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- 27 September 2007 [shall come into force from 1 November 2007];
- 23 October 2008 [shall come into force from 21 November 2008];
- 22 September 2011 [shall come into force from 26 October 2011];
- 19 September 2013 [shall come into force from 1 January 2014];
- 23 November 2016 [shall come into force from 1 January 2017];
- 14 December 2017 [shall come into force from 16 December 2017];
- 14 March 2019 [shall come into force from 1 May 2019];
- 17 December 2020 [shall come into force from 12 January 2021].

If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

The Saeima<sup>1</sup> 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;
- 10<sup>1</sup>) **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;

<sup>1</sup> The Parliament of the Republic of Latvia

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

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 and Obligation of the 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 or if the motor vehicle has been transferred for trading, the trading company (merchant), shall insure the civil liability of an owner regarding each motor vehicle used in a road traffic by entering into an appropriate insurance contract. If the owner has transferred a motor vehicle for which the insurance contract has not been concluded or the term of the insurance contract has expired during the use of the motor vehicle, the legal user of the vehicle shall enter into an insurance contract on behalf of the owner. The owner of the motor vehicle is obliged to enter into an insurance contract if it is not concluded by the legal user of the vehicle.

(3) The following shall not be subject to the insurance obligation specified in Paragraph two of this Section:

(1) **the owner of the motor vehicle** who:

(a) has transferred the motor vehicle removed from the registration, in accordance with the procedures laid down in the laws and regulations to the trading company (merchant) for trade;

(b) has leased the motor vehicle to another person;

(2) **the legal user of the vehicle** who:

(a) is employed or in service relations with the owner of the motor vehicle or, in case of leasing of the motor vehicle, with the holder of the motor vehicle indicated in the registration certificate of the motor vehicle,

b) participates in traffic on a test drive, using a motor vehicle intended for sale, which the trading company (merchant) has equipped with commercial number plates in accordance with the procedures specified in the laws and regulations regarding the trading of motor vehicles.

[14 March 2019]

### **Section 3.<sup>1</sup> Exception of the mandatory insurance**

(1) The civil liability of an owner for the use of special military equipment (hereinafter - special military equipment) registered in the Register of the National Armed Forces of the Republic of Latvia in road traffic shall not be insured.

(2) In the case of civil liability of the owner, the procedure for compensation for damage caused to a third party by special military equipment shall be governed by Sections 41. <sup>1</sup> and 41. <sup>2</sup> of this Law.

[Adopted on 17 December 2020, in force from 1 February 2021.]

### **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.<sup>1</sup> 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. If a standard contract is entered into using the means of distance communication, an insurer shall send a certified confirmation regarding the concluded insurance contract to the policy holder, including therein a reference to the publicly available source of information regarding the compulsory civil liability insurance of the owners of road motor vehicles on the website where it is possible to verify the validity of the insurance contract free of charge.

[27 September 2007; 22 September 2011]

### **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 of the European Economic Area or in the Swiss Confederation 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 motor vehicle intended for trading, which the trading company (merchant) has equipped with commercial number plates in accordance with the procedures specified in the laws and regulations regarding the trading of motor vehicles.

(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.

[27 September 2007; 22 September 2011; 14 March 2019]

### **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 or the Swiss Confederation, 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 and the Swiss Confederation.

[27 September 2007; 14 March 2019]

## **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 one, 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) excluded from the Law *[Adopted on 17 December 2020, in force from 1 July 2021.]* [wording until 1 July 2021 - a motor vehicle has been alienated or de-registered in another state of the European Economic Area or in the Swiss Confederation 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) trade number plates issued to a trading company (merchant). In such case, the standard contract shall be concluded for a period of validity of the trade number not exceeding 12 months.

(1)<sup>1</sup> If a motor vehicle has been alienated or de-registered from the register in a country of the European Economic Area or the Swiss Confederation in order to export it from the relevant country and register in the Republic of Latvia, a standard contract shall be concluded for 30 days. *[Adopted on 17 December 2020, in force from 1 July 2021.]*

(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) The insurance contract shall enter into force at the time of its conclusion or at the time specified in the insurance contract, but not later than within three months after its conclusion. If the insurance contract enters into force before 12:00, by calculating the expiration time of this contract, its effective date shall be included, but if the insurance contract is concluded at 12:00 or later, it shall not be included.

*[27 September 2007; 14 March 2019]*

*[Term of validity of an insurance contract for one month - adopted on 17 December 2020, in force from 1 July 2021.]*

### **Section 9.<sup>1</sup> 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 following details on the motor vehicle:

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

b) the particulars specified in the document certifying the owner's title to the motor vehicle if the vehicle has been alienated or in the Republic of Latvia or if it has been disposed of or removed from registration in the state of the European Economic Area or the Swiss Confederation for export from the state concerned and registration 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) particulars appearing in the register for the sale of motor vehicles, provided that the trade number plates have been issued to a trading company,

f) the particulars shown on the license card issued to the motor vehicle for commercial carriage of passengers in passenger cars,

g) data relating to a motor vehicle for which the taxi number plates have been issued *[Adopted on 17 December 2020, in force from 12 January 2021.]*

(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; 14 March 2019]*

### **Section 10. Termination of Insurance Contract Prior to Expiration Thereof**

(1) The insurance contract expires before the deadline - at the time specified in the application submitted to the insurer, but not earlier than the moment of submission of the application, if the owner of the motor vehicle or, in the case of leasing of the motor vehicle, the holder of the motor vehicle indicated in the registration certificate of a motor vehicle (if he/she has entered into a relevant insurance contract) submits a written application to the insurer on early termination of the insurance contract, and the application shall be accompanied by a justification for termination of this contract — evidence confirming one of the following conditions:

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;

4) the legal person — an owner of the motor vehicle or, in the case of leasing of the vehicle — the holder of the motor vehicle indicated in the registration certificate of the motor vehicle is liquidated;

5) the name (for a legal entity) or the name or a surname (for a natural person) of the owner of the motor vehicle or, in the case of a vehicle leasing, the holder of the motor vehicle indicated in the registration certificate of the motor vehicle is changed;

6) a licence of the insurer for carrying out compulsory civil liability insurance of owners of motor vehicles has been annulled;

7) liquidation of the insurer has been commenced in accordance with the procedures specified in the laws and regulations;  
8) the motor vehicle identification number is changed by re-registering the motor vehicle in the Road Traffic Safety Directorate or the State Technical Supervision Agency,

9) taxi number plates have been removed from the motor vehicle in accordance with the Cabinet Regulations regarding the registration of vehicles issued on the basis of the Road Traffic Law [*Adopted on 17 December 2020, in force from 12 January 2021.*];

10) the license cards issued to the motor vehicle for the commercial carriage of passengers by a passenger car have expired [*Adopted on 17 December 2020, in force from 12 January 2021.*].

