to inform the Bureau of the name and surname, date of birth and address or place of business of the claims representative in case of a natural person, or the business name or designation and the seat, in case of a legal person, as well as the claims representative's country of competence and all changes thereof, within 7 days of his appointment or changes thereof. The Bureau shall forward such information to the relevant national information centers of the Member States, without undue delay.

§ 10

The right of the insurer to get a refund for the sum already paid

(1) The insurer has the right against the insured to get a refund for the sum he had already paid out on behalf of the insured if the insurer proves the insured

- a) caused the damage deliberately,
- b) violated basic obligations related to land communications traffic and this violation was in a causality link with the inception of the damage the insured is liable for,
- c) caused the damage by the operation of vehicle the insured used illegitimately, or

- d) without a worthwhile reason failed to meet its obligation pursuant to a special legal provision¹⁷⁾ to report a traffic accident which happens to be a loss event, and as the consequence of which the insurer's opportunity to conduct proper investigation as per § 9 (3) was made more difficult,
- (e) failed to meet his obligation as per § 8 (1) and (2), without a justifiable reason, thus affecting the insurer's ability to investigate properly the loss event as per § 9 (3); or
- (f) refused to obey, without a justifiable reason, as a driver, the request of the Police of the Czech Republic to undergo a test detecting alcohol, narcotic or psychotropic drugs or medicament marked with prohibition to drive a motor vehicle.

(2) For the purposes of this act, violations of basic obligations while operating a vehicle on land communications means

- a) operation of a vehicle, design and technical condition of which do not meet requirements of safety of traffic on land communications, of safety of persons handling the vehicle, transported persons and property,
- b) operation of a vehicle the technical capability of which for being operated has not been approved,
- c) driving a vehicle by a person who is not the holder of necessary driver's license, with the exception of operating a vehicle by a person learning to drive the vehicle or is in the process of passing a vehicle driving examination and that always only in the presence of an authorized instructor or of an individual schooling trainer-driver,
- d) driving a vehicle by a person who is prohibited from driving a vehicle while this prohibition is in force,
- e) driving a vehicle by a person who while driving the vehicle was under the influence of alcohol, narcotics or psychotropic substances or a medicament marked with prohibition to drive a motor vehicle,
- f) entrusting the driving of the vehicle to a person specified in (c), (d) or (e).

(3) The insurer enjoys against the policyholder the right to get a refund for the sum he had already paid out for damage caused by the operation of vehicle if the damage was caused by a fact, which the insurer could have not ascertained due to deliberately untrue or incomplete answers at the time of effecting an insurance, and which was essential for the conclusion of the insurance contract.

(4) The sum of refunds requested as per alineas (1) and (3) shall not exceed the amount of compensation paid out by the insurer as the consequence of the loss event, which this right of the insurer is connected with.

§ 11

Damage caused by the operation of vehicle exempted from liability insurance

(1) Damage caused by the operation of a vehicle exempted from liability insurance shall be compensated by the ministry.

(2) The manner and extent of claim compensation as per alinea (1) is governed by a special legal provision¹²⁾. Person operating vehicle with liability insurance exception shall be obliged to notify the ministry the particulars as per § 8 (1) and (2). In this case the injured party has the right to be compensated by the ministry. Activities related to compensation paid by the ministry may be exercised on the basis of an agreement behalf of the ministry by an insurer, authorized by the ministry.

(3) If damage is caused by the operation of vehicle with liability insurance exception in the territory of a state, which is included in the list as per § 6 (3), the claim compensation shall be paid by the Bureau or by the insurer which issued the green card (§ 5 (2)). The ministry shall reimburse that party which paid for the damage as per the first sentence the amount of the paid insurance compensation including costs related to the settlement of the insurance event.

(4) If the ministry has paid compensation for damage caused by the operation of vehicle for which person operating vehicle with liability insurance exception is liable, the ministry shall be entitled to get reimbursed for what it paid on behalf of this person from the natural person who had caused the damage under the conditions as per § 10 (1). If the damage was caused while executing work orders, the ministry may claim reimbursement for that amount of the paid compensation which could be claimed by an employer against an employee pursuant to a special legal provision¹⁸⁾. This shall not apply if damage was caused deliberately, through unauthorized use of vehicle, after taking an alcoholic beverage or under the influence of narcotics.

Expiry of liability insurance

§ 12

(1) Under this act, liability insurance expires

- a) on the day when the policyholder, his heir, legal successor, or vehicle owner, if he is a person different from the policyholder, notified the insurer of a change in the ownership of a domestic vehicle,
- b) on the day a vehicle ceased physically to exist as a vehicle,
- c) on the day of exclusion of a domestic vehicle from the vehicle register,
- d) when a vehicle is stolen; if it is impossible to determine the exact date of the theft, a vehicle is considered as stolen as soon as the Police of the Czech Republic was notified of the theft of the vehicle,
- e) on the day following the expiry of a time limit set forth by the insurer in a reminder for payment of the premium or a part thereof delivered to the policyholder; this time limit may not be shorter than 1 month and the insurer's reminder must contain a

warning concerning extinction of the liability insurance in case of non-payment of the overdue premium; the time limit set forth by the insurer in the reminder or payment of the premium or a part thereof may be extended by mutual agreement prior to expiry of the time limit,

- f) upon cancellation pursuant to a special legal provision¹⁹⁾,
- g) by mutual agreement,
- h) upon the expiry of the period contracted for liability insurance.

