The Saeima has adopted and the President has proclaimed the following Law:

**Compulsory Civil Liability Insurance of Owners of Motor Vehicles Law**

**Chapter I
General Provisions**

**Section 1. Terms Used in this Law**

The following terms are used in this Law:

1) **insurance indemnity** – an amount of money that is paid, or a service for which a payment is made in order to indemnify the losses;

2) **insurable event** – a road traffic accident, upon which a payment of an insurance indemnity is provided for;

3) **insurance contract** – an agreement wherein the owner of a vehicle undertakes the obligation to pay an insurance premium within the determined time period and in the determined amount, as well as fulfil other determined obligations, but the insurer undertakes the obligation to pay an insurance indemnity upon the setting in of an insurance event;

4) **insurance policy** – a specific sample document issued by an insurer, which states that the owner of a vehicle and the insurer have entered into an insurance contract;

5) **insurance premium** – the payment determined in an insurance contract for the insurance of the civil liability of the owner or a legal user of a vehicle;

6) **insurer** – a person that has the right to perform the insurance of the civil liability of the owner or a legal user of a vehicle and that is a member of the Motor Insurers’ Bureau of Latvia (hereinafter also – Motor Insurers’ Bureau);

7) **limit of insurer liability** – the maximum amount of insurance indemnity to be paid;

8) **injured person** – a natural person to whose health damage has been caused in a road traffic accident, except the driver of the motor vehicle that has caused the loss in the road traffic accident;

9) [27 September 2007];

10) **agreed statement** – a form that the drivers of motor vehicles who are involved in a road traffic accident shall complete at the scene of the accident, confirming by signature the circumstances of the accident, the facts and the scheme of the accident;

10¹) **direct loss regulation** – a loss compensation system under which an insurer who has insured the civil liability of the owner of the motor vehicle that has caused the losses, authorises a civil liability insurer that has insured the owner of the motor vehicle to whom the losses have been caused to perform the activities laid down in this Law or a part thereof in order for a third person to receive an insurance indemnity;

11) **territory in which a motor vehicle is normally based** –

¹ The Parliament of the Republic of Latvia
a) the territory of such state, in which a State registration number and an appropriate State registration number plate (hereinafter – number plate) has been issued to the motor vehicle, irrespective of whether it is a permanent or temporary number plate,

b) if a certain type of motor vehicle does not require registration, but such vehicle bears a distinguishing sign analogous to the number plate, – the territory of such state in which the distinguishing sign was issued,

c) if a certain type of motor vehicle requires neither the number plate nor a distinguishing sign – the territory of such state in which the owner or legal user of the motor vehicle permanently resides, or

d) if the motor vehicle has no number plate or if it has a number plate which does not correspond to such motor vehicle, and the motor vehicle is involved in a road traffic accident, – in the territory of such state in which the road traffic accident has occurred;

12) motor vehicle –

   a) a road motor vehicle, a trailer (a semi-trailer), a moped that is to be registered with the Road Traffic Safety Directorate or the State Technical Supervision Agency, or with a local government or which has been registered in a foreign state,

   b) a tram that is to be registered with a local government;

13) owner of a motor vehicle – a natural or legal person who owns a motor vehicle or in whose name the motor vehicle is registered;

14) legal user – a natural or legal person who is not the owner of a motor vehicle, but who uses the motor vehicle in road traffic on the basis of a power of attorney, rental agreement or other legal grounds;

15) third person – any natural or legal person who has suffered losses due to a road traffic accident and who is entitled to an insurance indemnity. In the cases referred to in Section 31, Paragraphs five and seven of this Law, a third party is deemed to be the owner or legal user of the vehicle that has caused the loss in a road traffic accident.

[27 September 2007; 22 September 2011]

Section 2. Purpose of this Law

The purpose of this law is to protect the interests of third persons who have suffered in road traffic accidents and govern the legal relations among motor vehicle owners, legal users and insurers in relation to the compulsory civil liability insurance of motor vehicle owners and legal users.

Chapter II

Insurance Object and Types of Insurance Contract

Section 3. Object of Compulsory Insurance

(1) The object of a compulsory insurance shall be the civil liability of the owner or legal user of a motor vehicle (hereinafter – civil liability of an owner) for losses caused to a third person in a road traffic accident.

(2) Each owner of a motor vehicle shall insure the civil liability of an owner regarding each motor vehicle used in road traffic by entering into an appropriate insurance contract. If the owner has given a motor vehicle regarding which an insurance contract has not been entered into or the time period of an insurance contract has expired during the period of use of the vehicle for use to another person, the legal user of the motor vehicle shall enter into an insurance contract in the name of the owner. A legal user who is in employment legal or service relations does not have the insurance obligation.
Section 4. Types of Insurance Contract

There are the following types of insurance contracts:
1) a standard contract;
2) a frontier insurance contract;
3) the international insurance contract (hereafter also – Green Card).

Section 4.1 Entering into an Insurance Contract

(1) A standard contract shall be entered into on the spot or using the means of distance communication.
(2) A frontier insurance contract and an international insurance contract (Green Card) may only be entered into on the spot.
(3) Upon entering into a standard contract and an international insurance contract (Green Card) in respect of a motor vehicle registered in the Republic of Latvia, the insurer shall transfer the data on the concluded contract to the information system of the compulsory civil liability insurance of the owners of motor vehicles at the time of entering into the contract.

Section 5. Standard Contract

(1) A standard contract is an insurance contract entered into with regard to:
   1) a motor vehicle registered or alienated in the Republic of Latvia;
   2) a motor vehicle alienated or de-registered in another state for the purpose of exporting it from the respective state and registering it in the Republic of Latvia;
   3) [22 September 2011];
   4) [22 September 2011];
   5) a vehicle that is not registered in the Republic of Latvia and that has been fitted with special trade number plates issued by the Road Traffic Safety Directorate or the State Technical Supervision Agency for transporting a motor vehicle intended for sale to a market or storage place or for using such motor vehicle for test driving.
(2) In order to enter into a standard contract with regard to a new motor vehicle that has not been previously registered in the Republic of Latvia or in other states, it shall first be registered in the Republic of Latvia.
(3) A standard contract shall be in effect in the states of the European Economic Area and other states which have joined the Multilateral Agreement between National Insurance Bureaus of Members States of the European Economic Area and other Associated States of 20 May 2002.

Section 6. Frontier Insurance Contract

(1) A frontier insurance contract is an insurance contract entered into with regard to a motor vehicle registered in a state which is not the state of the European Economic Area, if the driver of such vehicle is unable to present a contract of compulsory civil liability insurance of the owner of a motor vehicle that is in effect in the territory of the Republic of Latvia.
(2) A frontier insurance contract shall be in effect within the territory of the European Economic Area.
[27 September 2007]

Section 7. International Insurance Contract (Green Card)

(1) An international insurance contract (Green Card) is an insurance contract entered into regarding a motor vehicle that is registered in the Republic of Latvia and participates in road traffic in a state, which is a member state of the Green Card system. Such insurance contract that has been entered into regarding a motor vehicle registered in a state, which is not a member state of the Green Card system, shall also be considered an international insurance contract (Green Card) if international agreements provide for entering into such contract.
(2) A Green Card shall be in effect in the states indicated in an insurance policy.
(3) The owner of a motor vehicle registered in the Republic of Latvia may enter into an international insurance contract only with an insurer that is a member of the Motor Insurers’ Bureau.
[22 September 2011]

Section 8. Insurance Policy and the Duplicate Thereof

(1) An insurer has an obligation to issue an insurance policy:
   1) immediately after entering into a frontier insurance contract or an international insurance contract (Green Card);
   2) immediately after entering into a standard contract, if it has been entered into without using the means of distant communication;
   3) within five working days after receipt of the request of the owner of a motor vehicle or the person who has entered into a standard contract if it has been entered into using the means of distant communication. A legal person shall submit a written application for receiving an insurance policy.
(2) The non-existence of a written insurance policy shall not affect the validity of the insurance contract.
(3) If an insurance policy has been stolen, lost, perished or damaged, the owner of a motor vehicle shall submit a written submission to the insurer who has insured the civil liability of the owner of the motor vehicle with a request to issue a duplicate of the insurance policy. The insurer shall issue the duplicate of the insurance policy within two days. The insurer has the right to charge a fee for the issuance of the duplicate of the insurance policy, however, such charge must not exceed two per cent of the insurance premium that is determined in the insurance contract.
[27 September 2007]

Section 9. Term of Validity of an Insurance Contract and Entering Thereof into Effect

(1) A standard contract shall be entered into for three, six, nine or 12 months, except the case, when:
   1) a motor vehicle has been registered temporarily. In such case the standard contract may be entered into until expiry of the term of validity indicated in the registration certificate of the motor vehicle, not exceeding 12 months;
   2) the motor vehicle has been de-registered in the Republic of Latvia and it has been granted the permission to participate in road traffic. In such case the standard contract may be entered into for the term indicated in the registration certificate of the motor vehicle;
3) A motor vehicle has been alienated or de-registered in another state for the purpose of exporting it from the respective state and registering it in the Republic of Latvia. In such case the standard contract shall be entered into for 30 days;

4) A transit number plate has been issued to the motor vehicle. In such case the standard contract shall be entered into for the term of validity indicated in the transit number card;

5) A testing number card has been issued to the motor vehicle. In such case the standard contract shall be entered into for the term of validity indicated in the testing number card, not exceeding 12 months;

6) A trading undertaking (a merchant) to which a trade number card has been issued, shall enter into the standard contract with regard to new motor vehicles previously not registered in the Republic of Latvia. In such case the standard contract shall be entered into for 12 months.

(2) A frontier insurance contract shall be entered into for a time period from one up to 12 months.

(3) An international insurance contract (Green Card) shall be entered into for a time period from 15 days up to 12 months.

(4) An insurance contract shall enter into effect at the time of entering into it unless the insurance contract provides for otherwise. If the contract enters into effect until 12AM, then, in calculating the expiry term of the contract, the day of entry of the contract into effect shall be included, but if the contract has been entered at 12AM or later, that day shall not be included.

[27 September 2007]

Section 9.1 Data Required for Entering into an Insurance Contract

(1) The following data shall be necessary for entering into an insurance contract:

1) personal data (the given name, surname and personal identity number of a natural person, or the name and registration number of a legal person);

2) the data regarding a motor vehicle referred to in Sub-clauses “a”, “b”, “c”, “d” or “e” of this Clause:

   a) the registration data of the motor vehicle if a motor vehicle registration certificate has been issued,

   b) the data indicated in the invoice-reference issued by a merchant registered as a retail trader of motor vehicles and other documents that certify the ownership rights of the owner to a motor vehicle, if the motor vehicle has been alienated in the Republic of Latvia or if it has been de-registered in another state for the purpose of exporting it from the respective state and registering it in the Republic of Latvia,

   c) the data indicated in the transit number card if a transit number card has been issued to a motor vehicle,

   d) the data indicated in the testing number card if a testing number card has been issued to a motor vehicle, or

   e) the data indicated in a trade number card, if a trading undertaking (a merchant) to which a trade number card has been issued, enters into a standard contract regarding new motor vehicles previously not registered in the Republic of Latvia.

(2) An insurance contract shall indicate:

1) the motor vehicle registration number referred to in Paragraph one, Clause 2, Sub-clause “a” of this Section or the document referred to in Paragraph one, Clause 2, Sub-clause “c”, “d” or “e” of this Section and the number thereof;

2) the type, date of issuance and number, if such exists, of the document referred to in Paragraph one, Clause 2, Sub-clause “b” of this Section.
(3) If, upon entering into an insurance contract, a policy holder provides to the insurer information requested thereby for the assessment of the possibility of occurrence of the insured risk, the policy holder shall be liable for the accuracy of the provided relevant information.