(2) If a motor vehicle will not be used in road traffic, the owner of the motor vehicle or, in the case of leasing of the motor vehicle, the holder of the motor vehicle indicated in the registration certificate of a motor vehicle (if he/she has entered into a relevant insurance contract) 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 or, in the case of leasing of the motor vehicle, the holder of the motor vehicle indicated in the registration certificate of a motor vehicle (if he/she has entered into a relevant insurance contract) 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) On early termination of the insurance contract, the owner of the motor vehicle or, in the case of a leasing the motor vehicle, the holder of the motor vehicle indicated in the registration certificate of the motor vehicle (if he/she has entered into a relevant insurance contract) or any other legal user of the motor vehicle (if he/she has concluded an insurance contract) shall be entitled to the part of the insurance premium paid, conforming 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, 4, 5, 6, 7, 8, 9 or 10 of this Section and if payment of the insurance indemnity has not been claimed regarding the relevant contract.

(6) Irrespective of whether the owner of the motor vehicle specified in the insurance contract or, in the case of leasing of the motor vehicle, the holder of the motor vehicle indicated in the registration certificate of the motor vehicle (if he/she has entered into a relevant insurance contract) has submitted an application for termination of the insurance contract, the insurance contract shall be deemed terminated at the moment when:

1) an owner of the motor vehicle changes:

a) the motor vehicle has been re-registered with the Road Traffic Safety Directorate or the State Technical Supervision Agency,

b) on the basis of a document certifying the title of the motor vehicle owner, but the motor vehicle has not yet been re-registered with the Road Traffic Safety Directorate or the State Technical Supervision Agency;

2) a motor vehicle bearing a number plate of another state of the European Economic Area or the Swiss Confederation for which an insurance contract has been concluded in accordance with Section 5, Paragraph one, Clause 2 of this Law shall be registered in the Republic of Latvia;

3) a transit number card was issued to the motor vehicle;

4) taxi number plates were issued to the motor vehicle;

5) a license card has come into force for the motor vehicle for commercial carriage of passengers in passenger cars;

6) a certification was issued to the motor vehicle regarding the write-off of the motor vehicle;

7) in the case of leasing of the motor vehicle, the holder of the motor vehicle indicated in the registration certificate of the motor vehicle changes;

8) the vehicle has been transferred to a trading company (merchant) for trade in accordance with the procedures specified in laws and regulations, and a mark has been made thereof in the motor vehicle register;

9) a motor vehicle which has a number plate of the Republic of Latvia, is registered in another country [*Adopted on 17 December 2020, in force from 12 January 2021.*].

(6<sup>1</sup>) If the insurance contract has expired in one of the cases referred to in Paragraph six of this Section and the motor vehicle owner or, in the case of leasing of the motor vehicle, the holder of the motor vehicle indicated in the registration certificate of the motor vehicle, shall submit a written application for reimbursement of the paid insurance premium to the motor vehicle owner or, in the case of vehicle leasing, the holder of the motor vehicle indicated in the registration certificate of the motor vehicle (if he/she has concluded the relevant insurance contract) or any other legal user of the vehicle (if he/she has concluded the relevant insurance contract) is entitled to the part of

the paid insurance premium that corresponds to the remaining period from the date of application to the expiry of the insurance contract; deducting from it not more than five per cent from the part of insurance premium for the remainder of the period if no insurance indemnity has been claimed on the basis of the contract in question.

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

1) in case of vehicle leasing, where the vehicle is re-registered and one of the following conditions is met:

a) the holder of the motor vehicle indicated in the registration certificate of the motor vehicle becomes the owner of the motor vehicle,

b) the owner of the motor vehicle indicated in the registration certificate of the motor vehicle becomes the holder of the motor vehicle,

c) an owner of the motor indicated in the registration certificate of the motor vehicle changes without changing the holder of the motor vehicle indicated in the registration certificate of the motor vehicle;

2) for standard contracts which have been concluded on the basis of data specified in a document certifying the ownership rights of the owner of the motor vehicle, if the motor vehicle has been alienated in the Republic of Latvia [*Adopted on 17 December 2020, in force from 12 January 2021.*];

3) in cases where, at the time of the conclusion of the insurance contract [*Adopted on 17 December 2020, in force from 12 January 2021.*]:

a) taxi number plates have been issued and new taxi number plates are issued during the validity period of the insurance contract,

b) the license card for the commercial carriage of passengers by a passenger car has been in force and a new license card for the commercial carriage of passengers by a passenger car enters into force during the validity period of the insurance contract.

[*27 September 2007; 22 September 2011; 14 March 2019; 17 December 2020*]

## **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) When concluding an insurance contract, the holder of the motor vehicle indicated in the registration certificate of the motor vehicle shall be assimilated to the owner of the motor vehicle in order to determine the amount of the insurance premium in event of leasing of a motor vehicle.