(2) The policyholder shall be obliged to notify the insurer of the facts specified by alinea (1) (a) to (d) without unreasonable delay.

§ 13

(1) After the expiry of a liability insurance

- a) the policyholder shall be obliged without unreasonable delay to return to the insurer the insurance certificate and the green card if it has been issued,
- b) the insurer shall be obliged to confirm in writing the return of the insurance certificate and green card to the policyholder and to issue within 15 days after the delivery, to the policyholder, upon his request, a confirmation as to the length of liability insurance and the loss record of the ceased insurance.

Requirements of this confirmation shall be stipulated by a ministry decree.

(2) If liability insurance expires before the expiration of the period for which premiums have been paid, the insurer shall be entitled to the premium until the end of that calendar month in which the liability insurance expired. The insurer shall be obliged to refund the remaining portion of the premium. If a loss event occurred before the expiry of the liability insurance, the right of the insurer to the premium is given as per the first sentence; the insurer shall be obliged to refund the remaining portion of the premium only if no obligation arises for him to compensate from this loss event .

(3) In case the policyholder failed to observe the obligation as per alinea (1) (a), the insurer shall not be obliged to refund the premium to the policyholder as per alinea (2), nor to issue the confirmation as per alinea (1) (b), until this obligation will have been fulfilled.

§ 14

Frontier insurance

(1) The driver of a foreign vehicle, with the exception of the driver who is in possession of a valid green card issued by an insurance company in a foreign state and with the exception of the driver whose liability insurance in the territory of the Czech Republic is guaranteed by an insurers' bureau of a foreign state, shall be obliged to

conclude with the Bureau a liability insurance contract for damage caused by the operation of a foreign vehicle in the territory of the Czech Republic (hereinafter referred to as "the frontier insurance"). The frontier insurance shall be concluded when the foreign vehicle is entering the territory of the Czech Republic by payment of the premium for the period of its stay in this territory or for the period of an extension of this stay, however, not for less than a period of 15 days. Without frontier insurance the Police of the Czech Republic shall not allow the drive of such vehicle into the territory of the Czech Republic.

(2) The frontier insurance applies only to those loss events that occurred in the territory of the Czech Republic and in the territory of another Member State. A person authorized by the Bureau upon a contract may exercise the activities related to the conclusion of frontier insurance on behalf of the Bureau.

(3) The Bureau shall issue to the driver of a vehicle a frontier insurance certificate immediately upon he paid the premium. A ministry decree shall stipulate the requirements of this certificate.

(4) If a foreign vehicle, whose operation in the territory of the Czech Republic is conditioned by the frontier insurance, is operated in this territory without having concluded this insurance, the driver of this vehicle shall be obliged to pay to the Bureau a premium corresponding to the treble premium which should have been paid for the period of this vehicle's stay in the territory of the Czech Republic but not less than CZK 10,000. The same applies if a foreign vehicle is operated in the territory of the Czech Republic without the frontier insurance after expiry of the green card's validity.

(5) If the driver of a foreign vehicle, whose operation in the territory of the Czech Republic is conditioned by the frontier insurance, fails when departing the territory of the Czech Republic to produce the frontier insurance certificate concluded for the entire duration of this vehicle's stay in the territory of the Czech Republic or for the duration of this stay after the validity of the green card has expired, the Police of the Czech Republic shall not permit a foreign vehicle's further drive until the obligations as per alinea (4) will have been fulfilled.

(6) The frontier insurance premium paid is not refundable.

§ 15

Liability insurance records

(1) The insurer shall report to the Bureau information on inception, change and extinction of liability insurance, at least to the extent of information specified in the insurance certificate, not later than 1 month following the day of the relevant event.

(2) The Bureau forwards the information as per alinea (1) relating to vehicles that are subject to the vehicle register, to the Ministry of Transport that administers the Central Vehicle Register.

(3) The Ministry of Transport shall compare the information as per alinea (2) with the data in its records and shall advise the Bureau of the results of the comparison and shall pass the data on vehicles and their owners or operators not reported by the Bureau, to the extent of information administered by the Ministry of Transport. The Bureau shall have the right to request also individual data administered in the Central Vehicle Register, to the extent of reasons forming its competence under this act.

(4) The Bureau may disclose the data administered by the Bureau concerning vehicles and their owners or operators to insurers.

(5) If liability insurance expired and a new insurance contract relating to the same domestic vehicle was not concluded within 14 days, the owner of the vehicle shall be obliged to return within the same period the state registration number plate and registration certificate of the vehicle to the relevant registration authority. If unable to meet this obligation for objective reasons, the owner of the vehicle shall be obliged to report this circumstance to the relevant registration authority without undue delay. These obligations shall be considered as observed also if performed by the operator of the vehicle listed in the vehicle register.

(6) In the event of non-compliance with the obligation as per alinea (5), the Bureau shall notify, through the Central Vehicle Register without undue delay, the relevant registration authority in accordance with the permanent address or seat of the domestic vehicle's owner; this authority shall initiate administrative proceedings, upon receiving such notice, to decide on imposing a penalty, (§ 16 (1)), or on deletion of the vehicle from the road vehicle register²³), depending on the circumstances.

(7) Data as per alineas (2), (3), and (6) shall be reported at least once a month.

(8) Data shall be transmitted in a manner allowing remote access.