[22 September 2011]

Section 10. Termination of Insurance Contract Prior to Expiration Thereof

(1) An insurance contract shall terminate before the expiration thereof – from the time determined in an application, but not earlier than from the time of submission of the application, if the owner of a motor vehicle submits to the insurer a written application for the termination of an insurance contract before the expiration thereof; a justification of the contract termination – evidence that confirms one of the following conditions – shall be attached to the application:

1) the motor vehicle is alienated;
2) the motor vehicle has left the possession of the owner, keeper or user not because of their fault, but due to illegal activities of another person and it has been notified to the relevant law enforcement authorities in accordance with the procedures laid down in laws and regulations;
3) there is a mistake in the information indicated in the insurance contract; or
4) a legal person is liquidated or the name thereof is changed.

(2) If a motor vehicle will not be used in road traffic, the owner of the motor vehicle shall submit to an insurer a written application for the termination of an insurance contract before the expiration thereof.

(3) Prior to the submission of the written application determined in Paragraph two of this Section in accordance with the procedures laid down in laws and regulations, the owner of a motor vehicle shall temporarily suspend the registration of the vehicle with the Road Traffic Safety Directorate or the State Technical Supervision Agency, respectively.

(4) [27 September 2007]

(5) In terminating an insurance contract before the expiration thereof, the owner of a motor vehicle has the right to such portion of the deposited insurance premium, which corresponds to:

1) the remaining time period from the day of termination of the insurance contract to the expiration of the insurance contract, and from which not more than 5 per cent of the insurance premium portion for the remaining period have been deducted if the contract is terminated due to the circumstances referred to in Paragraph one, Clause 1 or Paragraph two of this Section and if payment of the insurance indemnity has not been claimed regarding the relevant contract;
2) the remaining time period, counting from the day of termination of the contract, if the contract is terminated due to the circumstances referred to in Paragraph one, Clause 2, 3 or 4 of this Section and if payment of the insurance indemnity has not been claimed regarding the relevant contract.

(6) If there has been a change of the owner of a motor vehicle according to an invoice-reference issued by a merchant registered as a retail trader of motor vehicles or other documents certifying the ownership right of the owner of a motor vehicle, or the motor vehicle is re-registered due to the change of the identification number of the motor vehicle or the owner determined in the motor vehicle registration certificate, or a transit number card or a certification of the write-off of a motor vehicle is issued to the motor vehicle and the owner of the motor vehicle determined in the insurance contract has not submitted an application regarding termination of the insurance contract, the insurance contract shall be considered terminated at the time when there is a change of the owner of the motor vehicle according to the documents certifying the ownership right, or the motor vehicle is re-registered or a transit
number card or a certificate regarding the write-off of the motor vehicle is issued thereto. In the event of the lease of a motor vehicle an insurance contract shall be considered terminated at the time when the change of the lessee occurs who is registered as the holder of the motor vehicle with the Road Traffic Safety Directorate or with the information system for the tractor-type machinery and drivers thereof of the State Technical Supervision Agency.

(6) If an insurance contract has expired in the case referred to in Paragraph six of this Section and the owner of the motor vehicle submits to an insurer a written application for refunding a part of the paid insurance premium, the owner of the motor vehicle has the right to claim such part of the paid insurance premium that corresponds to the time period remaining from the date on which the application was submitted until the expiry term of the insurance contract, from which not more than five per cent of the part of the insurance period for the remaining period are deducted provided that payment of the insurance indemnity has not been claimed on the basis of the relevant contract.

(7) The conditions of Paragraph six of this Section shall not apply:

1) in case of a lease if a motor vehicle is re-registered and the holder of a motor vehicle determined in the motor vehicle registration certificate becomes the owner of the motor vehicle or the holder of a motor vehicle determined in the motor vehicle registration certificate becomes the owner thereof;

2) to standard contracts which have been entered into on the basis of the data referred to in Section 9.1, Paragraph one, Clause 2, Sub-clause “b” of this Law.

[27 September 2007; 22 September 2011]

Section 11. Validity of Insurance Contract in case of Reorganisation or Liquidation of Insurer

(1) If an insurance company is reorganised and such company has a legal successor, insurance contracts shall retain the validity thereof until the expiration of thereof.

(2) In liquidating an insurance company, a liquidation commission or a liquidator shall discharge the obligations determined in insurance contracts. Obligations for the discharge of which the insurance company to be liquidated does not have sufficient resources, shall be taken over by the Motor Insurers’ Bureau, which shall ensure the discharge of the obligations from the Guarantee Fund of the Compulsory Civil Liability Insurance of Motor Vehicle Owners (hereinafter – Guarantee Fund).

Section 12. Amount of Insurance Premium

(1) An insurer shall determine the amount of an insurance premium, taking into consideration the type of a motor vehicle, the purpose of utilisation and other factors influencing risk.

(2) The amount of an insurance premium that has been determined at the time of entering into an insurance contract, shall be such that would ensure the discharge of the obligations determined in an insurance contract, as well as cover the expenses that are necessary for the provision of insurance.

[27 September 2007]

Section 13. Determining the Amount of an Insurance Premium

(1) In entering into an insurance contract, the amount of an insurance premium for the owner of a motor vehicle shall be determined after evaluating the number of insurance indemnities paid during the term of validity of the previous insurance contracts, the number of cases identified in accordance with the procedures laid down in laws and regulations, when the motor vehicle was driven committing administrative offences for which points for driving
offences are registered, and criminal offences against the safety of traffic, as well as assessing other factors impacting risks.

(2) In entering into an insurance contract, a lessee shall be considered as equal to the owner of a motor vehicle for the purpose of determining the amount of an insurance premium.

[27 September 2007]

Section 14. Payment of Insurance Premium

(1) The owner of a motor vehicle has an obligation to pay an insurance premium within the time period and in the amount determined in an insurance contract.

(2) The insurance premium payment determined by an insurer shall be reduced by 40 per cent for the owners of motor vehicles, who are:

1) disabled persons of Group I and II;

2) disabled persons of Group III, who have difficulty of movement [such difficulty shall be certified by an opinion of the State Medical Commission for Expert-Examination of Health and Working Ability (in insuring a passenger car)].

(3) In insuring tractor machinery or a trailer thereof which is registered with the State Technical Supervision Agency, the insurance premium payment determined by an insurer shall be reduced by 30 per cent if an insurance contract is entered into with the owner of the motor vehicle – an agricultural farm and fish farm and a cooperative society of agricultural services. The reduction of the insurance premium payment laid down in this Paragraph of the Section shall also apply to an agricultural producer – a merchant and a natural person if a certificate issued by a local government has been submitted in the respective calendar year to the insurer regarding the area of owned, permanently used or leased land, which is used in agricultural production.

(4) The Motor Insurers’ Bureau shall compensate to an insurer the decrease of an insurance premium payment referred to in Paragraphs two and three of this Section from the Guarantee Fund.

(5) An insurance shall not become void if the owner of a motor vehicle has not made the necessary payments within the time period determined in the contract.

(6) If the owner of a motor vehicle has not paid an insurance premium within the time period determined in an insurance contract, the insurer is entitled to bring an action to a court.

[27 September 2007; 23 October 2008]

Section 15. Limit of Insurer Liability

(1) Upon the setting in of an insurable event, an insurer that has insured the civil liability of the owner of a motor vehicle causing the losses, or the Motor Insurers’ Bureau (if insurance indemnity is payable from the Guarantee Fund) shall cover the losses without exceeding the limit of insurer liability:

1) for indemnification of personal losses – up to 5 000 000 euros, regardless of the number of injured persons;

2) for indemnification of property loss – up to 1 000 000 euros, regardless of the number of third parties.

(2) A third person is entitled to request losses which are not compensated in accordance with this Law or which exceed the limit of insurer liability in accordance with the procedures laid down in laws and regulations.

[27 September 2007; 19 September 2013]
Section 16. Obligations of a Motor Vehicle Driver

(1) Upon request of another person involved in a road traffic accident, the driver of a motor vehicle shall provide the required information regarding the insurance contract and the insurer with which the insurance contract has been entered into. When leaving the territory of the Republic of Latvia, the driver of a motor vehicle must carry along a civil liability insurance policy of the motor vehicle owner.

(2) The driver of a motor vehicle has an obligation to notify in accordance with the procedures laid down in this Law the insurer that has insured the civil liability of the motor vehicle owner involved in a road traffic accident, or the Motor Insurers’ Bureau, if insurance indemnity is payable from the Guarantee Fund, regarding the setting in of an insurable event.

[27 September 2007]

Section 17. Obligations of an Insurer

(1) An insurer may not refuse to enter into a compulsory civil liability insurance contract of owners of motor vehicles.

(2) An insurer shall accept agreed statements and written applications regarding road traffic accidents.

(3) An insurer shall authorise representatives in each state of the European Economic Area, who shall handle the claims of natural persons residing and the legal persons registered in the state of the European Economic Area (hereinafter – a resident), in the language of such state, against insurers regarding insurable events that have occurred in such state of the European Economic Area which is not the state of permanent residence of the injured natural person or the state of registration of the legal person (hereinafter – state of residence) and in which loss has been caused by the motor vehicle with the number plate of the Republic of Latvia, and shall take decisions to pay an insurance indemnity or to refuse to pay an insurance indemnity, as well as ensure the payment of insurance indemnity. The representative of an insurer shall be the resident of the respective state of the European Economic Area. The insurer shall notify the given name, surname or the name and legal address of the representative of the insurer to the Motor Insurers’ Bureau.

(4) An insurer shall ensure the input of data into the information system of the compulsory civil liability insurance of the owners of motor vehicles in accordance with the procedures and in the amount determined by the Cabinet.

(5) An insurer has an obligation to transfer payments to the following accounts of the Motor Insurers’ Bureau:

1) the Guarantee Fund;
2) for the prevention of road traffic accidents and the performance of preventive measures;
3) for ensuring the operation of the Motor Insurers’ Bureau.

(6) Upon request of a policy holder (the owner of a motor vehicle or the person that has entered into the insurance contract), an insurer shall issue the forms of the agreed statement:

1) immediately after receiving the request, if it has been received without using the means of distant communication;
2) within five working days after receipt of the request, if it has been received without using the means of distant communication.

(7) Each insurer shall fulfil the obligations thereof and cover the administrative expenses that have been incurred during the time period when such insurer was a member of the Motor Insurers’ Bureau also after such insurer has terminated the membership thereof in the Motor Insurers’ Bureau.

[27 September 2007; 22 September 2011]
Chapter III
Loss Assessment and Insurance Indemnity

Section 18. Losses Due to a Road Traffic Accident

Upon setting in of an insurable event, an insurer that has ensured the civil liability of the owner of the motor vehicle that has caused losses, or the Motor Insurers’ Bureau, if insurance indemnity is payable from the Guarantee Fund, shall compensate in accordance with the limit of the insurer liability the losses assessed in accordance with the procedures laid down in this Law that have been caused to a third person in a road traffic accident.

Section 19. Losses Caused to a Person

(1) Material loss caused to a person in a road accident shall be losses suffered by an injured person due to:
   1) medical treatment;
   2) temporary incapacity for employment
   3) loss of ability to work;
   4) death.
(2) Non-material losses caused to a person in a road accident shall be losses that involve pain and mental suffering due to:
   1) a physical trauma of the injured person;
   2) the crippling or disablement of the injured person;
   3) the death of a breadwinner, dependant or spouse;
   4) Group I disability of a breadwinner, dependant or spouse.
(3) The Cabinet shall determine the amount of insurance indemnity and the procedures for the calculation thereof for material and non-material losses caused to a person.