[*27 September 2007; 14 March 2019*]

## **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) parents, guardians or foster family who provide care for a minor child with a disability [*Adopted on 17 December 2020, in force from 1 July 2021.*]

(2<sup>1</sup>) The reduction of the insurance premium payment specified in Paragraph two of this Section shall be applied to one passenger vehicle with a maximum mass of up to 3.5 tonnes, owned by the owner of the vehicle (natural person) or - in the case of leasing of the motor vehicle - one passenger vehicle in the possession of the holder (natural person) specified in the certificate of registration of the motor vehicle. [*Adopted on 17 December 2020, in force from 12 January 2021.*] In respect of the legal entities referred to in Paragraph two, Clause 3 of this Section, the reduction of the insurance premium payment, taking into account the provisions of the first sentence of this Paragraph, it shall apply to one motor vehicle, owned by one person (natural person) or - in case of leasing of the vehicle - in possession of the holder (natural person) specified in the certificate of registration of the motor vehicle. [*Adopted on 17 December 2020, in force from 1 July 2021.*] The reduction of the insurance premium payment shall not be applied if a legal person is indicated in the certificate of registration of the motor vehicle as the holder of the vehicle, regardless of whether the owner of the motor vehicle is the person specified in Paragraph two of this Section. [*Adopted on 17 December 2020, in force from 12 January 2021.*]

(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 5 210 000 euros, regardless of the number of injured persons;

2) for indemnification of property loss – up to 1 050 000 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; 14 March 2019*]

## **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 and in the Swiss Confederation, who shall handle the claims of natural persons residing and the legal persons registered in the state of the European Economic Area and in the Swiss Confederation (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 and in the Swiss Confederation 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 or of the Swiss Confederation. 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 performance of road traffic accidents prevention 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; 14 March 2019]*

## **Chapter III Loss Assessment and Insurance Indemnity**

### **Section 18. Losses Due to a Road Traffic Accident**

(1) 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.

(2) The right to insurance indemnity for intangible damage (moral damage) caused to a person is personal.

*[14 March 2019]*

### **Section 19. Losses Caused to a Person**

(1) Material loss (material damage) 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 (moral damage) 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.
- (4) If a third party considers the damages caused thereto and referred to in Paragraphs one and two of this Section to be higher in monetary terms than the insurance indemnity calculated in accordance with Paragraph three of this Section, it has the right to address the insurer or the Motor Insurers' Bureau (if the insurance the compensation is payable from the Guarantee Fund) with a request to review the decision on the insurance indemnity.

*[14 March 2019]*

### **Section 20. Losses Due to Medical Treatment of Injured Person**

- (1) Losses due to medical treatment of an injured party shall be:
  - 1) expenses that are related to assistance provided to an injured person by the ambulance crew, the transportation, admission, maintenance, diagnostics, treatment and rehabilitation of the injured person in a medical treatment or medical rehabilitation institution (including transportation expenses when visiting 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) the income not received by the person who cares for a child who has suffered in a road traffic accident calculated in accordance with the procedure specified in Section 21 of this Law regarding the period of incapacity for work certified by the medical treatment institution.
- (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 co-ordinated in writing with an insurer or the Motor Insurers' Bureau.

*[14 March 2019]*

### **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 (for the purpose of the Law on Social Security Insurance) — the average earnings of the injured person calculated in accordance with the procedures laid down in the Labour Law, after deducting therefrom taxes (if due) and the sick-pay and sickness benefits granted to the injured person for health damage caused to him or her;
  - 2) for an injured person who is considered to be an employee at the time of a road traffic accident (for the purpose of the Law on Social Security Insurance) but gains income — the amount calculated by dividing the amount of the income of the previous 12 months with a number of these months, after deducting therefrom taxes (if due) and sickness benefits granted to the injured person for health damage caused to him or her.
- (3) The Insurer or the Motor Insurers' Bureau shall compensate the employer of the injured party for the sickness benefits paid to the injured person for the period of temporary incapacity for work of the injured person, certified by a disability slip, and the personal income tax and social insurance contributions paid by the employer during the temporary incapacity of the injured person.

*[27 September 2007; 14 March 2019]*

### **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 his or her ability to work, has the opportunity to acquire a profession in order to obtain income from work which is compatible with his or her current state of health, the insurer or the Motor Insurers' Bureau shall cover tuition fees and other reasonable expenses related to the vocational training:

1) to a person who, at the time of the road traffic accident is a minor or studies in a general, vocational or higher education institution and has not acquired a profession;

2) to a person who acquires a profession if the level of the relevant vocational education is not higher than the level of education the injured person had at the time of the road traffic accident.

(5) The tuition fee referred to in Paragraph four of this Section and other reasonable expenses related to the acquisition of vocational education outside the residence country of the person suffering in the road traffic accident shall be compensated by the insurer or the Motor Insurers' Bureau if the acquisition of the relevant education is justified and agreed in advance with the insurer or the Motor Insurer's Bureau.

*[14 March 2019]*

### **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 studying full-time in general, vocational or higher education institutions, but not exceeding 24 years of age or regardless of age, if they have become persons with a disability before reaching the age of majority;

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 full-time in general, vocational or higher education institutions, but not exceeding 24 years if they do not have parents with working capacity, or regardless of age, if they do not have parents with working capacity, and they have become persons with a disability before reaching the age of majority;

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 child with a disability;

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<sup>1</sup>) 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; 14 March 2019]*

### **Section 23.<sup>1</sup> 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 (including the paid personal income tax) 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; 14 March 2019]*

### **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 a motor vehicle in cash, an insurer or Motor Insurers' Bureau pays an amount equal to 70 per cent of the amount, determined in the loss calculation excluding value added tax. The unpaid portion of the insurance indemnity shall be paid pursuant to provisions of Paragraph four of this Section.

(3) If a third person wishes to receive the insurance indemnity for damage caused to property (except the loss caused to the motor vehicle) in cash, an insurer or Motor Insurers' Bureau pays an amount equal to the loss amount, determined in the loss calculation excluding value added tax. The unpaid portion of the insurance indemnity (value added tax included in the loss calculation amount) is paid pursuant to provisions of Paragraph five of this Section.