(9) Insurers notify the Bureau of the particulars of loss and insurance events, including personal data, for processing for the purposes of § 3(6), § 18(2) letters f) and g) of this Act and of the Insurance Act²⁴). The provisions contained in paragraphs 1, 4, 7 and 8 shall apply similarly.

(10) In relation to the legislation regulating the protection of personal data, the fulfilment of obligations pursuant to this act has the nature of the fulfilment of obligations prescribed to insurers, the Bureau and administrative bodies under special legislation²⁵), with personal data acquired for the purpose of fulfilment of one obligation shall be also considered to be acquired for the purpose of any other obligations under this act.

²⁴) Section 39(13) of Act No. 363/1999 Coll.

²⁵) Section 5(2) letter a) of Act No. 101/2000 Coll., on the protection of personal data and on amendments to certain acts, as amended."

§ 15a

The information center of the Bureau

(1) In order to provide the information necessary for exercising the claims or compensation of injured parties, the Bureau runs an information centre, through which it collects and stores the information on

- a) the state registration plate numbers of domestic vehicles,
- b) the insurer, numbers of the insurance contracts relating to liability insurance for operation of domestic vehicles, and the dates of inception and termination of the insurance,
- c) the numbers of green cards, numbers of insurance contracts relating to frontier insurance and
- d) the insurers, their branches established in other Member States, and claims representatives appointed by them.

(2) The Bureau shall establish the information as per alinea 1 (a) concerning domestic vehicles through the Central Vehicle Register (§ 15 (3)). Information as per alinea (1) (a) and (1) (c) concerning vehicles with liability insurance exception shall be collected by the ministry, as per § 5 (1) (b) and (c). At the request of the Bureau, the ministry shall be obliged to disclose, whether the vehicle in question is a vehicle to the owner or operator of which this exception applies.

(3) Information as per alineas (1) and (2) must be kept for at least 7 years following the date of permanent deletion of a vehicle from the road vehicle register or following the date of expiry of the insurance contract, so that the injured party would be able to obtain information from the Bureau within 7 years after the date of loss event

- a) on the business name and seat of the insurer that concluded the insurance contract of liability insurance of the vehicle, the operation of which caused the damage to the injured party,
- b) on the number of insurance contract of liability insurance concluded by the insurer under letter (a),
- c) on the insurer's claims representative in case of an injured party resident in another Member State,
- d) on the owner of the vehicle, or its operator, if different from the owner,
- e) on the place for the injured party to contact, if the damage was caused by operation of a vehicle with liability insurance exception.

(4) Information concerning vehicles normally based in another Member State, other than the Czech Republic, shall be searched by the Bureau through the information centres of these Member States.

Misdemeanors and other administrative offences

§ 16

(1) A natural person commits a misdemeanor, if

- a) operates a vehicle without a liability insurance, although this liability must be insured as per § 1 (2),
- b) fails to return to the registration authority the state registration number plate and registration certificate upon expiry of liability insurance, as per § 15 (5), or
- c) fails to produce to policeman of the Police of the Czech Republic, upon request, documents of liability insurance, as per § 17 (1).

(2) A legal person commits an other administrative offence, if

- a) operates a vehicle without a liability insurance, although this liability must be insured as per § 1 (2), or
- b) fails to surrender the state registration number plate and registration certificate to the registration authority upon expiry of liability insurance, as per § 15 (5).

(3) For misdemeanour as per alinea (1) (a) the penalty up to CZK 20 000 and ban on the activity consisting in the prohibition of the driving of motor vehicles up to one year may be imposed, for misdemeanour as per alinea (1) (b) the penalty up to CZK 10 000 may be imposed and for misdemeanour as per alinea (1) (c) the penalty up to CZK 500 may be imposed.

(4) A penalty of up to CZK 20 000 may be imposed for other administrative offence as per alinea (2) (a) and up to CZK 10,000.00 may be imposed for other administrative offence as per alinea (2) (b).

§ 16a

(1) General conditions of liability for misdemeanor shall be assessed and the proceedings of misdemeanors shall be executed pursuant to a special legal provision²⁰), unless stipulated otherwise hereafter.

(2) Penalties to legal persons shall be imposed by the administrative authority competent to deal with misdemeanors mentioned in § 16 (1) above. This administrative authority shall also collect penalties and enforce their payment pursuant to a special legal provision^{20a}). Penalties constitute revenues to the budget of the administrative authority; penalties collected by traffic authorities in situ constitute revenue to the state budget.

(3) Liability for misdemeanors and other administrative offences expires under a statute of limitations of 2 years following the date of their commitment.

(4) The venue of administrative proceedings to deal with misdemeanors and other administrative offences shall depend on the seat of the legal person or permanent residence of the natural person.

(5) During proceedings conducted under this act, the administrative authority is authorized to request information from the relevant vehicle register body, from the insurer, or from the Bureau.

§ 17

Checking of the liability insurance

(1) When operating a vehicle on land communication, the driver shall be obliged to carry the insurance certificate of insurance or the green card or the frontier insurance certificate and to produce it upon a request to the Police of the Czech Republic officer. This does not apply to a driver of a vehicle with liability insurance exception and a driver of a vehicle whose liability insurance is guaranteed by the insurers' bureau of a foreign state.

(2) The Police of the Czech Republic shall perform checks of liability insurance of foreign vehicles when entering into the Czech Republic. Unless stipulated otherwise hereafter, the Police of the Czech Republic shall not perform these checks, when entering into the Czech Republic, on foreign vehicles normally based in the territory of another Member State.