Section 20. Losses Due to Medical Treatment of Injured Person

(1) Losses due to medical treatment of an injured person shall be expenses that are related to the transportation, admission, maintenance, diagnostics, treatment and rehabilitation of the injured person in a medical treatment or medical rehabilitation institution, the nursing of the injured person, the purchase of medication, therapeutic sustenance, treatment at home (including travel expenses when visiting medical treatment or medical rehabilitation institutions), as well as prosthetics, endoprosthetics and the purchase or rental of technical aids.
(2) Expenses that are related to the medical treatment of inhabitants of the Republic of Latvia who have suffered in road traffic accidents in the territory of the Republic of Latvia in foreign states shall be compensated if the referred to medical treatment has been previously coordinated in writing with an insurer or the Motor Insurers’ Bureau.

Section 21. Losses Due to Temporary Incapacity for Employment of Injured Person

(1) Losses due to temporary incapacity for employment of an injured person shall be the non-received income for the period of incapacity for employment certified by the medical treatment institution.
(2) Non-received income shall consist of:
   1) for an injured person who is considered to be an employee at the time of a road traffic accident – the average earnings of the injured person calculated in accordance with the procedures laid down in the Labour Law, after deducting therefrom the sick-pay and sickness benefits granted to the injured person for health damage caused to him or her;
Section 22. Losses Due to Loss of Ability to Work by Injured Person

(1) Losses due to loss of ability to work by an injured person shall be the difference of income that is determined by deducting from the non-received income calculated in accordance with the procedures laid down in Section 21, Paragraph two of this Law the received employment earnings (if any) and the pensions granted from the State social insurance budget or the benefits received from the State and local government budget.
(2) Insurance indemnity for loss due to loss of ability to work shall be paid not less than once a month (unless another agreement has been reached with an insurer or the Motor Insurers’ Bureau) while the loss of ability to work of the injured person remains.
(3) If the injured person is a full-time student of a State-accredited higher educational institution and cannot continue his or her full-time studies due to loss of ability to work, an insurer or the Motor Insurers’ Bureau shall cover the difference between the tuition for part-time study at a State-accredited higher educational institution and the tuition that would have to be paid for full-time studies at a State-accredited higher educational institution, if the tuition for part-time studies at a State-accredited higher educational institution is greater than the tuition that would have to be paid for full-time studies at an accredited higher educational institution.
(4) If an injured person who has lost the ability to work has a one-time opportunity to acquire a new profession in order to receive income from employment that is consistent with the current health condition of such person, an insurer or Motor Insurers’ Bureau shall cover the expenses for the acquisition of vocational education, if the level of the relevant vocational education is not higher than the level of education that the injured person had at the time of road traffic accident. The insurer or the Motor Insurers’ Bureau shall cover the referred to expenses upon agreement with the injured person.

Section 23. Losses Due to Death of Injured Person

(1) The following persons have the right to an insurance indemnity due to the death of a breadwinner:
   1) children, including adopted children:
      a) until reaching the full age, or
      b) while they are students at a secondary educational institution or full-time students at a higher educational institution, but not longer than until the age of 24 or regardless of age if they have become disabled before reaching the full age;
   2) brothers, sisters and grandchildren:
      a) if they are younger than 18 years and do not have other breadwinners who are capable to work, or
      b) while they are studying at a secondary educational institution or full-time students at a higher educational institution, but not longer than until the age of 24 if they do not have parents capable to work, or regardless of age if they do not have parents capable to work and they have become disabled before reaching full age;
3) a widow (widower) who is unable to work, parents or grandparents who are unable to work – until the restoration of their ability to work, as well as a widow (widower) who is able to work if the family has children up to the age of eight years or a disabled child;

4) other family members that were dependent, who are to be considered as such in accordance with the Law On State Pensions.

(2) The losses caused to the dependants referred to in Paragraph one of this Section due to death of the injured person shall be a part of the income not received by the perished person, to which each dependant was entitled to while the injured person was alive, and from which the amount of survivor’s pension allocated to a dependant shall be deducted.

(3) The insurance indemnity payable to each of the persons referred to in Paragraph one, Clauses 1 and 2 of this Section, together with the disbursed State pension or State social security allowance, may not be less than the minimum amount of means of subsistence laid down laws and regulations that each of the parents has an obligation to provide to a child.

(4) A natural person who has undertaken to organise a funeral and has presented the original of a death certificate, as well as has submitted documents that confirm the fact of burial, has the right to receive compensation for losses due to the burial of the injured person.

(5) Funeral expenses shall be calculated in an amount of not less than eight minimal monthly wages. If the actual amount of funeral expenses is higher, actually incurred and documentarily supported reasonable expenses shall be calculated.

(5) Funeral expenses shall be compensated in an amount that is equivalent to the difference between the funeral expenses referred to in Paragraph five of this Section and the funeral benefit amount payable from the State and local government budget, to be calculated due to the death of the injured person.

(6) An insurance indemnity for losses due to the death of an injured person shall be paid if the death of the injured person has set in within one year after a road traffic accident and a forensic medical expert or a medical treatment institution certifies that the death of the injured person is causally related to the relevant accident.

[22 September 2011]

Section 23. Indexation of Losses Due to the Incapacity of the Injured Person and the Death of the Injured Person

In calculating an insurance indemnity for losses due to the incapacity or death of the injured person, an insurer or the Motor Insurers’ Bureau shall index, once a year, the earned income that the injured person or deceased person received before the road traffic accident, taking into account the consumer price index (inflation coefficient) for the previous year determined officially by the Central Statistical Bureau.

[27 September 2007]

Section 24. Compensation of State Budget and Local Government Budget Expenses

(1) An insurer or the Motor Insurers’ Bureau shall reimburse the expenses covered from the State and local government budgets for the medical treatment and rehabilitation of the injured persons and for the purchasing or leasing and adapting of technical auxiliary equipment.

(2) An insurer or the Motor Insurers’ Bureau shall compensate for the expenses covered from the State and local government budgets in the form of the State social insurance services and State social benefits in relation to the persons injured in a road traffic accident.

(3) The Cabinet shall determine the amount of and the procedure for the compensation of the State and local government budget expenses.

[22 September 2011]
Section 25. Losses Caused to Property

(1) A loss caused to the property of a third person in a road traffic accident is a loss that has arisen:
   1) due to the damage or total loss of a motor vehicle;
   2) due to the damage or total loss of a road, a road construction, a building or a structure;
   3) due to the damage or total loss of another property owned by the person, except the property referred to in Paragraph one, Clauses 1 and 2 of this Section;
   4) while carrying out the rescue operations of persons who have suffered in a road traffic accident;
   5) due to the damage of a motor vehicle used for the transportation of the injured person to a medical treatment institution or the soiling of the interior of such motor vehicle;
   6) while removing motor vehicles from the site of the road traffic accident;
   7) due to the damage to the environment.

(2) If a third person wishes to receive insurance indemnity for the loss caused to the property referred to in Paragraph one of this Section in cash, an insurer or the Motor Insurers’ Bureau shall disburse a cash amount that corresponds to the loss amount determined in the loss calculation, excluding value added tax. If a third person has repaired a motor vehicle not later than two months after payment of the insurance indemnity and submits an invoice for the repairs of the motor vehicle and a document confirming the payment of the invoice to the insurer or the Motor Insurers’ Bureau, the insurer or the Motor Insurers’ Bureau shall compensate for the actually paid value added tax not exceeding the amount of value added tax determined in the loss calculation. [22 September 2011]

Section 26. Losses Due to Damage to Motor Vehicle

Losses due to damage to a motor vehicle shall be expenses for the repairs of the motor vehicle that are necessary in order to restore the relevant vehicle to the condition such vehicle had before a road traffic accident.

Section 27. Losses Due to Total Loss of Motor Vehicle

(1) A motor vehicle shall be considered destroyed if the repairs of such vehicle are technically impossible or economically unjustified. Repairs shall be considered economically unjustified if the expected costs of the repairs of the motor vehicle exceed an amount calculated as the difference between the value of the motor vehicle before the road traffic accident and the residual value of the damaged motor vehicle after the road traffic accident.

(2) If the owner of a motor vehicle agrees that the vehicle is recognised as destroyed, the compensation of losses shall be paid in the amount that corresponds to the value of the motor vehicle before the road traffic accident, as well as compensate the expenses for a statement that certifies the ownership of the numbered unit and expenses for the taking of the vehicle wreck to an automobile graveyard. An insurer or Motor Insurers’ Bureau shall acquire the rights to the motor vehicle wreck.

(3) If the owner of a motor vehicle does not agree that the motor vehicle is recognised as destroyed, the compensation of losses shall be paid in the amount that corresponds to the difference between the value of the motor vehicle before and after a road traffic accident.

(4) An expert shall determine the value of a motor vehicle before a road traffic accident, taking into account the actual run of the vehicle and other factors influencing the value of the motor vehicle. [22 September 2011]
Section 28. Expenses Due to Removal of Motor Vehicle or the Wreck Thereof

Expenses due to the removal of a motor vehicle or the wreck thereof shall be expenses for the removal of the motor vehicle or the wreck thereof from the scene of a road traffic accident to the place of residence of such vehicle owner or legal user who was driving the motor vehicle at the time of the road traffic accident, or to a place of the vehicle repairs within the territory of the Republic of Latvia. If it is necessary to place a motor vehicle or the wreck thereof in a parking area due to an investigation in criminal proceedings or other reasons, the expenses for the removal of the motor vehicle or the wreck thereof to the relevant parking area, as well as the charges for parking area services, shall be included in the losses.

[22 September 2011]

Section 29. Losses Due to the Damage or Total Loss of Road, Road Construction, Building, Structure and Other Property

(1) Losses due to a damage of a road, road construction, building, structure and other property shall be expenses that are necessary to repair the condition of the relevant object to the condition such object had before a road traffic accident.
(2) Losses due to the total loss of a road, road construction, building, structure and other property shall be the difference between the value of the relevant object before and after a road traffic accident and the expenses for the removal of the wreck of the destroyed object, as well as the readjustment of engineer networks and communications.

Section 30. Losses Due to Damage to Environment

Losses due to damage to the environment shall be expenses for the determination, confinement and minimisation of the damage, the collection, neutralisation or elimination, or processing, of pollution, the removal of the damaged topsoil, neutralisation or elimination thereof and replacement with a new topsoil.

Section 31. Compensation of Losses

(1) Insurers who have insured the civil liability of the owners of motor vehicles involved in road traffic accidents, or the Motor Insurers’ Bureau, shall evaluate and determine the liability of each person involved in the road traffic accident for the losses caused, taking into account the circumstances of the road traffic accident.
(2) Loss shall be compensated by such insurer who has insured civil liability of the owner of the motor vehicle that has caused the loss, or by the Motor Insurers’ Bureau.
(3) If an insurance company that is licensed in a state of the European Economic Area for the performance of compulsory civil liability insurance of the owners of motor vehicles has insured the civil liability of the owner of the motor vehicle that has caused the loss in a road traffic accident, and the road traffic accident in which the loss has been caused to a person permanently residing in the Republic of Latvia, has occurred in a state of the European Economic Area, the loss shall be indemnified by the authorised representative of the respective state in the Republic of Latvia or by the Motor Insurers’ Bureau. In addition, the person has the right to directly address the insurer that has insured the civil liability of the owner of the vehicle that has caused the loss, as well as the right to bring an action against such insurer or its authorised representative to a court of the Republic of Latvia.
(4) If the loss to a third person was caused by several persons have caused, including drivers of motor vehicles, insurance indemnity to the injured person shall be paid in accordance with the degree of liability of each motor vehicle driver.
(5) If the loss in a road traffic accident was caused by several persons, thereby causing mutual losses, insurance indemnity to each person shall be paid in accordance with the degree of liability of each motor vehicle driver.

(6) If the loss in a road traffic accident was caused by one person, but other persons involved in the road traffic accident are also responsible for causing losses or increasing the magnitude thereof, the losses shall be compensated, taking into account the degree of liability of the persons involved in the road traffic accident.