(4) If the motor vehicle, which has been damaged in a road traffic accident, is restored so that its condition is the same as before the road traffic accident, and a third person submits to the insurer or the Motor Insurers' Bureau a bill on restoration (repair) of the motor vehicle and a document, confirming the payment of the bill, not later than within four months of payment of the insurance indemnity, the insurer or the Motor Insurers' Bureau, not later than within 15 days, adopts a decision on payment of the unpaid portion of the insurance indemnity and pays the unpaid portion of the insurance indemnity within a time-frame stipulated in this Law pursuant to the actual

vehicle's restoration (repair) costs, indicated in the bill, including value added tax of the bill, without exceeding the total loss amount, determined in the loss calculation, which includes value added tax.

(5) If the property (except the motor vehicle), which has been damaged in the road traffic accident, is restored so that its condition is the same as before the road traffic accident, and a third person submits to the insurer or the Motor Insurers' Bureau a bill on restoration (repair) of the damaged property and a document, confirming the payment of the bill, not later than four months after payment of the insurance indemnity, the insurer or the Motor Insurers' Bureau, not later than within 15 days, adopts a decision on payment of the unpaid portion of the insurance indemnity and pays the unpaid portion of the insurance indemnity (value added tax) within a time-frame stipulated hereunder, without exceeding the amount of value added tax, determined in the loss calculation.

*[22 September 2011, 23 November 2016]*

## **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 unsound. 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 the motor vehicle agrees to the assessment that the motor vehicle is deemed destroyed, the indemnity shall be paid in the amount corresponding to the value of the motor vehicle prior to the road traffic accident, as well as reimburse expenses for a reference attesting to the ownership of the numbered unit, the costs of removal of the motor vehicle from the registration pursuant to the extent prescribed in laws and regulations and costs of transporting the motor vehicle remnants (wreck) to the vehicle processing company. The right to vehicle remnants shall be acquired by the insurer or the Motor Insurers' Bureau. The costs of transportation of the vehicle remnants to a vehicle processing company shall be reimbursed to the person who has delivered the remnants and submitted the relevant documents thereto.

(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; 14 March 2019]*

## **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 or in the Swiss Confederation 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 or of the Swiss Confederation, the loss shall be indemnified by the authorised representative of the insurer of the relevant 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.

(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.

(12) If a final decision in criminal proceedings has entered into force or there is a limitation of criminal liability and by assessing the circumstances of the road traffic accident it was determined the motor vehicle that has caused the loss but it is not possible to determine which of the persons in the motor vehicle was the driver of the motor vehicle, and if the owner of the motor vehicle or the holder of the motor vehicle indicated in the registration certificate of the motor vehicle (if the owner of the motor vehicle is a legal person) or, in the

case of vehicle leasing, the holder of the motor vehicle indicated in the registration certificate of the motor vehicle at the time of the road traffic accident:

(1) was in the motor vehicle that has caused the loss, it is assumed that he/she was the driver of the motor vehicle and shall not be compensated for any damage caused by the road traffic accident unless he/she has provided information about the driver of that motor vehicle;

(2) was not in the motor vehicle that has caused the loss, it is assumed that one of the persons who was in the relevant motor vehicle is the driver of that motor vehicle. All persons who were in the relevant motor vehicle are paid an insurance indemnification calculated on a pro rata basis: each individual's indemnity is reduced proportionally by an amount which is one part of the total number of persons in the motor vehicle, while taking into account the degree of responsibility of the driver of this motor vehicle. This does not apply to a victim who is known to not be the driver of this vehicle.

[27 September 2007; 22 September 2011; 14 March 2019]

### **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) in case of leasing of a motor vehicle, damage to the property of the holder of the motor vehicle indicated in the registration certificate of the motor vehicle and to the motor vehicles used in accordance with the leasing contract in the event of a road traffic accident involving vehicles leased to the same person indicated in the State Register of Vehicles and Drivers of the Road Traffic Safety Directorate or in the Informative System of the Tractor Equipment and its Drivers of the State Technical Supervision Agency as a holder of the motor vehicles;

15) losses caused by a motor vehicle used to commit a terrorist attack.

*[27 September 2007; 22 September 2011; 14 March 2019]*

### **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 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 owner of the motor vehicle or – in the event of the leasing of the motor vehicle – the holder of the motor vehicle indicated in the registration certificate of the motor vehicle or the legal user of the motor vehicle who was not a driver of the motor vehicle involved in the traffic accident, shall be obligated to:

1) notify about the occurrence of an insured event in accordance with Paragraph one of this section if it has received information on the road traffic accident;

2) within five days after receipt of the request of the insurer or the Motor Insurers' Bureau, in order for the insurer or the Motor Insurers' Bureau to ascertain the circumstances of the road accident, provide information (if it is at its disposal or if it can be obtained through reasonable measures) about:

a) the circumstances of the road traffic accident, as well submit a completed agreed statement (if any, or where reasonably practicable),

b) a driver of a motor vehicle who has driven the motor vehicle at the time of accident (specifying the identity of the person concerned: given name, surname, personal identification number and, in the case of an alien: given name, surname, date of birth, address of residence),

c) the authorised user of the motor vehicle in whose use the motor vehicle was transferred (specifying the identity of the person concerned: for a natural person – given name, surname, personal identification number, but for an alien – given name, surname, date of birth, address of residence; for a legal person – name, registration number and legal address).

(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; 14 March 2019]*

### **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, who may also involve another person in the process of conducting the technical examination for which he or she is responsible. 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.

(4) If a motor vehicle registered in another country has been involved in a road traffic accident in the Republic of Latvia, the expert is entitled to assess the documentation of the damage assessment of this motor vehicle prepared by the competent person of the respective country and, if justified, calculate the damages incurred, taking into account the vehicle repair costs in the country it shall be repaired or repaired, or any damage on destruction of the motor vehicle.

(5) The Cabinet shall issue the regulations of the technical expert-examination of motor vehicles and specify the procedures for the certification of technical experts.