(3) The Police of the Czech Republic shall have the right to check every vehicle normally based in another Member State and listed in the list of vehicles that the Member State has submitted, in accordance with the legislation of the European Community^{20b}), to the ministry and to the Commission of European Community.

(4) The Police of the Czech Republic shall perform random check of liability insurance, which may not be discriminating, this check shall form a part of frontier police control, and is not aimed solely to the check of liability insurance of a vehicle normally based in the territory of a foreign state that is not a Member State and which enters into the Czech Republic from another Member State.

(5) The ministry shall forward the list of vehicles as per alinea (3), including all changes thereto without undue delay upon its obtaining, to the Bureau and to the Police of the Czech Republic. The ministry shall present other Member States and the Commission of European Community with a list of persons with liability insurance exception^{20b}) (§ 5 (2)).

Section Three

The Bureau

§ 18

(1) The Bureau is being established as a legal person²¹⁾ and its name reads: "The Czech Insurers Bureau". The Bureau is profession organization of insurers and conducts business in the extent specified in this act. The seat of the Bureau is Prague. For the purposes of this act, the Bureau shall be considered a domestic insurance undertaking and its activity shall be subject to a special legal provision regulating insurance¹⁰⁾, as applicable. The Bureau shall be incorporated in the Trade Register.

(2) The Bureau

- a) administers the guarantee fund,
- b) carries on frontier insurance and runs the information centre,
- c) ensures execution of tasks related to its membership in the Council of Bureaux,
- d) enters into agreements with the insurers' bureaux of foreign states, information centres, and bodies authorized in other Member States to process claims for substitute compensation in other Member States, and executes tasks arising from such agreements,
- e) cooperates with state bodies in matters related to liability insurance,
- f) keeps records and statistics for the purposes of liability insurance,
- g) participates in preventive measures in connection with traffic on land communications and in preventive measures regarding elimination of insurance fraud relating to operation of vehicles,
- h) processes, for the needs of its/their members or for the bureaux of insurers from foreign states and their member insurance companies, data on traffic accidents from the Police Department of the Czech Republic in a manner allowing distant access to the data. The Bureau makes this data available to another legal entity solely under the condition that the Police Department of the Czech Republic is obliged, pursuant to the act²⁶⁾, to make this data available to such an entity, and simultaneously conditional on the payment of the reasonable costs incurred by the Bureau.

(3) The membership in the Bureau begins upon the coming into force of the ministry's decision by which an insurer has been authorized to carry on liability insurance or on the first day of activities in the Czech Republic of an insurance undertaking from another Member State in this particular class of insurance. The insurer shall be obliged to notify to the Bureau immediately the beginning of the membership.

(4) The membership in the Bureau shall cease upon the coming into force of the ministry's decision by which the insurer's authorization to carry on liability insurance has been withdrawn or on the day, when the insurance undertaking from another Member State lost the authorization to carry on liability insurance in the territory of the Czech Republic.

²⁶⁾ e.g. Section 55(2) of Act No. 48/1997 Coll., on public health insurance, as amended".

(5) The member of the Bureau shall be obliged to pay contributions to the Bureau. The contributions may be used for ensuring the Bureau's competency only.

(6) The members of the Bureau guarantee its liabilities in proportion of the amounts of their contributions and for this purpose they shall be obliged to create technical provisions²²) in respect of obligations for which the Bureau has not created adequate assets.

(7) The ministry shall inform the Bureau, without undue delay, of circumstances as per alineas (3) and (4).

(8) In order to meet obligations as per § 24 (2) and § 29, the Bureau shall create technical provisions. The composition of financial placement must meet the conditions stipulated in a special legal provision²²) if it is not the case of receivables from the insurers that create the technical provisions in respect of such liabilities towards the Bureau as per alinea (6). As regards the accounting administration, the Bureau shall follow a special legal provision regulating the accounting of insurance undertakings^{22a}). The financial statements of the Bureau must be verified by an auditor^{22b}).

§ 18a

Reporting duties of the Bureau

(1) The Bureau shall be obliged to disclose to the injured party resident or based in the Czech Republic, upon his request, the following information:

- a) the name and address of the owner or the usual driver or registered holder of the vehicle, the operation of which caused the damage to the injured party,
- b) the business name and address of the insurance undertaking providing liability insurance of the vehicle, the operation of which caused the damage to the injured party,
- c) the number of the insurance contract covering liability of the operation of the vehicle, the operation of which caused the damage to the injured party,
- d) the name and address of the claims representative of the insurance undertaking under letter (b) in the Czech Republic,

if the loss event occurred in a Member State other than the Czech Republic, caused by the operation of a vehicle normally based in a Member State other than the Czech Republic.

(2) The Bureau shall be obliged to disclose upon his request, to the injured party resident or having the seat in a Member State other than the Czech Republic, analogous information as per alinea (1), if

- a) the loss event occurred in the territory of the Czech Republic or
- b) the vehicle, the operation of which caused the damage, is normally based in the territory of the Czech Republic.

(3) The injured party requesting disclosure of information as per alineas (1) and (2) shall be obliged to provide the Bureau with following data in the request:

- a) the day and place of the loss event, including identification of the Member State in the territory of which the loss event occurred,
- b) the information of the state registration number plate of the vehicle, the operation of which the damage was caused, and of the state, in which the registration plate was issued, if known to the injured party.