(7) If the persons involved in a road traffic accident are known, but it is not possible to determine the degree of liability of such persons due to their inconsistent reports, then, in compensating the losses, it shall be assumed that the degree of liability of the persons involved in the road traffic accident is equal.

(8) If a pedestrian, cyclist or another participant of the road traffic, who has not used a motor vehicle and in whose actions no such violations of the road traffic rules have been identified which would be causally linked to the loss caused in a road traffic accident, has suffered in the road traffic accident and if it is not possible to prove the liability of the driver of the motor vehicle involved in the road traffic accident, insurance indemnity shall be paid by the Motor Insurers’ Bureau.

(9) If another insurer or the Motor Insurers’ Bureau has compensated the caused losses before the insurer that has insured the civil liability of the owner of the motor vehicle which caused the loss in a road traffic accident has taken a decision to pay a compensation, such insurer shall refund to the relevant other insurer or Motor Insurers’ Bureau the amount of the compensation calculated and paid in accordance with the procedures laid down in this Law. A claim for the compensation of losses may be brought within one year from the day of payment of the insurance indemnity.

(10) If another insurance company has compensated the caused losses in accordance with a voluntary insurance contract, the insurer that has insured the civil liability of the owner of the motor vehicle which caused the loss in a road traffic accident, or the Motor Insurers’ Bureau (if the insurance indemnity is payable from the Guarantee Fund), shall compensate the amount of the compensation calculated and paid in accordance with the procedures laid down in this Law. A claim for the compensation of losses may be brought within one year from the day of payment of the insurance indemnity.

(11) The insurer or the Motor Insurers’ Bureau is not entitled to refuse the payment of insurance indemnity or reduce it significantly if the injured person (the passenger of a motor vehicle) was aware or he or she should have been aware that the driver of the motor vehicle was under the influence of alcohol or of any other intoxicating substance at the time of the road traffic accident.

[27 September 2007; 22 September 2011]

Section 32. Losses Caused by Leased Motor Vehicles

Compensation of losses in accordance with this Law shall also be paid in the case where in a road traffic accident a motor vehicle, which is owned by a single owner, has damaged an object which the same owner has leased to another person, and if the owner of the lease object and the holder of the lease object for which registration of the owner with the State Register of Vehicles and Drivers of the Road Traffic Safety Directorate or the information system for the tractor-type machinery and drivers thereof of the State Technical Supervision Agency is required, have been indicated.

[27 September 2007]
Section 33. Losses Caused to the Property of Several Persons

(1) If several persons have caused the loss in a road traffic accident and mutual losses have been caused to such persons due to the damage or total loss of property, the insurance indemnity, which the insurer of the civil liability of each person who has caused the loss in the road traffic accident shall pay to the injured person in accordance with the degree of liability of the relevant person, may not exceed the limit of the liability of each insurer.

(2) If the person who has caused the loss in a road traffic accident has caused losses to several injured persons due to the damage or total loss of property, the insurance indemnity to be paid to the injured persons may not exceed the limit of insurer liability.

(3) If losses have been caused in a road traffic accident to the property of several owners and the total amount of losses exceeds the limit of insurer liability, the losses shall be compensated within the amount of the limit of the insurer liability in proportion to the amount of losses of each injured person.

[27 September 2007]

Section 34. Compensation of Losses Caused by a Trailer (Semi-trailer) or Another Motor Vehicle Towed in a Direct Hitch

(1) If losses have been caused by a trailer (semi-trailer) or another motor vehicle towed in a direct hitch, which at the time of a road traffic accident was hitched to a road tractor or other towing motor vehicle, an insurer who has insured the civil liability of the owner of the road tractor or another towing vehicle shall pay the insurance indemnity to the injured person.

(2) If losses have been caused by a trailer (semi-trailer), which at the time of a road traffic accident was not hitched to a truck or other towing motor vehicle, the insurance indemnity to an injured person shall be paid by the insurer who has insured the civil liability of the owner of the trailer (semi-trailer).

Section 35. Cases when Losses are not Compensated

An insurer or the Motor Insurers’ Bureau shall not compensate:

1) losses that have arisen while using a motor vehicle but for causing which no liability results in accordance with Section 2347 of The Civil Law. These represent losses that have been caused to a third person due to force majeure, with the intent of the person himself or herself, or due to his or her gross negligence;

2) losses that have been caused by an unidentified motor vehicle, except the losses caused to a person referred to in Section 19 and the losses caused to property referred to in Section 25, Paragraph one, Clauses four and five of this Law. If severe bodily injuries or moderately severe bodily injuries have been caused to at least one injured person in the road traffic accident, the losses referred to in Section 25 of this Law shall be compensated to all the persons involved in the road traffic accident;

3) losses that have been caused to property of the owner or legal user of the motor vehicle that caused a road traffic accident, and personal losses caused to the driver of the motor vehicle that caused a road traffic accident. The losses referred to in this Clause shall be compensated in the cases referred to in Section 31, Paragraphs five and seven of this Law;

4) losses due to the damage, total loss or disappearance of a motor vehicle and property contained therein, if the referred to losses have been suffered by persons after a road traffic accident;

5) losses that have been caused while using a motor vehicle in a test drive or as result of use of a vehicle for a test drive or in a car race;

6) losses due to a damage of a motor vehicle or trailer hitched or otherwise attached to the motor vehicle that caused the loss in a road traffic accident;
7) losses that have been directly or indirectly caused or facilitated by ionising radiation, radioactive contamination generated by any nuclear fuel, or by a radioactive, toxic, explosive or otherwise dangerous feature of any explosive nuclear compound or nuclear component thereof;
8) non-received profit due to a road traffic accident;
9) losses that have been caused by a rock or another object that a motor vehicle or a device attached thereto has moved;
10) the expenses of an insurance company that have been incurred due to the setting in of an insurable event provided for in a health insurance contract, except the cases where, in accordance with the health insurance contract, the insurance company compensates the losses by using the principle of compensation;
11) losses that have been caused to the property of a third person, which the owner or legal user of a motor vehicle that caused a road traffic accident has accepted for commercial carriage;
12) losses due to damage or total loss of property that have been caused in such road traffic accident which should have been reported to the State Police in accordance with the laws and regulations but which has not been reported in bad faith or due to gross negligence of the persons involved in the road traffic accident;
13) losses that have arisen in the maneuvering area of an airfield in a road traffic accident in which a motor vehicle and an aircraft are involved;
14) the losses caused to the property of a lessee and to the motor vehicles used in accordance with the lease agreement, which have arisen in a road traffic accident in which such motor vehicles are involved which have been leased out to one and the same lessee identified as the holder of the motor vehicles with the State Register of Vehicles and Drivers of the Road Traffic Safety Directorate or with the information system for the tractor-type machinery and drivers thereof of the State Technical Supervision Agency.
[27 September 2007; 22 September 2011]

Section 36. Reporting of the Occurrence of an Insurable Event

(1) Persons involved in a road traffic accident have the following duties:

1) take all the possible measures to record the circumstances of the road traffic accident in accordance with the procedures laid down in laws and regulations, as well as to prevent or minimise further losses;
2) to safeguard and present the damaged property in such condition as was after the road accident until the time when in accordance with the procedures laid down in this Law the damage caused to the property is recorded or refusal to carry out the inspection of the damaged property is received;
3) provide information on the circumstances of the road traffic accident to the insurer or the Motor Insurers’ Bureau within five days after receipt of the request thereof.

(2) The driver of a motor vehicle involved in a road traffic accident has the duty to report the occurrence of an insurable event to the insurer or the Motor Insurers’ Bureau as follows:

1) if the owner of the motor vehicle is a person who may claim insurance indemnity, he or she shall submit an application regarding an insurable event to the insurer that has insured the liability of the owner of the motor vehicle that has caused the loss, or to the Motor Insurers’ Bureau if insurance indemnity is to be paid from the Guarantee Fund. A completed agreed statement shall be enclosed to the application if the circumstances of the road traffic accident have been recorded using the agreed statement forms;
2) if the owner of the motor vehicle is a person who may not claim insurance indemnity, he or she shall submit a completed agreed statement to the insurer with which the compulsory civil liability insurance contract has been entered into, or, in the absence of such, to the Motor Insurers’ Bureau within 10 days after the day of the occurrence of the road traffic accident.
accident where the circumstances of the road traffic accident have been recorded using the agreed statement forms, or notify of the road traffic accident in writing if the circumstances of the road traffic accident have been recorded by the State Police.

(3) If the driver of a motor vehicle has failed to report the occurrence of a road traffic accident, the duty to report shall rest with the owner of the motor vehicle or – in the event of the lease of the motor vehicle – with the lessee in accordance with Paragraph two of this Section.

(4) A person who may claim insurance indemnity for the loss caused to property (except the loss caused to the motor vehicle) or personal losses, shall submit an application regarding an insurable event to the insurer that has insured the civil liability of the owner of the motor vehicle that has caused the loss or the Motor Insurers’ Bureau if insurance indemnity is to be paid from the Guarantee Fund.

(5) If the insurer that has insured the civil liability of the owner of the motor vehicle that has caused the loss, is not known or such does not exist, the persons referred to in this Section have a duty to address the Motor Insurers’ Bureau or any insurer. The respective insurer shall establish, liaising with the Motor Insurers’ Bureau, who should be notified of the insurable event or submit an application regarding the insurable event, and shall immediately notify the respective person thereof.

(6) Within five days counting from the day on which the insurer or the Motor Insurers’ Bureau has been notified of the insurable event in accordance with Paragraph two, Clause 2 of this Section the insurer or the Motor Insurers’ Bureau:

1) shall carry out the inspection of the motor vehicle that caused the loss in a road traffic accident;
2) is entitled not to carry out the inspection of the motor vehicle that caused the loss in the road traffic accident, notifying the person who reported the insurable event thereof in writing.

(7) The insurer or the Motor Insurers’ Bureau may refuse to pay insurance indemnity if a third person has failed to perform any of the duties laid down in Paragraph one of this Section in bad faith or due to gross negligence.

[27 September 2007; 22 September 2011]

Section 37. Procedures for Evaluating the Losses Caused to Property

(1) An insurer of the civil liability of the owner of the motor vehicle that caused the loss in a road traffic accident or of the Motor Insurers’ Bureau, if insurance indemnity is to be paid from the Guarantee Fund, shall ensure, without delay, however, not later than within five days (counting from the day on which the person who may claim the insurance indemnity has notified the insurer or the Motor Insurers’ Bureau of the insurable event), inspection of the property of the person claiming the insurance indemnity.

(2) If the insurer or the Motor Insurers’ Bureau has failed to ensure the inspection of the damaged property within the time period referred to in Paragraph one of this Section, a third person has the right to select an expert for determining the amount of the losses. In such case the insurer or the Motor Insurers’ Bureau shall:

1) compensate for the losses on the basis of the documents submitted by the third person to substantiate the amount of the losses caused;
2) compensate the third person for expenses which the third person incurred carrying out the examination of the property damaged in the road traffic accident.

(3) A certified expert of the Motor Insurers’ Bureau is entitled to carry out technical examination related to the damage caused to a motor vehicle in the Republic of Latvia. If a third person wishes to receive an insurance indemnity for the losses referred to in Section 26 or 27 of this Law, the carrying out of the technical examination of the motor vehicle for the purpose of assessing the losses shall be compulsory.
Section 38. Procedures for Requesting Insurance Indemnity

(1) An insurer or the Motor Insurers’ Bureau (if insurance indemnity is to be paid from the Guarantee Fund) shall calculate an insurance indemnity, taking into account the losses caused in a road traffic accident.