*[27 September 2007; 22 September 2011; 14 March 2019]*

### **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 date of occurrence of an insurable event.

(4) The person who claims to receive insurance indemnity for the losses caused to his/her health damage, the right to bring an action against the insurer or the Motor Insurers' Bureau for material loss (material damage) and non-material losses (moral damage) caused to the person shall be terminated if such right has not been claimed within a period of three years from the date of occurrence of the insurable event.

(4<sup>1</sup>) All rights to claim arising from this Law or insurance contract shall cease when the policyholder, the insured, the insurer or any other person does not make proper use of them within a period of three years, and this Law does not provide for a different limitation period.

(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; 14 March 2019]*

### **Section 38.<sup>1</sup> 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) The insurer or the Motor Insurers' Bureau, within three months of receipt of a written application under Paragraphs two and four of Section 36 of this Law, but not later than one month after receipt of all the necessary documents, adopts a decision on payment of insurance indemnity and sends a respective written information to the claimant of the insurance indemnity, if:

1) the caused damage can be calculated;

2) the person that caused the loss in the road traffic accident is known;

3) the final decision has come in force in cases of instigated criminal proceedings.

(2) If no conditions under Clauses 1, 2 and 3 of Paragraph one of this Section, except provisions of Paragraph 2<sup>1</sup> are fulfilled, the insurer or the Motor Insurers' Bureau, within three months of receipt of the written application under Paragraphs two and four of Section 36, sends to the claimant of the insurance indemnity an appropriate written information wherein the justification for non-payment of the insurance indemnity is indicated.

(2<sup>1</sup>) In cases when the final decision in criminal proceedings has not come in force the insurer or the Motor Insurers' Bureau adopts a decision on payment of the insurance indemnity and sends to the claimant of the insurance indemnity an appropriate written information, if:

1) the caused damage can be calculated;

2) circumstances of the road traffic accident are known;

3) it is possible to evaluate and determine the responsibility of persons who were involved in the road traffic accident, for caused loss.

(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) 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.

(4<sup>1</sup>) All rights to claim arising from this Law or insurance contract shall cease when the policyholder, the insured, the insurer or any other person does not make proper use of them within a period of three years, and this Law does not provide for a different limitation period.

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

(6) A third person may appeal the decision regarding the payment of the insurance indemnity or refusal thereof to a court within three years of its adoption even if such person does not use the right to request the Motor Insurers' Bureau to provide an opinion regarding said 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; 23 November 2016]*

#### **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 or has been driving a motor vehicle which does not comply with the restriction code indicated on the driver's license, and the damage caused by the road traffic accident has a causal link with that violation,

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 to the insurer upon the request thereof so it can examine the circumstances of the road traffic accident, when the insurer has reasonable doubts as to the truthfulness of the information contained in the agreed statement at his/her disposal,

d<sup>1</sup>) has failed to submit information about the circumstances of the road traffic accident to the insurer upon the request thereof so it can examine the circumstances of the road traffic accident, when the insurer has reasonable doubts as to the circumstances of the road traffic accident,

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

f) has been driving a motor vehicle resulting from a criminal offense, except where, in the event of a road traffic accident, the driver has been a driver in good faith;

1<sup>1</sup>) a legal user of a motor vehicle who has not been the driver of a motor vehicle involved in a road traffic accident if:

a) it has not provided information on the circumstances of the road traffic accident, has not filed a agreed statement or has not provided information on a driver of the motor vehicle at the request of the insurer in accordance with Section 36, Paragraph three, Clause 2 of this Law; for the insurer to be able to verify the circumstances of the road traffic accident when there are reasonable doubts about the circumstances of the road accident,

b) one of the cases referred to in Paragraph one, Clause 1, Subclauses “a”, “b” or “c” has been established. The recourse claim may be filed only if the legal user of the motor vehicle which caused the losses in the event of a road traffic accident, who has not been the driver of the motor vehicle involved in the road traffic accident, has permitted driving of the motor accident in the case referred to in Paragraph one, Clause 1, Sub-clauses “a” or “b” of this Section or has allowed leaving the road traffic accident scene in the case referred to in Paragraph one, Clause 1, Sub-clause “c” of this Section and if recovery from the driver of the motor vehicle is not possible;

2) the owner of the motor vehicle causing a road traffic accident or, in case of leasing of the motor vehicle, the holder of the motor vehicle indicated in the registration certificate of the motor vehicle, if:

a) it has not paid the insurance premium within the time limit specified in the insurance contract,

b) it has not provided information on the circumstances of the road traffic accident, has not filed a agreed statement or has not provided information on a driver or a legal user of the motor vehicle at the request of the insurer in accordance with Section 36, Paragraph three, Clause 2 of this Law; for the insurer to be able to verify the circumstances of the road traffic accident when there are reasonable doubts about the circumstances of the road accident,

c) one of the cases referred to in Paragraph one, Clause 1, Subclauses “a”, “b” or “c” has been established. The recourse claim may be filed only if the owner of the motor vehicle which caused the losses in the event of a road traffic accident, or in case of leasing of the motor vehicle, the holder of the motor vehicle indicated in the registration certificate of the motor vehicle, has permitted driving in the case referred to in Paragraph one, Clause 1, Sub-clauses “a” or “b” of this Section or has allowed leaving the road traffic accident scene in the case referred to in Paragraph one, Clause 1, Sub-clause “c” of this Section and if recovery from the driver of the motor vehicle is not possible,

d) the vehicle is not subject to a state technical inspection carried out in accordance with the prescribed procedures, and the damage caused by the road accident is causally related to the technical condition of the motor vehicle;

e) a motor vehicle has not been fitted with winter tires for the period between 1 December and 1 March according to the rules of the road traffic, and the damage caused by the road accident has a causal link with that offense;

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 trading company (merchant), if it fails to observe the procedure for the participation of motor vehicles intended for trade in road traffic;

6) the person who acquired the vehicle by committing a criminal offense.