(4) The Bureau shall disclose the information relating to a vehicle normally based in the territory of the Czech Republic to the information centre of another Member State, in the territory of which the injured party resides or has the seat or in the territory of which the loss event occurred.

§ 19

The bodies of the Bureau

The following shall constitute the bodies of the Bureau:

- a) the Assembly of the Members,
- b) the Board of Directors,
- c) the Supervisory Board,
- d) the Executive Officer.

§ 20

The Assembly of the Members

(1) The Assembly of the Members is the supreme body of the Bureau. Each member of the Bureau has the right to attend the Assembly of the Members. The Board of Directors shall convene the Assembly of the Members at least once in 12 months. The Board of Directors convenes the Assembly of the Members in a way that it may gather no later than 30 days from the date of the request by the Supervisory Board or by at least one third of the members of the Bureau. Each Assembly of the Members may be attended by an authorized representative of the ministry; upon his request, the ministry's representative shall be given the floor.

(2) The Assembly of the Members shall be in a position to adopt decision when the absolute majority of the members of the Bureau that carry on liability insurance in the territory of the Czech Republic in another way than on freedom to provide services are present. If the Assembly of the Members is not in a position to adopt a decision the Board of Directors shall convene another Assembly of the Members so that it shall take place no

later than 30 days from the date of the previous Assembly of the Members; such Assembly is in a position to adopt decision if at least one third of the members of the Bureau that carry on liability insurance in the territory of the Czech Republic in another way than on freedom to provide services are present. Each member has one vote. The Assembly of the Members decides by a majority of the members present.

(3) The Assembly of the Members shall be competent to

- a) elect and recall members of the Board of Directors and of the Supervisory Board,
- b) fix the amount of annual and extraordinary contributions of the members,
- c) approve the budget of the Bureau,
- d) cancel or alter decisions taken by the Board of Directors,
- e) approve the annual account of the Bureau,
- f) decide on matters it shall reserve for itself,
- g) adopt the statute of the Bureau after its prior approval by the ministry.

(4) Contribution of the members as per alinea (3) (b) shall be prescribed in a fix amount per a vehicle included in the insurance contract or by share expressed in per cents on premiums written.

§ 21

The Board of Directors

(1) The Board of Directors is the statutory body of the Bureau composed of five members. For the Board of Directors, each member of the Board of Directors acts on behalf of the Bureau outwardly.

(2) The Board of Directors shall be competent to

- a) elect from among its members and to recall the chairman and vice chairman of the Board of Directors,
- b) appoint and to recall the Executive Officer and his deputy,
- c) administer the property of the Bureau,
- d) approve the internal organizational regulations of the Bureau and their amendments,
- e) approve establishment and termination of the Sections of the Bureau,
- f) ensure publicity, documentary and other activities related to the competency of the Bureau.

(3) The Board of Directors takes decisions by majority of its members; it meets as a rule once a month; the meeting is convened by its chairman or vice chairman.

§ 22

The Supervisory Board

(1) The Supervisory Board is the supervising body of the Bureau. The Supervisory Board supervises the exercise of competencies by the Board of Directors, the exercise of the activities of the Bureau activities and its economic performance, and whether the members of the Bureau pay their contributions in time and in the amount stipulated.

(2) The Supervisory Board consists of 3 members and from among its members it elects and recalls its chairman. A member of the Supervisory Board may not be simultaneously a member of the Board of Directors, nor shall be in an employment relationship or a relationship equal to that vis-a-vis the Bureau, nor he/she may be a statutory body or its member, nor may be as a member of the supervisory body or a proxy holder of any member of the Bureau.

(3) For the purpose of exercising their supervision the Bureau shall provide the supervisory board members with necessary documents and truthful and complete information on the matters under inspection. The members of the Bureau have the same obligations if the amount of contribution paid by this member of the Bureau is the subject of inspection.

(4) The Supervisory Board communicates its findings to the Board of Directors which shall be obliged to negotiate them and inform the ministry about measures taken.

§ 23

The Executive Officer

The Executive Officer shall be authorized to conduct legal acts in order to ensure the activities of the Bureau, to adopt all measures and decisions necessary to ensure the proper activity of the Bureau in between the meetings of the Board of Directors unless stated otherwise by the Board of Directors.

§ 24

The guarantee fund

(1) The guarantee fund is constituted from the contributions of the insurers and from frontier insurance premiums.

(2) From the resources of the guarantee fund, the Bureau shall pay to the injured party:

- a) compensation for personal injury or death caused by operation of an unidentified vehicle for which an unidentified person is liable,
- b) compensation for damage caused by operation of a vehicle for which a person without liability insurance is liable ,
- c) compensation for damage caused by operation of a vehicle for which a person is liable liability of which for this damage is insured with an insurer that is unable to pay compensation due to his bankruptcy
- d) compensation for damage caused by operation of a foreign vehicle for which a person is liable the liability of which for this damage is insured by frontier insurance,
- e) compensation for damage caused by operation of a foreign vehicle whose driver is exempted from the obligation to conclude frontier insurance when operating this vehicle in the territory of the Czech Republic,
- f) substitute compensation as per § 24a and 24b, to the extent that the Bureau shall be obliged to compensate as per letters (a) to (c).