(2) A person who claims to receive insurance indemnity shall submit a submission regarding an insurance indemnity. The following shall be attached to the submission:

1) the documents and information recorded in another manner which supports the facts related to the insurable event, the losses and their amount, if such information exists;

2) the documents of courts, prosecutor’s offices and investigation institutions or the officers thereof in connection with the road traffic accident in which the loss was caused to a third person, if such documents exist;

3) [27 September 2007];

4) a certificate issued by the State Revenue Service regarding the employment income of the injured person before the road traffic accident, if the losses referred to in Section 19, Paragraph one, Clauses 2, 3 and 4 of this Law have been caused. The certificate need not be appended if the person claiming the insurance indemnity has agreed that the insurer or the Motor Insurers’ Bureau (if the insurance indemnity is to be paid from the Guarantee Fund) will request and receive the certificate from the State Revenue Service. If the losses referred to in Section 19, Paragraph one, Clause 4 of this Law have been caused, the certificate shall be requested or consent for the certificate to be received by the insurer or the Motor Insurers’ Bureau shall be given by the survivor who in accordance with this Law has the right to claim the insurance indemnity or his or her representative.

(3) The right of a person who claims to receive insurance indemnity for the loss caused to the property of such person to raise a claim against the insurer or the Motor Insurers’ Bureau shall cease if such right has not been claimed within a period of one year from the setting in of an insurable event.

(4) The right of a person who claims to receive insurance indemnity for the damage caused to health to raise a claim against the insurer or Motor Insurers’ Bureau shall cease if such right has not been claimed within three years from the setting in of an insurable event.

(5) If a person who may claim insurance indemnity in accordance with this Law submits a written request, the insurer or the Motor Insurers’ Bureau shall acquaint such person with the documents at their disposal which support the decision to pay insurance indemnity due to such person or to refuse to pay insurance indemnity, or issue the copies of the referred-to documents to such person. A person who may claim insurance indemnity has the right to receive copies of the referred-to documents at a charge that does not exceed the expenses for making the copies.

(6) The insurer or the Motor Insurers’ Bureau does not have a duty to acquaint with documents and issue copies of documents in accordance with the procedures laid down in Paragraph five of this Section, if the insurer or the Motor Insurers’ Bureau has submitted documents in connection with a road traffic accident to the law enforcement authorities within the scope of a criminal matter.
(7) The insurer or the Motor Insurers’ Bureau, having acquainted with documents which support its decision to pay insurance indemnity or to refuse to pay insurance indemnity, has the right to require that the person who claims insurance indemnity, signs a confirmation which indicates the documents with which such person has acquainted himself or herself. If a person who claims insurance indemnity refuses to sign such confirmation, it shall be signed by the insurer or the Motor Insurers’ Bureau, noting specifically that the referred-to person has refused to sign the confirmation.

[27 September 2007; 22 September 2011]

Section 38. Direct Loss Regulation

(1) Insurers have the right to agree on direct loss regulation by entering into a mutual contract in accordance with the binding guidelines of the Motor Insurers’ Bureau which lay down the rights and obligations in the cases involving direct loss regulation – the insurer’s right to join the direct loss regulation system and withdraw from it, the procedures for payment of insurance indemnity, the procedures for mutual settlement of accounts, the procedures for resolving disputes regarding the insurance indemnity payment obligation, as well as govern other matters related to the direct loss regulation.

(2) In reaching an agreement on direct loss regulation, an insurer which has insured the losses of the civil liability of the owner of the motor vehicle that caused the loss, has the right to authorise the insurer which has insured the civil liability of the owner of the motor vehicle that has been damaged or totally lost in the road traffic accident or the authorised person thereof, to carry out the following activities:

1) to accept and review an application regarding an insurable event, as well as to carry out other activities which are necessary in accordance with this Law in order to take a decision on insurance indemnity;

2) to take a decision to pay an insurance indemnity and to pay the insurance indemnity within the time periods laid down in this Law.

(3) At the time of entering into an insurance contract and after the road traffic accident an insurer has a duty to ensure that the persons involved in the road traffic accident are informed regarding the procedures for reporting an insurable event and claiming an insurance indemnity.

[22 September 2011]

Section 39. Decision on Insurance Indemnity

(1) If the fault of the person who caused the loss in a road accident has been determined or the person that caused the loss in the road traffic accident is known and the caused losses have been calculated, an insurer or the Motor Insurers’ Bureau shall take a decision to pay an insurance indemnity within three months from the day of receipt of the written application referred to in Section 36, Paragraphs two and four of this Law, but not later than within one month after all of the necessary documents have been received, and shall send to the claimant of the insurance indemnity appropriate written information.

(2) If the fault of the person who caused the loss in a road accident has not been determined or is contested, or the losses have not been completely determined, an insurer or the Motor Insurers’ Bureau shall send to the claimant of the insurance indemnity appropriate written information wherein the justification for non-payment of insurance indemnity is indicated within three months from the day of receipt of the written application referred to in Section 36, Paragraphs two and four of this Law.

(3) An insurer or the Motor Insurers’ Bureau shall pay to a third person for exceeding the time period referred to in Paragraphs one and two of this Section (three months from the day of receipt of the written application referred to in Section 36, Paragraphs two and four of this Law.
Law) 0.1 per cent of the unpaid insurance indemnity per each day of delay in addition to the unpaid insurance indemnity or the amount of losses determined by a court.

(4) If an insurer or the Motor Insurers’ Bureau has appealed a decision of the law enforcement institutions or a court in accordance with the procedures laid down in laws and regulations, the time period referred to in Paragraphs one and two of this Section shall be interrupted until the complaint is examined and the insurer or the Motor Insurers’ Bureau does not have an obligation to pay the per cent referred to Paragraph three of this Section if the court has recognised the appeal as justified. If the appeal is dismissed, the per cent shall be calculated in accordance with the procedures laid down in Paragraph three of this Section. The time period referred to in Paragraphs one and two of this Section shall also be interrupted and the insurer or the Motor Insurers’ Bureau also does not have an obligation to pay the per cent referred to in Paragraph three of this Section while a criminal matter is being investigated.

(5) If a third person is not satisfied with the decision of an insurer regarding the payment of insurance indemnity, such person has the right to request the Motor Insurers’ Bureau to provide an opinion regarding the referred to decision. In examining a complaint by the third person according to the substance, the Motor Insurers’ Bureau shall take a decision that shall be a recommendation by nature.

(6) A third person may appeal the decision of an insurer regarding the payment of an insurance indemnity to a court even if such person does not use the right to request the Motor Insurers’ Bureau to provide an opinion regarding the referred to decision.

(7) If a person claiming an insurance indemnity has agreed in writing to receive the written information provided for in this Section through an electronic mail or as an SMS to the mobile phone, the insurer is entitled to provide such information in accordance with the consent received.

[27 September 2007; 22 September 2011]

Section 40. Procedures for Payment of Insurance Indemnity

(1) An insurer or the Motor Insurers’ Bureau shall pay an insurance indemnity within a period of 5 days after a decision to pay insurance indemnity has been taken.

(2) If the time period referred to in Paragraph one of this Section is not observed due to a fault of an insurer or the Motor Insurers’ Bureau, in addition to the insurance indemnity to be paid, the insurer or the Motor Insurers’ Bureau shall pay 12 per cent of the insurance indemnity payable a year.

Section 41. Subrogation Actions of Insurer and Motor Insurers’ Bureau

(1) An insurer is entitled to submit a subrogation action against:

1) the driver of a motor vehicle that has caused the loss to a third person in a road traffic accident; if he or she:

   a) has driven the motor vehicle under the influence of alcohol, narcotic, psychotoxic, psychotropic or other intoxicating substances,
   b) has driven the motor vehicle without a licence for the relevant category of vehicle,
   c) has left the site of a road traffic accident after the accident, notwithstanding the requirements laid down in this Law or other laws and regulations, or avoided a test for the determination of the influence of alcohol, narcotic, psychotoxic, psychotropic or other intoxicating substances to be performed in accordance with determined procedures, or has used such substances after the road traffic accident until the relevant test,
d) has failed to submit a completed agreed statement in accordance with the procedures laid down in this Law or has failed to submit information regarding the circumstances of the road traffic accident to the insurer upon request thereof,

e) has caused losses by committing an intentional criminal offence;

2) the owner or – in the event of the lease of a motor vehicle – the lessee of a motor vehicle that caused the loss in a road traffic accident if:

a) the owner of the motor vehicle has not paid an insurance premium within the time period determined in an insurance contract,

b) the driver of a motor vehicle that caused the loss to a third person in a road traffic accident, has failed to submit a completed agreed statement in accordance with the procedures laid down in this Law or has failed to provide information regarding the circumstances of the road traffic accident to the insurer upon request thereof and the recovery of the loss from the driver of the motor vehicle is not possible,

c) the driver of the motor vehicle, notwithstanding the requirements determined in this Law or other laws and regulations, has left the site of a road traffic accident and the concrete person who was driving the motor vehicle at the time of the road traffic accident has not been determined,

d) the motor vehicle has not undergone a State technical inspection in accordance with the determined procedures and the loss caused in a road traffic accident is causally related to the technical condition of the motor vehicle,

e) the motor vehicle has not been fitted with tyres which are intended for driving in winter circumstances according to the road traffic rules during the period from 1 December to 1 March, and the loss caused in the road traffic accident has a causal relationship with the referred-to violation;

3) the owner (manager) of the road if the insurer has compensated for the loss caused in the road traffic accident instead of the owner (manager) of the road;

4) a person who has caused the loss in bad faith;

5) a commercial undertaking (merchant), if such undertaking (merchant) has not conformed to the procedures laid down in Section 5, Paragraph one, Clause 3 of this Law by which motor vehicles intended for sale participate in road traffic.

(2) The Motor Insurers’ Bureau is entitled to submit a subrogation action against:

1) the owner or – in the event of the lease of a motor vehicle – the lessee of a motor vehicle that caused the loss in a road traffic accident if he or she has failed to insure the civil liability of the owner of a motor vehicle, or against the legal user of such motor vehicle;

2) the driver of a motor vehicle if he or she has acquired the motor vehicle through illegal acts;

3) an insurer, if the motor vehicle that has caused the loss is being determined and the insurer had the obligation to pay insurance indemnity;

4) an insurer if the insurance indemnity has been paid in the case referred to in Section 51, Paragraph five or Paragraph 5.1 of this Law and the insurer had the obligation to pay the insurance indemnity;

5) the Guarantee Fund (compensation authority) of a state of the European Economic Area, if within three months from the day of receipt of the written application referred to in Section 36, Paragraphs two and four of this Law, a foreign insurer who has insured the civil liability of the owner of the motor vehicle that caused the loss, or a representative thereof has not sent written information to the person claiming an insurance indemnity (the resident of the Republic of Latvia who has brought action against the insurer of the foreign state due to an insurable event that has occurred in such state);

6) the Guarantee Fund (compensation authority) of a state of the European Economic Area, if the insurer of such state has not appointed a representative in the Republic of Latvia and the loss has been caused to a resident of the Republic of Latvia in a road traffic accident which occurred in such state;
7) the Guarantee Fund (compensation authority) of a state of the European Economic Area, if the loss has been caused by a motor vehicle registered in the state, the insurer of the civil liability of the owner of which cannot be identified within two months after such insurable event in which losses have been caused to a resident of the Republic of Latvia;
8) the Guarantee Fund (compensation authority) of a state of the European Economic Area, if such insurable event has occurred in the state in which losses were caused to a resident of the Republic of Latvia, but it is impossible to identify the motor vehicle;
9) the Guarantee Fund (compensation authority) of a state of the European Economic Area, if losses to a resident of the Republic of Latvia in a road traffic accident which occurred in the respective state were caused by a motor vehicle registered outside the states of the European Economic Area and the insurer of the civil liability of the owner of which cannot be identified within two months after occurrence of the insurable event.

(3) The Motor Insurers’ Bureau is entitled also to submit a subrogation action in the cases provided for by international agreements.