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

1) the legal user of the motor vehicle causing a road traffic accident or the owner of the motor vehicle, or in case of leasing of the motor vehicle, the holder of the motor vehicle indicated in the registration certificate of the motor vehicle, if the third-party liability of the owner has not been insured;

2) a driver of the motor vehicle if he/she has been driving a motor vehicle acquired as a result of a criminal offense, except where, in the event of a road traffic accident, the driver has been a driver in good faith;

2<sup>1</sup>) a person who acquired the vehicle by committing a criminal offense;

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.<sup>1</sup> 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;

10) a trading company (merchant), whose motor vehicle accepted for trading pursuant to the procedure prescribed by law caused the loss and who has not insured the civil liability of the owner.

(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.

(5) If the insurer or the Motor Insurers' Bureau has paid the insurance indemnity, and the facts were established afterwards that were not known before, but which would have been of importance when adopting a decision on payment of the insurance indemnity, the insurer or the Motor Insurers' Bureau has the right to claim that the recipient of the insurance indemnity compensates an unduly paid insurance indemnity or portion thereof based on the right to reclaim established in the Civil Procedure Law.

(6) The Motor Insurers' Bureau is entitled to submit a subrogation action for the paid insurance indemnity and reimbursement of the expenses referred to in Section 51, Paragraph three, Clause 1 of this Law in the cases referred to in this Section.

*[27 September 2007; 22 September 2011; 23 November 2016; 14 December 2017; 14 March 2019]*

#### **Section 41<sup>1</sup> Compensation for damage caused by special military equipment in the country of the European Economic Area or the Swiss Confederation**

(1) Motor Insurers' Bureau shall:

1) examine applications in relation to damage caused by special military equipment in a road traffic accident in the Republic of Latvia, another country of the European Economic Area, or the Swiss Confederation, assess the damage, and within 70 days from the date of receipt of the application, but not later than within one month after receipt of all necessary documents, shall make a decision regarding the payment of indemnity for losses (hereinafter referred to in this Section - insurance indemnity) or refusal to pay the insurance indemnity;

2) within five days after receipt of the application referred to in Paragraph 1 of this Part, inform the Ministry of Defence of that;

3) within five days after the decision regarding the insurance indemnity has been made:

(a) if a decision on the payment of insurance indemnity has been made - send written information on this decision to the claimant for indemnity for losses (hereinafter referred to in this Section - claimant for insurance indemnity) who submitted the application referred to in Clause 1 of this Paragraph, and submit to the Ministry of Defence a decision on payment of insurance indemnity and documents or other recorded information related to the adoption of this decision, confirming the facts, losses related to the road traffic accident, and amount thereof,

(b) if a decision has been made to refuse the insurance indemnity - send the relevant written information to the claimant for insurance indemnity who has submitted the application referred to in Clause 1 of this Paragraph, and the relevant written information to the Ministry of Defence, stating the grounds for the refusal;

4) within 70 days from the date of receipt of the application, send the written information to the claimant for insurance indemnity who submitted the application referred to in Clause 1 of this Paragraph, and the written information to the Ministry of Defence, stating the reasons for not making the decision referred to in Clause 3 (a) or (b) of this Paragraph, if said decision cannot be made due to insufficient information or other circumstances.

(2) The Ministry of Defence shall:

1) within 15 days after receipt of the decision of the Motor Insurers' Bureau regarding the payment of the insurance indemnity, pay the insurance indemnity to the claimant of insurance indemnity who has submitted the application referred to in Paragraph one, Clause 1 of this Section, and shall send a document confirming the payment to the Motor Insurers' Bureau;

2) on the basis of a request of the Motor Insurers' Bureau, within one month after receipt of the request, reimburse the Motor Insurers' Bureau for expenses for administration of the insurance indemnity case or other activities necessary for settling the case, if the Motor Insurers' Bureau has made a decision in accordance with Paragraph one, Clause 3, Sub-Clause (a) or (b) of this Section;

3) pay 12 percent per annum of the amount to be paid in addition:

(a) the insurance indemnity payable to the claimant for insurance indemnity who has submitted the application referred to in this Section, Paragraph one, Clause 1, in case of failure to comply with the time limit referred to in Paragraph 1 of this Section,

(b) the expenses referred to in Clause 2 of this Paragraph to the Motor Insurers' Bureau in case of failure to comply with the time limit referred to in Clause 2 of this Paragraph.

(3) For the settlement of compensation for damage caused by special military equipment in cases where a cross-border element is not involved in a road traffic accident referred to in Paragraph one of this Section, the provisions of this Law regarding assessment of damage

and procedure for calculation of the insurance compensation shall be applied, ensuring the same regime as in cases for a motor vehicle the owner of which has not insured its civil liability.

(4) The law applicable to the regulation of compensation for damage caused by special military equipment in cases where a cross-border element is involved in a road traffic accident referred to in Paragraph one of this Section shall be determined in accordance with Regulation (EC) No 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations (Rome II) (hereinafter - Regulation No 864/2007), other international legal acts or principles, providing the same treatment as in the case of damage caused by a motor vehicle the owner of which has not insured its civil liability.

(5) If due to losses (damage) caused by special military equipment a soldier or national guard of the Latvian National Armed Forces is simultaneously entitled to both the insurance indemnity specified in Paragraph two, Clause 1 of this Section as well as the indemnity provided for in regulatory enactments governing social guarantees for soldiers and national guards, the Ministry of Defence shall pay the indemnity the amount of which is higher.

(6) If, in accordance with the procedures specified in this Section, an insurance indemnity has been paid to the claimant for insurance indemnity for losses caused by special military equipment, but an international agreement binding to the Republic of Latvia provides for any other amount and provisions for compensation for losses caused by special military equipment, the Ministry of Defence shall perform the necessary activities in order to ensure fulfilment of the obligations set forth in the contract.