(3) The injured party has the right to file a claim for compensation as per alinea (2) (a) to (e) to the Bureau on the same conditions on which he/she could file a claim for compensation to an insurer (§ 9). The receivable of the Bureau for reimbursement of compensation paid as per alineas 2 (b) and 2 (c) shall be regarded as receivable from assets, pursuant to a special legal provision.^{22c)}

(4) The condition for establishing the right of an injured party to be compensated from the guarantee fund as per alinea (2) (a) is the fact that the loss event is being investigated by the Police of the Czech Republic.

(5) The Bureau shall grant the compensation to the injured party as per alinea (2) under the same conditions on which the compensation is granted by an insurer (§ 6 (2) and (3), § 7 to 10). Compensation as per alinea (2) (b) for damage to a vehicle and for damage as per § 6 (2) (b) and (c) regarding a single injured party shall not be granted if the damage does not exceed CZK 5 000.

(6) In the event that a dispute arises between the Bureau and the insurer, or the Ministry of Finance, in cases specified in § 11, as to which of the parties shall be obliged to compensate the injured party, the Bureau shall compensate the injured party for the demonstrable damage. If it is established by further investigation that the compensation should have been paid, in part or in full, by the insurer or the Ministry of Finance, in cases specified in § 11, the insurer or the Ministry of Finance, in cases specified in § 11, shall be obliged to reimburse the Bureau for paid compensation.

(7) The maximum limits for compensation as per alinea (2) (a) to (c) for one loss event are the limits of compensation included in § 3 (4).

(8) Payment of compensation from the guarantee fund constitutes the claim of the Bureau against the party that is liable as per alineas (2) (a) or (b), for reimbursement of the compensation paid on behalf of this party, including the costs of another person authorized by the Bureau with the duty of settling the case and providing compensation to the injured party or laying a claim. The operator and owner of the motor vehicle the operation of which caused the damage are debtors in solidum in respect of the Bureau's claim for reimbursement of the compensation pursuant to the first sentence; the driver of the motor vehicle shall be considered to be such a debtor in solidum in the event that he/she is responsible for this damage. The Bureau shall have the right against the insurer for reimbursement of compensation paid on behalf of the insured as per alinea (2) (c) and § 24a (1) (a). The Bureau shall be obliged to require from the relevant guarantee fund or from the relevant insurers' bureau the reimbursement of compensation paid to the injured party as per alinea (2) (e) or as a substitute compensation as per § 24a (1) (b) and § 24b.

(9) No compensation shall be granted from the guarantee fund for

- a) damage caused by the operation of a vehicle with liability insurance exception,
- b) damage pursuant to § 7,
- c) costs incurred by the provision of health care, health insurance benefits or pension from social insurance as the consequence of personal injury or death caused by the operation of an unidentified vehicle, for which the unidentified person is liable.

(10) If the Bureau authorizes one of its members, an independent insurance claims adjuster or another party with the duty of settling the case pursuant to paragraph 2 or 8 it shall provide them with all the particulars required for settling the case, including the necessary personal data.

Substitute compensation from the guarantee fund

§ 24a

(1) The Bureau shall pay substitute compensation from the guarantee fund, if:

- a) the insurer failed to meet the obligation as per § 9 (3), or
- b) the insurer with seat in a Member State other than the Czech Republic has not appointed a claims representative in the Czech Republic as per § 9a.

(2) Substitute compensation as per alinea (1) (b) shall be paid to the injured party resident or having the seat in the Czech Republic only in case of a loss event caused by operation of a vehicle, if

- a) the contract on liability insurance of its operation was concluded with an insurer in a Member State other than the Czech Republic, and
- b) the vehicle is normally based in a Member State other than the Czech Republic,
or

- c) the loss event occurred in the territory of a Member State other than the Czech Republic, or during the transit through a territory of a non-member state on the way from a Member State to another Member State.

(3) The Bureau shall provide substitute compensation to the injured party on the basis of his written request. The injured party shall not be eligible for substitute compensation from the Bureau, if

- a) in a case as per alinea (1) (a), he already filed a claim directly to the insurer that concluded the insurance contract on liability insurance of the vehicle, the operation of which caused the damage, and if he obtained the position of this insurer within 3 months of filing this claim, or
- b) a court action has been filed directly against the relevant insurer.

(4) The Bureau shall be obliged to compensate the injured party or state the reasons for reducing the amount of compensation or rejecting the claim, within 2 months following receipt of the request for substitute compensation. The claim shall be deferred, if, before its settling, the insurer pays directly or through the appointed claims representative compensation of incurred damage to the injured party, or notifies the injured party of the reasons for reducing the amount of compensation or rejecting the claim.

(5) Upon obtaining a claim for substitute compensation, the Bureau shall, without undue delay, notify

- a) the insurer that concluded the insurance contract on liability insurance concerning the vehicle the operation of which caused the damage, or the claims representative of this insurer,
- b) the competent authority in the Member State of the seat of the insurer or of the branch of the insurer that concluded the insurance contract on liability insurance concerning the vehicle, the operation of which caused the damage,
- c) the party liable for the damage, if known,

of obtaining a claim from the injured party and inform that the Bureau shall settle the claim within 2 months following the day of receipt.

(6) The Bureau shall have the right for reimbursement of the amount of paid substitute compensation from the authority competent to process claims for substitute compensation in the Member State of the seat of the insurer or of the branch of the insurer that concluded the insurance contract on liability insurance concerning the vehicle, the operation of which caused the damage.

(7) Payment of substitute compensation shall constitute transfer of the rights of the injured party against the person, which caused the damage, or against his insurer, onto the Bureau.