(4) The Motor Insurers’ Bureau is entitled to submit a subrogation claim in the cases referred to in Paragraph one of this Section if it has paid an insurance indemnity in accordance with Section 51, Paragraph one, Clause 5 of this Law.

[27 September 2007; 22 September 2011]

Section 42. Insurance Indemnity to Foreigners

Losses caused to foreigners, as well as foreign legal persons shall be compensated in accordance with the procedures laid down in the laws of the Republic of Latvia and international agreements.

Chapter IV
Administration of the Field of Compulsory Civil Liability Insurance of Motor Vehicle Owners

Section 43. The Motor Insurers’ Bureau

(1) Proper functioning of the system of compulsory civil liability insurance of the owners of motor vehicles shall be ensured by the Motor Insurers’ Bureau of Latvia, in accordance with the purpose and tasks of operation thereof, which unites all insurance companies that have the right to perform the compulsory civil liability insurance of the owners of motor vehicles in the Republic of Latvia.
(2) This Law shall regulate the operation of the Motor Insurers’ Bureau, but the Law On Associations and Foundations shall specify the legal status of the Motor Insurers’ Bureau.
(3) If an insurer is excluded or withdraws from the Motor Insurers’ Bureau, the Motor Insurers’ Bureau shall notify the Financial and Capital Market Commission regarding such exclusion or withdrawal.
(4) The Motor Insurers’ Bureau shall fulfil the functions of the Republic of Latvia Green Card Bureau.
(5) The Motor Insurers’ Bureau shall take decisions independently within the competence thereof, perform the tasks assigned to the Bureau and shall be liable for the implementation of such tasks.

Section 44. Competence, Rights and Obligations of the Motor Insurers’ Bureau

(1) The purpose of the operation of the Motor Insurers’ Bureau shall be to ensure the protection of the interests of third persons who have suffered in a road traffic accident and
promote the stability and development of compulsory civil liability insurance of the owners of motor vehicles.

(2) The Motor Insurers’ Bureau shall:
   1) ensure the operation of the Guarantee Fund;
   2) pay insurance indemnity from the Guarantee Fund in the cases laid down in this Law;
   3) in accordance with the competence thereof, develop and issue proposals to the Ministry of Finance that are associated with compulsory civil liability insurance of the owners of motor vehicles;
   4) in accordance with the competence thereof, issue to insurers binding instructions regarding compulsory civil liability insurance of the owners of motor vehicles;
   5) develop an information system necessary for the operation of compulsory civil liability insurance of the owners of motor vehicles, ensure the inclusion of such system in the integrated State information system and operative accessibility of data in the amount provided for by Cabinet regulations;
   6) ensure the provision of the information referred to in Sections 50 and 50.1 of this Law;
   7) develop and implement methodology for the performance of technical expert-examinations of motor vehicles that is related to compulsory civil liability insurance of the owners of motor vehicles;
   8) bring subrogation actions to a court in the cases laid down in this Law;
   9) organise international co-operation in the field of compulsory civil liability insurance of the owners of motor vehicles and enter into relevant agreements;
   10) provide services that are related to the technical, legal and medical expert-examinations of the compulsory civil liability insurance of the owners of motor vehicles, the certification and training (increasing qualification) of technical experts, as well as the relevant services in the cases provided for in international agreements binding to the Republic of Latvia;
   11) provide assistance to natural and legal persons of the Republic of Latvia in the defence of the rights and interests of such persons abroad in fields that are related to compulsory civil liability insurance of the owners of motor vehicles;
   12) handle claims, if there is a conflict between an insurer and the Motor Insurers’ Bureau regarding the obligation to pay insurance indemnity, and shall take decisions regarding the payment of insurance indemnity or a refusal to pay insurance indemnity, as well as ensure the payment of insurance indemnity;
   13) handle the claims of residents of the Republic of Latvia due to insurable events that have occurred in the states of the European Economic Area and take decisions to pay an insurance indemnity or to refuse to pay an insurance indemnity, as well as ensure payment of the insurance indemnity if:
      a) within three months from the day of receipt of the written application referred to in Section 36, Paragraphs two and four of this Law, a foreign insurer which has insured the civil liability of the owner of the motor vehicle that caused the loss, or a representative thereof has not sent written information to the person claiming insurance indemnity (the resident of the Republic of Latvia which brought action against the foreign insurer due to an insurable event which occurred in a state of the European Economic Area),
      b) the foreign insurer has not appointed a representative in the Republic of Latvia and losses were caused to a resident of the Republic of Latvia in an insurable event that occurred in a state of the European Economic Area;
   14) handle the claims of residents of the Republic of Latvia due to insurable events which have occurred in the states of the European Economic Area and take a decision to pay
an insurance indemnity or to refuse to pay an insurance indemnity, as well as ensure payment of the insurance indemnity if:

a) losses have been caused by a motor vehicle registered in a state of the European Economic Area or another country the insurer of the civil liability of the owner of which cannot be identified within two months after an insurable event which occurred in a state of the European Economic Area in which losses have been caused to a resident of the Republic of Latvia,

b) the motor vehicle cannot be identified after an insurable event which occurred in a state of the European Economic Area in which losses were caused to a resident of the Republic of Latvia;

15) issue an opinion to third persons regarding the decision of an insurer with regard to the payment of insurance indemnity;

16) approve insurance policy forms and regulations for completing such forms;

17) approve agreed statement forms and regulations for completing such forms;

18) provide the members of the Motor Insurers’ Bureau with insurance policy and agreed statement forms;

19) provide the information at the disposal thereof to investigative institutions, a prosecutor’s office and a court free of charge for the examination of the materials submitted for the records of such institutions, investigation and adjudication.

(3) The Motor Insurers’ Bureau is entitled to:

1) in accordance with the procedures laid down in laws and regulations request and receive statements from the State Police regarding road traffic accidents free of charge, as well as from other State administrative institutions, local governments and insurance companies – information necessary for work;

2) represent the legal user or owner of the motor vehicle that has caused the loss in a road traffic accident if a submission has been submitted to the Motor Insurers’ Bureau regarding an insurance indemnity and the insurance indemnity is to be paid from the Guarantee Fund.

[27 September 2007; 22 September 2011]

Section 45. Administrative Bodies of the Motor Insurers’ Bureau

The administrative bodies of the Motor Insurers’ Bureau shall be the general meeting and the Board.

Section 46. General Meeting

(1) General meeting shall be the decision-taking body of the Motor Insurers’ Bureau. The general meeting shall be comprised of all the insurers.

(2) General meeting has the right to:

1) decide on measures against any insurer that does fulfil the obligations of a member of the Motor Insurers’ Bureau;

2) issue instructions binding to all insurers regarding the compulsory civil liability insurance of the owners of motor vehicles, insofar as such instructions are not in conflict with this Law;

3) take a decision to exclude an insurer from the Motor Insurers’ Bureau if the obligations of an insurer referred to in Section 17 of this Law are repeatedly not fulfilled;

4) recommend insurer representatives to the Minister for Finance for appointment and dismissal from office in the consultative council;

5) decide on any issues submitted by the Board or consultative council, or proposed by an insurer;
6) determine the amount of financial resources necessary to ensure the operation of the Motor Insurers’ Bureau and the procedures for payment;
7) recommend to the Financial and Capital Market Commission to suspend or withdraw the relevant rights to perform the compulsory civil liability insurance of the owners of motor vehicles;
8) decide on other issues that ensure the implementation of this Law.

Section 47. Board

The executive body of the Motor Insurers’ Bureau shall be the Board of the Motor Insurers’ Bureau. The Board shall consist of the chairperson and two Board members.

[27 September 2007]

Section 48. Financing of the Motor Insurers’ Bureau

(1) The operation of the Motor Insurers’ Bureau shall be financed by insurers in the amount and in accordance with the procedures laid down in the general meeting
(2) Insurer payments shall be sufficient in order to ensure the implementation of the tasks and goals of the Motor Insurers’ Bureau determined in this Law.
(3) The insurer payments referred to in Paragraph two of this Section shall be transferred into the account of the Motor Insurers’ Bureau and shall be only used to ensure the operation of the Motor Insurers’ Bureau.

Section 49. Co-operation with State Administrative Institutions and Provision of Information to State Administrative Institutions regarding Compulsory Civil Liability Insurance of Owners of Motor Vehicles

(1) The Minister for Finance shall appoint to and dismiss from office in the consultative council representatives of the following institutions and organisations: one representative from the Ministry of Finance, the Financial and Capital Market Commission, the State Police, the Road Traffic Safety Directorate, the Ministry of Transport, the Ministry for Agriculture, the Latvian Auto-motor Society, the Latvian International Freight Forwarders Association “Latvijas Auto”, the Latvian Passenger Motor Carriers Association, the Latvian Authorised Car Traders Association, the State Technical Supervision Agency, the Latvian Association of Insurance Brokers and the Latvian National Cargo Forwarders Association, eleven insurers authorised by the Motor Insurers’ Bureau who have received a permit to pursue the compulsory civil liability insurance of the owners of motor vehicles, and the chairperson of the Board of the Motor Insurers’ Bureau.
(2) The consultative council shall:
   1) examine and submit proposals to the Ministry of Finance regarding the necessary amendments to laws and other laws and regulations with regard to the compulsory civil liability insurance of the owners of motor vehicles;
   2) examine the reports prepared by the Board regarding the situation in the compulsory civil liability insurance of the owners of motor vehicles in the State.
(3) The Motor Insurers’ Bureau shall submit aggregated information to the Ministry of Finance and the Financial and Capital Market Commission regarding the situation in the compulsory civil liability insurance of the owners of motor vehicles in the State not less than once a quarter.

[27 September 2007; 22 September 2011]
Section 50. Providing Information to Persons Involved in a Road Traffic Accident

(1) A person involved in a road traffic accident has the right to request and receive the following information from the Motor Insurers’ Bureau:

1) the name and address of the insurer of the civil liability of the owner of the motor vehicle that caused the loss in a road traffic accident if such motor vehicle has a number plate of the Republic of Latvia;

2) the insurance policy number of the owner of the motor vehicle that caused the loss in a road traffic accident, if such contract is effective at the time of the road traffic accident and if the respective motor vehicle has a number plate of the Republic of Latvia;

3) the name and address of the insurer or the representative thereof, if the loss in the road traffic accident was caused by a motor vehicle which has the number plate of a state of the European Economic Area, or a motor vehicle which has the number plate of a third country and a civil liability insurance policy issued by foreign insurer.

(2) In order to exercise his or her lawful rights substantiated in writing, a third person is eligible to request and receive the following information regarding the owner or legal user of a motor vehicle that caused the loss in a road traffic accident – the given name, surname and address (for a natural person), the name and address (for a legal person), if such motor vehicle has a number plate of the Republic of Latvia.

(3) A person involved in a road traffic accident is entitled request the information referred to in Paragraphs one and two of this Section within 10 years from the day of the occurrence of the road traffic accident.

[27 September 2007]

Section 50.1 Providing Information to the Owner of a Motor Vehicle

(1) Within 15 days after request of the owner or – in the event of the lease of a motor vehicle – the lessee of the motor vehicle, the Motor Insurers’ Bureau shall provide the following information regarding insurance contracts entered into in previous periods regarding the compulsory insurance of his or her civil liability and the applications submitted in connection with insurable events:

1) insurance contracts entered into during the time period which is not less than the last five years – the series and number of the insurance contract, the type of the insurance contract, the date on which the insurance contract was entered into, the date and time of its entry into effect, the end date of the validity thereof, the insurer with which the insurance contract has been entered into;

2) according to the contracts referred to in Paragraph one, Clause 1 of this Section the number of applications submitted in connection with insurable events, indicating the date of a road traffic accident, and whether the payment of the insurance indemnity has or has not been made on the basis of such applications.

(2) In the request addressed to the Motor Insurers’ Bureau the registration number plate of a motor vehicle and the data of the owner of the motor vehicle – the given name, surname, personal identity number or a person or the name and registration number of a legal person shall be indicated.