*[Adopted on 17 December 2020, in force from 1 February 2021.]*

#### **Section 41.<sup>2</sup>. Compensation for damage caused by special military equipment outside the countries of the European Economic Area or the Swiss Confederation**

If special military equipment causes damage to a third party outside the European Economic Area or the Swiss Confederation as a result of a road traffic accident, the Ministry of Defence shall ensure compensation for damage to such person, in accordance with the procedures specified in international agreements binding to the Republic of Latvia.

*[Adopted on 17 December 2020, in force from 1 February 2021.]*

#### **Section 42. Law applicable to a road traffic accident**

The law applicable for settlement of non-contractual relationship arising out of a road accident shall be determined in accordance with Regulation (EC) No 864/2007, other international instruments or principles.

*[Adopted on 17 December 2020, in force from 12 January 2021.]*

### **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 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 to request and receive data that are necessary for the administration of an insurable event for the purpose of protection of interests of injured persons and compensation of state budget and local government budget expenses:
  - a) online from the motor vehicle owner's compulsory civil liability insurance information system pursuant to Sections 58 and 59 of this Law,



b) by submitting requests to the State Police as well as to other State administrative institutions, local governments, prosecutor's office, court and insurance companies without using the information system under sub-clause (a) of this Clause, if the data necessary for administering the insurable event are not available;

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.

(4) The Motor Insurers' Bureau is not allowed to provide insurance services and engage in insurance distribution.

*[27 September 2007; 22 September 2011; 23 November 2016; 14 March 2019]*

#### **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 not 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. Advisory Board and provision of information to public administration institutions**

(1) In order to facilitate co-operation between public administration institutions, insurers, Motor Insurers' Bureau and other involved persons in the field of compulsory civil liability insurance of owners of the land motor vehicles, an Advisory Council consisting of one representative of the Ministry of Finance, the Financial and Capital Market Commission, the State Police, Road Traffic Safety Directorate, Ministry of Transport, Ministry of Agriculture, Latvian Automobile Association, Latvian Road Carrier Association, Latvian Passenger

Carrier Association, Association “Auto Association”, State Technical Supervision Agency, Latvian Insurance Brokers Association and Latvian National Freight Forwarder and Logistics Associations, as well as proportionally to the number of such institutions and organisations — the representatives of insurers authorised by the Motor Insurers’ Bureau and a representative 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; 14 March 2019]*

## **Section 50. Providing of Information**

(1) The Motor Insurers' Bureau shall provide information on:

1) the concluded insurance contracts for at least last five years and according to these contracts, the number of applications submitted regarding the insured event on the basis of which the insurance indemnity was paid, — within 15 days after the request of the vehicle owner or, in the case of motor vehicle leasing, the holder of the motor vehicle indicated in the registration certificate of the motor vehicle;

2) validity of the insurance contract — at the request of the owner of the motor vehicle or, in case of leasing of the motor vehicle, the holder of the motor vehicle indicated in the registration certificate of the motor vehicle, or the person involved in the road traffic accident;

3) the civil liability insurer of the vehicle owner who caused the loss in the road traffic accident and the representatives in handling of their insurance claims — at the request of the person involved in the road traffic accident, if the road traffic accident occurred:

a) in the state of the European Economic Area or in the Swiss Confederation, and the damage was caused by a vehicle normally based in the Republic of Latvia;

b) in the Republic of Latvia or outside the Republic of Latvia, and the damage was caused by a vehicle which is usually located outside the Republic of Latvia;

4) the owner or legal user of the motor vehicle that caused the loss in the event of a traffic accident, within 30 days after the third party's request, if the third party has a legitimate interest in obtaining such information;

5) insurers with whom an insurance contract can be concluded.

(2) The Motor Insurers' Bureau shall provide the information referred to in Paragraph one, Clauses 1 and 4 of this Section upon receipt of a written request of the persons referred to in these paragraphs. The information referred to in Paragraph one, Clauses 2 and 3 of this Section shall be available on the website of the Motor Insurers' Bureau upon the receipt of a written request from the persons referred to in these paragraphs. The information referred to in Paragraph one, Clause 5 of this Section shall be publicly available on the website of the Motor Insurers' Bureau on the Internet.

(3) For the preparation of the information referred to in Paragraph one, Clause 1 of this Section, the Motor Insurers' Bureau is entitled to request and receive a fee not exceeding the information preparation costs

*[27 September 2007; 14 March 2019]*

## **Section 50.<sup>1</sup>**

*[22 September 2011; 14 March 2019]*

## **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) [14 March 2019];

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 administration of the indemnity case or other actions necessary for the settlement of the claim if, pursuant to this Law, the Motor Insurers' Bureau makes a decision regarding the payment of the insurance indemnity or refusal to pay the insurance indemnity, and expenses incurred in recovering the insurance indemnity paid out of the Guarantee Fund by recourse;

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.

(5<sup>1</sup>) The resources of the Guarantee Fund shall be used to cover the indemnity paid in accordance with Section 38.<sup>1</sup> 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; 14 March 2019]*

### **Section 51.<sup>1</sup> 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.<sup>2</sup> 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**

(1) Prevention of road traffic accidents is a set of road traffic safety measures to:

1) ensure preventive measures in the field of road traffic safety;

2) inform and educate road traffic users;

3) reduce the frequency of road traffic accidents;

4) prevent and mitigate the consequences of the road traffic accidents.

(2) In order to implement the road traffic accident prevention measures, insurers shall transfer each quarter to the account of the Motor Insurers' Bureau two per cent of the sum of the signed insurance premiums specified in the insurance contract at the moment of conclusion thereof, less the part of the premium repaid to the owner of the motor vehicle or — in the case of vehicle leasing — to the holder of the motor vehicle indicated in registration certificate of the motor vehicle in the cases referred to in Section 10 of this Law. In the cases referred to in Section 14, Paragraphs two and three of this Law, the signed insurance premium is the premium calculated at the time of concluding the insurance contract, less the reduction of the insurance premium payment compensated by the Motor Insurers' Bureau from the Guarantee Fund.