(8) If the competent authority of a Member State other than the Czech Republic has paid substitute compensation to an injured party resident or having the seat in the same Member State pursuant to the legislation of European communities^{22d}), and if it has claimed reimbursement from the Bureau, the Bureau shall settle the claim thus filed without undue delay.

§ 24b

(1) Furthermore, the Bureau shall pay substitute compensation from the guarantee fund to an injured party resident or having the seat in the Czech Republic, if:

- a) it is impossible to identify the vehicle, the operation of which caused the damage in the territory of a Member State other than the Czech Republic, or
- b) it is impossible, within 2 months following the damage caused by operation of a vehicle on the territory of a member state other than the Czech Republic, to identify the insurance undertaking liable to provide compensation of the damage.

(2) The Bureau shall have the right for reimbursement of substitute compensation paid as per alinea (1)

- a) from the guarantee fund in the Member State where the damage occurred, if the vehicle, the operation of which caused the damage, cannot be identified;
- b) from the guarantee fund in the Member State where the damage occurred, if the vehicle, the operation of which caused the damage, is normally based in a non-member state;
- c) from the guarantee fund in the Member State where the vehicle, the operation of which caused the damage, is normally based, if it is impossible to identify the insurance undertaking liable to provide compensation for the damage caused by such vehicle.

(3) The provisions of § 24a (7) and (8) concerning substitute compensation shall be applied similarly as per alinea (1).

§ 25

Exercise of state supervision of the activities of the Bureau

(1) The activities of Bureau as per § 18 (2) (a), (b), (d) and (f) are subject to state supervision exercised by the ministry. To exercise state supervision over the activities of the Bureau the provisions of a special legal provision on the exercise of state supervision over insurance¹⁰) shall apply.

(2) While exercising state supervision the ministry shall be authorized to order the Bureau to take measures as to removal of shortcomings disclosed. If the Bureau fails to meet the ordered measures in the time specified by the ministry or if these shortcomings in

the activities of the Bureau are repeated, the ministry shall be authorized to fine a penalty on the Bureau up to CZK 10 million and in the time specified by a special legal provision¹⁰).

Section Four

Common and transitional provisions

§ 26

Common provisions

(1) If a vehicle is co-owned by several persons, the obligations imposed by this act shall be on the part of that co-owner who obtained written authorization from the other co-owners. In the event that the owner of a vehicle dies, the owner's obligations imposed by this act shall be on the part of his heir or, in the case of several heirs, this obligation shall be on the part of the heir authorized by other heirs. In the absence of an authorized person, this obligation shall be on the part of the court-appointed executor of the estate. In the event of dissolution of a legal person, its obligations imposed by this act shall be on the part of its legal successor; in the absence of a legal successor, it shall be its liquidator or trustee in bankruptcy, as applicable.

(2) In the event that the policyholder dies, the rights and obligations arising from the liability insurance shall be transferred onto the heirs, jointly and severally, until the coming into effect of the resolution on heritage proceedings.

§ 26a

Competences stipulated to the local council of the municipality with extended competence or to the city districts under this act are execution of transferred competence.

Transitional provisions

§ 27

(1) An insurance contract can be concluded with effect on 1 January 2000 at the earliest.

(2) The obligation as per § 1 (2) commences on 1 January 2000.

(3) As to the loss events that occurred before 1 January 2000 and claims arising from them, the current legal provisions shall be applied.

(4) An insurer who before 1 January 2000 concluded with a policyholder an insurance contract concerning a vehicle registered in the vehicle register before 1 January 2000 shall be obliged to submit to the Bureau within five working days after the end of the calendar month a synopsis of certificates of insurance issued in the course of the entire preceding calendar month and of particulars included therein.

§ 28

(1) The ministry shall convene the first assembly of all members of the Bureau within four months from this act's coming into force.

(2) The costs for the activities of the Bureau in 1999 shall be paid by its members in the form of extraordinary contribution whose amount shall be fixed by the Assembly of the Members at its first meeting. This contribution shall be payable within one month from the day on which it was determined by the Assembly of the Members.

(3) The level of means in the guarantee fund shall amount at least

- a) at 1 January 2000, 3% of the total volume of compensations on ex-lege liability insurance (hereinafter referred to as "the ex-lege insurance") for damage caused by the operation of a motor vehicle paid out in 1998,
- b) at 1 January 2001, 5% of the total volume of compensations paid on ex- lege insurance paid out in 1999,
- c) at 1 July 2001, 20% of the total volume of compensations paid from the guarantee fund in the preceding accounting period .

§ 29

(1) The rights and obligations of Česká pojišťovna a.s. as they arose from the ex-lege insurance shall be assigned to the Bureau effective 1 January 2000. These rights and obligations shall be applied and exercised by Česká pojišťovna a.s. on behalf and at the expense of the Bureau. Regarding this activity Česká pojišťovna a.s. shall maintain bookkeeping separately from the bookkeeping as regards its other activities.

(2) Česká pojišťovna a.s. shall transfer until the last day of the month following the verification of the annual accounts for the year 1999 by an auditor to the special account of the Bureau the amount corresponding to the amount of the technical provisions created from the ex-lege insurance premiums earned by 31 December 1999 after deduction of compensations paid from the ex-lege insurance from 1 January 2000 to the date of the transfer. Means deposited in this account shall be used solely for covering the liabilities from the ex-lege insurance and costs connected to their settlement. If the means deposited in this account are not sufficient to cover liabilities arising from the ex-lege insurance and costs connected to their settlement the payment is debited to the Bureau.