(3) The Motor Insurers’ Bureau has the right to charge a fee for the preparation of the information referred to in Paragraph one of this Section, the amount whereof does not exceed the expenses for the preparation of the information.

[22 September 2011]
Section 51. Guarantee Fund

(1) Insurers shall create and the Motor Insurers’ Bureau shall administer the Guarantee Fund. The purpose of the Guarantee Fund shall be to ensure the payment of insurance indemnity to cover such losses that have been caused by:

1) a motor vehicle whose owner has not insured his or her civil liability;
2) an unidentified motor vehicle (in such case, the provisions of Section 35 of this Law shall be complied with);
3) a motor vehicle the fault of the driver whereof cannot be proven in the case referred to in Section 31, Paragraph eight of this Law;
4) a motor vehicle that has left the possession of the owner, keeper or user not due to his or her fault, but due to illegal activities of another person;
5) a motor vehicle in respect of the insurer of the civil liability of which an insolvency procedure has been declared;
6) a motor vehicle registered in the Republic of Latvia the civil liability insurer of the owner whereof is not possible to determine;
7) a motor vehicle the insurer of the civil liability of the owner whereof or a representative thereof has not sent written information to the person claiming an insurance indemnity (a resident of the Republic of Latvia who has brought action against the foreign insurer due to an insurable event that has occurred in a state of the European Economic Area) within three months from the day of receipt of the written application referred to in Section 36 of this Law;
8) a motor vehicle the insurer of the civil liability of the owner whereof has not appointed a representative in the Republic of Latvia, if losses were caused to a resident of the Republic of Latvia in an insurable event that has occurred in a state of the European Economic Area;
9) a motor vehicle registered in a state of the European Economic Area or another state if an insurable event has occurred in a state of the European Economic Area and in which losses have been caused to a resident of the Republic of Latvia, but it is not possible to identify the insurer of the civil liability of the owner of the motor vehicle within two months after the insurable event;
10) an unidentified vehicle in an insurable event that has occurred in a state of the European Economic Area, in which losses have been caused to a resident of the Republic of Latvia. In such case the losses caused to property referred to in Section 25, Paragraph one, Clauses 1, 2, 3, 6 and 7 of this Law shall be covered from the Guarantee Fund only if such compensation is provided for in the laws and regulations of such state of the European Economic Area in which the insurable event occurred.

(2) A compensation of losses shall be paid from the resources of the Guarantee Fund in the cases provided for in international agreements.

(3) The following shall be covered from the Guarantee Fund:

1) expenses for the expert-examination or other activities necessary to conform to other requirements, if in accordance with this Law the Motor Insurers’ Bureau takes a decision to pay insurance indemnity, and expenses incurred due to recovering insurance indemnities paid out by the Guarantee Fund by way of subrogation;
2) the compensation laid down in this Law to an insurer for reduction of the payment of insurance premium;
3) expenses incurred due to ensuring the safeguarding and investing of the assets of the Guarantee Fund;
4) expenses incurred due to ensuring the transfer of the insurance indemnity payment risk laid down in Paragraph one, Clauses 1, 2, 3, 4, 5 and 6 of this Section.

(4) Losses to a foreigner or foreign legal person the laws and regulations of the place of residence or the state of registration of such person restricts the payment of compensation for
losses from the Guarantee Fund or a corresponding institution in the relevant foreign state shall be compensated by applying the same restrictions.

(5) The resources of the Guarantee Fund shall be used to pay compensation for losses in one of the following cases:

1) if a dispute arises between an insurer and the Motor Insurers’ Bureau regarding the duty to pay an insurance indemnity;

2) if a dispute arises between insurers regarding the duty to pay an insurance indemnity when losses to a third person have been caused by several persons, including the drivers of motor vehicles, and within three months from submitting the application regarding an insurable event it is impossible to determine the degree of liability of the driver of each motor vehicle.

(5¹) The resources of the Guarantee Fund shall be used to cover the indemnity paid in accordance with Section 38.¹ of this Law by an authorised insurer in the cases of direct loss regulation if upon its request the insurer that has insured the civil liability of the owner of the motor vehicle that has caused the losses has not compensated, in whole or in part, for the claimed losses. In such case the insurer whose actions have been recognised by the Motor Insurers’ Bureau as unjustified, shall reimburse the resources used from the Guarantee Fund and pay for the use of the resources of the Guarantee Fund 12 per cent per year from the amount of the insurance indemnity paid from the Guarantee Fund from the day when payment was performed up to the day when the insurer reimbursed the insurance indemnity paid.

(6) The resources of the Guarantee Fund shall be comprised of:

1) single payments made by insurers;

2) deductions from the premiums of the compulsory civil liability insurance of the owners of motor vehicles;

3) additional payments made by insurers;

4) sums recovered by the Motor Insurers’ Bureau through subrogation actions regarding losses caused in a road traffic accident;

5) donations and gifts;

6) revenue from the safeguarding and investing of the resources of the Guarantee Fund.

(7) The holder of the Guarantee Fund shall be the Motor Insurers’ Bureau. The Motor Insurers’ Bureau shall take decisions regarding the utilisation of the resources of the Guarantee Fund for the determined goals.

(8) The Council of the Guarantee Fund shall supervise the utilisation of the resources of the Guarantee Fund. The Council shall consist of an authorised representative of each insurer and an authorised representative of the Board of the Motor Insurers’ Bureau.

(9) The Cabinet shall determine the procedures for the creation, accumulation and administration of the Guarantee Fund. The Financial and Capital Market Commission shall supervise the compliance with the procedures for the creation, accumulation and administration of the Guarantee Fund.

[27 September 2007; 23 October 2008; 22 September 2011]

Section 51.¹ Safeguarding and Investing of the Resources of the Guarantee Fund

(1) The Motor Insurers’ Bureau shall keep the resources of the Guarantee Fund in a credit institution registered in the Republic of Latvia, another Member State of the European Union or a state of the European Economic Area (hereinafter also – Member State).

(2) The investments of the resources of the Guarantee Fund may be made and managed, entering into a contract with the Motor Insurers’ Bureau regarding the management of the resources of the Guarantee Fund:

1) a credit institution entitled to provide investment services and investment ancillary services in the Republic of Latvia;
2) an investment brokerage company entitled to provide investment services in the Republic of Latvia;

3) an investment management company entitled to provide management services (also individually managing the financial instruments of investors) in the Republic of Latvia.

(3) The resources of the Guarantee Fund shall be invested in accordance with the procedures laid down in this Section, implementing such investment policy that ensures the performance of payment obligations from the resources of the Guarantee Fund and the liquidity of investments laid down in this Law.

(4) The resources of the Guarantee Fund may be invested in:

1) the securities issued or guaranteed by the governments of the Republic of Latvia, Member States of the European Union or states of the European Economic Area and the local governments thereof or in money market instruments;

2) term deposits with a credit institution that has received a licence for the operation as a credit institution and which has the right to provide financial services in a Member State;

3) investment funds or mutual investment undertakings (hereinafter – investment funds) equivalent thereto if they have been registered in a Member State or a member state of the Organisation for Economic Co-operation and Development and the investors thereof are entitled to alienate their investment certificates without restrictions;

4) the securities issued or guaranteed by the member states of the Organisation for Economic Co-operation and Development or the money market instruments if the long-term credit rating of the respective currency in a foreign currency meet the category of investments according to the assessment of the international rating agencies;

5) shares and other equity securities if they are included in the official listing or a listing comparable thereto (hereinafter – official listing) of a stock exchange (regulated market) registered in a Member State or in the official listing of a stock exchange registered in a member state of the Organisation for Economic Co-operation and Development – a fully-fledged member of the International Securities Exchange, or are traded in other regulated and openly accessible financial instrument markets;

6) debt securities of commercial companies if they are included in the official listing of a stock exchange (regulated market) registered in a Member State or in the official listing of a stock exchange registered in a member state of the Organisation for Economic Co-operation and Development – a fully-fledged member of the International Securities Exchange, or are traded in other regulated and openly accessible financial instrument markets;

7) equity and debt securities of commercial companies if they are not included in the official listing of a stock exchange (regulated market), however, the prospectus of which provide for the inclusion of the securities in the official listings of a stock exchange registered in a member state of the Organisation for Economic Co-operation and Development – a fully-fledged member of the International Securities Exchange will be included within one year from the day on which subscription thereto begins in order to perform transactions with these securities;

8) immovable property registered in a Member State, if it has a valuation which supports that the investment corresponds to the value of the immovable property.

(5) The resources of the Guarantee Fund shall be invested in conformity with the following restrictions:

1) investments in securities or money market instruments issued or guaranteed by a single state or local government may not exceed 25 per cent of the resources of the Guarantee Fund;

2) investments in debt securities issued by a single commercial company may not exceed 10 per cent of the resources of the Guarantee Fund and 10 per cent of the total amount of debt securities issued by a single issuer;
3) investments in equity securities issued by a single commercial company may not exceed 10 per cent of the resources of the Guarantee Fund and 10 per cent of the equity capital and the shares carrying voting rights of the respective issuer;

4) deposits with a single credit institution may not exceed 20 per cent of the resources of the Guarantee Fund, but total receivables against a single credit institution may not exceed 25 per cent of the resources of the Guarantee Fund, except receivables that are due upon request against the holder of the funds;

5) investments in a single investment fund may not exceed 10 per cent of the resources of the Guarantee Fund;

6) investments in a single undivided immovable property may not exceed 10 per cent of the resources of the Guarantee Fund, but total investments in immovable property may not exceed 25 per cent of the resources of the Guarantee Fund;

7) investments in financial instruments issued by commercial companies belonging to a single group of companies may not exceed 25 per cent of the resources of the Guarantee Fund;

8) the resources of the Guarantee Fund may not be used for a borrowing and lending purposes, as well as for issuing guarantees.

[27 September 2007]

Section 51.2 Providing Information to the Credit Register [22 September 2011]

Chapter V
Co-operation with State Administrative Institutions

Section 52. Obligations of the Road Traffic Safety Directorate and the State Technical Supervision Agency in the Field of Inspection and Control of Compulsory Civil Liability Insurance of Motor Vehicle Owners

[27 September 2007]

(1) Prior to technical inspection of a motor vehicle the Road Traffic Safety Directorate and the State Technical Supervision Agency shall examine the validity of the compulsory civil liability insurance contract of the owner of the relevant motor vehicle.

(2) Technical inspection shall not be performed if the civil liability insurance of the motor vehicle owner has not been insured.

[27 September 2007]

Section 53. Rights and Obligations of the State Police in the Field of Compulsory Civil Liability Insurance of Motor Vehicle Owners

(1) An employee of the State Police is entitled to ascertain the existence of the validity of an insurance contract, using the data which are available in the information system of the compulsory civil liability insurance of the owners of road motor vehicles or on the basis of an insurance policy if such policy has been issued.

(2) If it is determined in an inspection that the civil liability of the owner of a motor vehicle has not been insured, the State Police shall carry out the activities laid down in laws and regulations, including take a decision to apply an administrative punishment.
(3) Upon request of an insurer or the Motor Insurers’ Bureau, the State Police shall acquaint the insurer or the Motor Insurers’ Bureau with the information at the disposal thereof regarding a road traffic accident free of charge and shall issue a statement regarding the road traffic accident, as well as, if necessary, issue copies of documents drawn up regarding the relevant road traffic accident for a fee.