(3) The use of money is decided by an advisory body set up by the Cabinet of Ministers whose purpose is to promote the development and implementation of a single state policy in the field of road traffic safety in order to increase the overall level of road traffic safety in the country, the Road Traffic Safety Council, taking into account that half of the funds referred to in Paragraph two of this Section shall be used by institutions subordinate to the Ministry of the Interior

*[27 September 2007; 14 March 2019]*

## **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, Road Transport Administration, 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; 14 March 2019]*

#### **Section 59. Rights and Obligations of an Insurer and the Motor Vehicles' Bureau in Processing Data in the Information System**

(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 Processing 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; 14 March 2019]*

#### **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;

2) Cabinet Regulation No. 180 of 13 May 1997, By-law of the Guarantee (Reserve) Fund of Compulsory Civil Liability Insurance of Motor Vehicle Owners;

3) Cabinet Regulation No. 252 of 15 July 1997, Regulations regarding Technical Expert-Examination of Motor Transport in 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 Dependants 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.<sup>1</sup> and 51.<sup>2</sup> 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.<sup>2</sup> of this Law shall come into force on 1 January 2008.

*[27 September 2007]*

16. Section 4.<sup>1</sup> 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]*

18. Paragraph two of Section 25 (as amended) as well as Paragraphs three, four and five of Section 25 of this Law are applicable to insurable events, which have taken place as of 1 January 2017.

*[23 November 2016]*

19. The limit of liability of the insurer referred to in the amendments to Section 15, Paragraph one, Clauses 1 and 2 of this Law, shall apply to the road traffic accidents occurring from 1 January 2019.

*[14 March 2019]*

20. If the motor vehicle has been transferred to a trading company (merchant) for trade in accordance with the procedures specified in the laws and regulations before the date of entry into force of Section 3, Paragraph three, Clause 1, Sub-clause “a”, the owner of the vehicle or, in the case of vehicle leasing, the holder of the motor vehicle indicated in the registration certificate of the motor vehicle (if he/she has concluded the relevant insurance contract) has the right to terminate the insurance contract before the expiry date by submitting a written application to the insurer to terminate this contract before the due date and adding the grounds for termination of the insurance contract to the application and proof that the vehicle has been transferred to the trading company (merchant) for trade until the legal standard referred to in this clause coming into force. In such case, the owner of the motor vehicle or, in the case of a motor vehicle leasing, the holder of the motor vehicle indicated in the registration certificate of the motor vehicle (if he/she has concluded the relevant insurance contract), is entitled to the part of the paid insurance premium that corresponds to the remainder of the period from the filing date of the application to the end of the insurance contract, deducting from it not more than five per cent from the part of insurance premium for the remainder of the period if no insurance indemnity has been claimed on the basis of the contract in question.

*[14 March 2019]*

21. Section 3.<sup>1</sup>, 41.<sup>1</sup> and 41.<sup>2</sup> of this Law shall enter into force on 1 February 2021, but amendments to Section 9, Paragraph one of this Law (regarding formulation of the introductory part in the new wording and deletion of Paragraph one, Clause 3) and Section 9, Paragraph 1.<sup>1</sup> - on 1 July 2021.

*[17 December 2020]*

22. An insurance contract concluded with regard to the special military equipment shall be deemed terminated as of the date when Section 3.<sup>1</sup> comes into force. If the insurance contract is terminated in the case referred to in this Paragraph and the National Armed Forces submit a written application to the insurer for reimbursement of part of the paid insurance premium, the National Armed Forces shall be entitled to the part of the paid insurance premium corresponding to the time period from the day of submission of the application until the end of the validity period of the insurance contract and from which no more than five percent of the part of the insurance premium for the remaining period has been deducted, if the payment of the insurance indemnity has not been applied for on the basis of the relevant insurance contract.

[17 December 2020]

23. Section 14, Paragraph two, Clause 3 and Paragraph 2.<sup>1</sup>, the second sentence shall enter into force on 1 July 2021.

[17 December 2020]

24. The Cabinet of Ministers shall submit to *Saeima* until 1 September 2021 the assessment of legal framework determined in Section 14 of this Law with regard to reduction of the payment of the insurance premium and possible gradual cancellation of reduction of these payments and further settlement.

[17 December 2020]

### **Informative Reference to the European Union Directives**

[27 September 2007; 22 September 2011]

This Law contains legal norms arising from:

- 1) Council Directive 72/166/EEC of 24 April 1972 on the approximation of the laws of Member States relating to insurance against civil liability in respect of the use of motor vehicles, and to the enforcement of the obligation to insure against such liability;
- 2) Second Council Directive 84/5/EEC of 30 December 1983 on the approximation of the laws of the Member States relating to insurance against civil liability in respect of the use of motor vehicles;
- 3) Third Council Directive 90/232/EEC of 14 May 1990 on the approximation of the laws of the Member States relating to insurance against civil liability in respect of the use of motor vehicles;
- 4) Council Directive 92/49/EEC of 18 June 1992 on the coordination of laws, regulations and administrative provisions relating to direct insurance other than life assurance and amending Directives 73/239/EEC and 88/357/EEC (third non-life insurance Directive);
- 5) Directive 2000/26/EC of the European Parliament and of the Council of 16 May 2000 on the approximation of the laws of the Member States relating to insurance against civil liability in respect of the use of motor vehicles and amending Council Directives 73/239/EEC and 88/357/EEC (Fourth motor insurance Directive);
- 6) Directive 2005/14/EC of the European Parliament and of the Council of 11 May 2005 amending Council Directives 72/166/EEC, 84/5/EEC, 88/357/EEC and 90/232/EEC and Directive 2000/26/EC of the European Parliament and of the Council relating to insurance against civil liability in respect of the use of motor vehicles;
- 7) Directive 2009/103/EC of the European Parliament and of the Council of 16 September 2009 relating to insurance against civil liability in respect of the use of motor vehicles, and the enforcement of the obligation to insure against such liability.

This Law shall come into force on 1 May 2004.

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

President

V. Vīķe-Freiberga

Rīga, 27 April 2004