(3) Česká pojišťovna a.s. shall be obliged within one month after the first meeting of the Assembly of the Members of the Bureau to hand over the database of persons who paid as of that date the ex-lege insurance premiums in 1999, and statistical data on the ex-lege insurance development in the past five years.

(4) Česká pojišťovna a.s. shall submit to the Bureau an activity report as per alinea (1), the second sentence and its statement of accounts by 31 March of the current year.

(5) The activity of the Bureau and of Česká pojišťovna a.s. as per alineas (1) to (4) is subject to the exercise of state supervision over the insurance pursuant to a special legal provision¹⁰⁾, while the provisions of this special legal provision shall similarly apply to the exercise of state supervision over this activity of the Bureau and Česká pojišťovna a.s.

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PART SIX

Effective date

§ 34

This act enters into force on the day of the promulgation with the exception of the provisions in § 1 (2), § 15 (1), (7), (8) and (9), § 16, 17 and the second, the third, the fourth and the fifth part, which enter into force on 1 January 2000.

Signatures to the original Act No. 168/1999 Coll.:

Klaus (signature)

Havel (signature)

Zeman (signature)

Signatures to the last implemented amendment of the Act No. 168/1999 Coll. (Act No. 47/2004 Coll.):

Zaoralek (signature)

Klaus (signature)

Spidla (signature)

Footnotes:

¹⁾ Council Directive 72/166/EEC of 24 April 1972, on the approximation of the laws of Member States relating to insurance protection against civil liability in respect of the use of motor vehicles and to the enforcement of the obligation to insure against such liability, as amended by the Council Directives 72/430 EEC and 84/5/EEC.

Second Council Directive 84/5/EEC of 30 December 1983, on the approximation of the laws of the Member States relating to insurance against civil liability in respect of the use of motor vehicles, as amended by the Council Directive 90/232/EEC.

Third Council Directive 90/232/EEC of 14 May 1990, on the approximation of the laws of the Member States relating to insurance against civil liability in respect of the use of motor vehicles.

Directive 2000/26/EC of the European Parliament and of the Council of 16 May 2000, on the approximation of the laws of the Member States relating to insurance against civil liability in respect of the use of motor vehicles and amending Council Directives 73/239/EEC and 88/357/EEC.

^{1a)} § 4 of Act No. 13/1997 Coll., on land communications.

²⁾ § 5 of Act No. 13/1997 Coll.

- 3) § 6 of Act No. 13/1997 Coll.
- 4) § 7 of Act No. 13/1997 Coll.
- 4a) Act No. 37/2004 Coll., on insurance contract and on amendments to related acts (the Insurance Contract Act).
- 5) § 3 and Supplement to Act No. 56/2001 Coll., on the conditions of operation of vehicles on land communications and on amendment to Act No. 168/1999 Coll., on liability insurance for damage caused by operation of vehicle and on amendments to certain related acts (the Motor Third-Party Liability Insurance Act), as amended by Act No. 307/1999 Coll.
- 9) § 4 to 6 of the Act No. 56/2001 Coll., as amended.
- 10) Act No. 363/1999 Coll., on insurance and on amendment to some related acts (the Insurance Act), as amended.
- 11) § 13 and subsequent of Act No. 363/1999 Coll.
- 11a) § 23 of Act No. 363/1999 Coll.
- 12) § 4(7) of Act No. 239/2000 Coll., on the Integrated Rescue System and on amendments to certain related acts, as amended by Act No. 320/2002 Coll.;
- § 4 of Gov. Ordinance No. 172/2001 Coll., laying down the rule of procedure for the Fire Protection Act.
- 15) § 442 and following of The Civil Code.
- 16) § 8a of The Penal Code.
- 16a) § 123 (2) of Act No. 361/2000 Coll., on traffic on land communications and on amendments to certain acts. Decree No. 32/2001 Coll., on registering traffic accidents.
- 17) § 38 (3) (a) of the Decree No. 99/1989 Coll.
- 18) For instance Section 179 of The Labour Code.
- 19) § 800 of The Civil Code.
- 20) Act No. 200/1990 Coll., on misdemeanors, as amended.
- 20a) Act No. 337/1992 Coll., on administration of taxes and fees, as amended.
- 20b) Art. 4 of Council Directive 72/166/EEC of 24 April 1972, on the approximation of the laws of Member States relating to insurance protection against civil liability in respect of the use of motor vehicles and to the enforcement of the obligation to insure against such liability.”.
- 21) § 18 (2) (d) of The Civil Code.
- 22) § 13 and following and § 21 of the Act No. 363/1999 Coll., as amended.
- 22a) Act No. 563/1991 Coll., on accounting, as amended.
- 22b) Act No. 254/2000 Coll., on auditors and on amendments to Act No. 165/1998 Coll., as amended by Act No. 209/2002 Coll.
- 22c) § 31 (2) of Act No. 328/1991 Coll., on bankruptcy and settlements, as amended.
- 22d) Art. 6 of Directive 2000/26/EC of the European Parliament and Council of 16 May 2000, on the approximation of the laws of the Member States relating to insurance against civil liability in respect of the use of motor vehicles and amending Council Directives 73/239/EEC and 88/357/EEC.
- 23) § 13 and 14 of Act No. 56/2001 Coll.