[27 September 2007; 22 September 2011]

Section 54. Co-operation with the State Social Insurance Agency and Medical Treatment Institutions

(1) Upon request of an insurer or the Motor Insurers’ Bureau, the State Social Insurance Agency shall provide information regarding:

1) the amount of the State social insurance service and the State social benefit calculated for the injured person for the time period indicated in the application to enable the insurer and the Motor Insurers’ Bureau, in accordance with this Law, to take a decision to pay an insurance indemnity;

2) the amount of the wage subject to insurance contributions of the injured person for the time period indicated in the application to enable the insurer and the Motor Insurers’ Bureau, in accordance with this Law, to take a decision to pay an insurance indemnity;

3) the employer of such person with whom the driver of the motor vehicle that caused the losses is in an employment or service relationship and against whom the Motor Insurers’ Bureau is entitled to submit a subrogation claim if the employer has calculated social insurance contributions during the time period indicated in the application.

(2) In order to take a decision on an insurance indemnity, an insurer or the Motor Insurers’ Bureau, which is covering expenses, is entitled to;

1) request in writing and receive from a medical treatment institution information regarding the medical treatment of a person who has suffered in a road traffic accident, his or her diagnosis of disease and prognosis, which is related to the particular road traffic accident (the data that the referred to persons have acquired regarding the treatment, disease diagnosis and prognosis shall be confidential);

2) use opinions of forensic medical expert-examination only with a written permission of the performer of procedures;

3) send the injured person to a medical examination that is related to the health problems caused in the particular road traffic accident.

[22 September 2011]

Section 55. Obligations and Rights of the State Border Guard in Inspecting the Compulsory Civil Liability Insurance of Motor Vehicle Owners when Motor Vehicle Crosses the State Border of the Republic of Latvia that is simultaneously the External Border of the European Economic Area

If it is determined in an inspection that the civil liability of the owner of a motor vehicle registered in the Republic of Latvia has not been insured, or the driver of such motor vehicle that is normally based outside the territory of the European Economic Area is unable to present a document that certifies the validity of the contract of compulsory civil liability insurance of the motor vehicle owner:

1) the entry of the motor vehicle into the Republic of Latvia is permissible only after the civil liability of the owner of such vehicle is insured;

2) when the motor vehicle is departing from the Republic of Latvia the State Border Guard shall carry out the activities laid down in laws and regulations, including take a decision to apply an administrative punishment.

[22 September 2011]
Section 56. Obligations and Rights of the State Border Guard in Performing Inspection of the Compulsory Civil Liability Insurance of Motor Vehicle Owners in the Territory of the Republic of Latvia

If it is identified in an inspection that the civil liability of the owner of a motor vehicle registered in the Republic of Latvia or such motor vehicle that is usually located outside the territory of the Republic of Latvia, has not been insured, the State Border Guard shall carry out the activities laid down in laws and regulations, including take a decision to apply an administrative punishment.

[22 September 2011]

Section 57. Prevention of Road Traffic Accidents

[27 September 2007]

(1) Every quarter insurers shall transfer two per cent of the amount of the signed insurance premiums indicated in an insurance contract at the time of entering into it, deducting the part of the premium refunded to the policy holder in the cases laid down in Section 10 of this Law into the account of the Motor Insurers’ Bureau for the performance of measures to prevent road traffic accidents. In the cases referred to in Section 14, Paragraphs two and three of this Law a signed insurance premium is a premium that is calculated at the time of entering into an insurance contract, deducting from it the reduction of the insurance premium payment which is compensated to the insurer by the Motor Insurers’ Bureau from the Guarantee Fund.

(2) A consultative body – the Road Traffic Safety Council – established by the Cabinet shall decide on the utilisation of the money, the purpose of operation of which shall be to promote the development and implementation of a unified State policy in the field of road traffic safety in order to increase the overall level of road traffic safety within the State, taking into account that not less than half of the resources referred to in Paragraph one of this Section is utilised by institutions subordinated to the Ministry of the Interior.

[27 September 2007]

Chapter VI

Information System of Compulsory Civil Liability Insurance of Owners of Motor Vehicles

Section 58. Structure of the Information System of Compulsory Civil Liability Insurance of Owners of Motor Vehicles

(1) The information systems and registers of insurers, the Motor Insurers’ Bureau, the Road Traffic Safety Directorate, the State Technical Supervision Agency, the Ministry of the Interior and other institutions shall form the information system of the compulsory civil liability insurance of the owners of motor vehicles – an aggregate of structured information technologies and databases (hereinafter – information system).

(2) The data which are necessary for ensuring the functioning of the compulsory civil liability insurance of the owners of motor vehicles shall be aggregated and processed in the information system.

(3) The Cabinet shall determine the amount the types of data necessary for the operation of the information system, as well as the procedures for the exchange and utilisation of the data. The obligation to provide the referred to information shall be included in agreements that the institutions referred to in Paragraph one of this Section mutually enter into.

[27 September 2007]
Section 59. Rights and Obligations of an Insurer and the Motor Vehicles’ Bureau in Processing Data in the Information System

[27 September 2007]

(1) Prior to entering into an insurance contract, an insurer has the right to receive from the information system the necessary data for entering into the insurance contract and determining the amount of the insurance premium, including the data on the number of insurance indemnities paid during the term of validity of the previous insurance contracts, the number of cases identified in accordance with the procedures laid down in laws and regulations, when administrative violations which attract the registration of the violations carrying points and criminal offences against the safety of traffic have been committed while driving a motor vehicle.

(2) An insurer, upon entering into an agreement, has a duty to transfer the data regarding the respective contract to the information system.

(3) An insurer or the Motor Insurers’ Bureau has the right to receive from the information system the necessary data for administering the insurable event, and the duty to transfer to the information system data regarding:
   1) reported insurable events;
   2) the decision taken on the insurance indemnity.

(4) The Cabinet shall determine the amount of and the procedures for the provision of the data referred to in this Section.

(5) In obtaining and processing the data of natural persons, an insurer or the Motor Insurers’ Bureau shall conform to the requirements laid down in the Personal Data Protection Law.

(6) After transferring the data to the information system any adjustments thereto may only be made by the insurer who has transferred them, or the Motor Insurers’ Bureau.

[27 September 2007]

Transitional Provisions

1. With the coming into force of this Law, the Law On Compulsory Civil Liability Insurance of Owners of Motor Vehicles (Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs, 1997, No. 8, 2000, No. 3, No. 23) is repealed.

2. A complex and a group contract that has been entered into before the coming into force of this Law shall be effective until the expiration of the time period indicated in such contract.

3. The Motor Insurers’ Bureau shall cover to an insurer a portion of a paid insurance indemnity from the Guarantee Fund that exceeds the insurer liability limit effective at the time an insurance policy was issued, if the insurance policy was issued and entered into effect before the coming into force of this Law or will enter into effect within a period of one month after the coming into force of this Law.

4. Section 19, Paragraph two of this Law shall come into force on 1 May 2005.

5. Section 24 of this Law shall come into force on 1 January 2005.

6. Section 48 of this Law shall come into force with the day when the property, obligations, as well as the security of obligations of the Traffic Bureau are transferred to the Motor Insurers’ Bureau.

7. Up to the coming into force of the relevant Cabinet Regulations, the following Cabinet Regulations shall be in force, insofar as they are not in conflict with this Law:
1) Cabinet Regulation No. 179 of 13 May 1997, By-law of the Fund for Protection of Interests of Insurance Takers of Compulsory Civil Liability Insurance of Motor Vehicle Owners;


4) Cabinet Regulation No. 308 of 26 August 1997, Regulations regarding Procedures for Calculation of Insurance Indemnity for Dependents Due to the Death of the Person Injured in Road Traffic Accident;

5) Cabinet Regulation No. 31 of 2 February 1999, Regulations regarding Co-operation in the Field of Information Exchange regarding Compulsory Civil Liability Insurance of Motor Vehicle Owners;

6) Cabinet Regulation No. 209 of 2 June 1998, Procedures by which Compensation of Losses is Paid to Sickness Funds and the Central Fund of State Compulsory Health Insurance Due to Medical Treatment of Persons Injured in Road traffic Accidents.

8. The resources accumulated in the Fund for the Protection of the Interests of Insurance Takers of Compulsory Civil Liability Insurance of Motor Vehicle Owners shall be included in the Guarantee Fund by 1 January 2005 in accordance with the procedures laid down in the Cabinet.

9. Until the day when the property, obligations, as well as the security of the obligations, of the Traffic Bureau is transferred to the Motor Insurers’ Bureau, Cabinet Regulation No. 182 of 13 May 1997, Traffic Bureau By-law, shall be in force, insofar as this Regulation is not in conflict with this Law.

10. The Motor Insurers’ Bureau shall be the successor of the property, obligations, as well as the security of the obligations, of the Traffic Bureau from the day when the Motor Insurers’ Bureau is registered in accordance with the procedures laid down in laws and regulations.

11. The Cabinet shall determine the procedures by which the Ministry of Finance, in accordance with the requirements of this Law, shall transfer the property, obligations, as well as the security of the obligations, of the Traffic Bureau to the Motor Insurers’ Bureau by 1 September 2004. Until the day of acquisition of the property, obligations, as well as the security of the obligations, of the Traffic Bureau, the Traffic Bureau shall perform the functions of the Motor Insurers’ Bureau determined in this Law.

12. Resources of the Guarantee Fund shall be stored in the Treasury until 31 December 2005 are kept in the State account.

13. Amendments to Section 15, Paragraph one, Clauses 1 and 2 of this Law regarding the new wording of these Clauses shall come into force on 1 June 2012. Until 31 May 2012, upon the occurrence of an insurable event, an insurer or the Motor Vehicles’ Bureau shall cover the losses without exceeding the determined liability limit of the insurer:

1) from 1 November 2007 until 30 November 2009:

   a) for indemnification of personal losses – up to 350 000 euros equivalent in lats in accordance with the currency exchange rate set by the Bank of Latvia on the date on which the decision to pay the insurance indemnity to each injured person is taken, but for a road traffic accident – up to 2 500 000 euros equivalent in lats in
accordance with the currency exchange rate set by the Bank of Latvia on the date on which the decision to pay the insurance indemnity is taken,

b) for indemnification of property loss – up to 100 000 euros equivalent in lats in accordance with the currency exchange rate set by the Bank of Latvia on the date on which the decision to pay the insurance indemnity is taken, regardless of the number of third persons;

2) from 1 December 2009 until 31 May 2012:

a) for indemnification of personal losses – up to 2 500 000 euros equivalent in lats in accordance with the currency exchange rate set by the Bank of Latvia on the date when the decision to pay the insurance indemnity is taken, regardless of the number of injured persons;

b) for indemnification of property loss – up to 500 000 euros equivalent in lats in accordance with the currency exchange rate set by the Bank of Latvia on the date on which the decision to pay the insurance indemnity is taken, regardless of the number of third persons.

[27 September 2007]

14. Sections 23.1 and 51.2 of this Law shall come into force on 1 January 2008 and shall apply to insurable events occurring after 31 December 2007.

[27 September 2007]

15. Amendments to Section 44, Paragraph two, Clause 6 of this Law regarding the provision of information in accordance with Section 51.2 of this Law shall come into force on 1 January 2008.

[27 September 2007]

16. Section 4.1 of this Law, amendments regarding the new wording of Section 8, amendments to Section 16, Paragraph one, Section 17, Paragraph six and Section 53, Paragraph one of this Law shall come into force on 1 January 2008.

[27 September 2007]

17. Until legal regulation governing the status, foundation and operational basis of agricultural farms and fish farms is ensured in accordance with the Law On Agricultural Farms and Fish Farms, the reduction of the insurance premium payment referred to in Section 14, Paragraph three of this Law shall also apply to the owner of an agricultural farm or fish farm as long as the agricultural farm or fish farm is not registered with the commercial register.

[23 October 2008]

**Informative Reference to the European Union Directives**

[27 September 2007; 22 September 2011]

This Law contains legal norms arising from:


This Law shall come into force on 1 May 2004.

This Law has been adopted by the Saeima on 7 April 2004.

President

V. Viķe-Freiberga

Rīga, 27 April 2004