



LAW ON COMPULSORY INSURANCE AGAINST CIVIL LIABILITY IN RESPECT OF THE USE OF MOTOR VEHICLES

REPUBLIC OF LITHUANIA

**LAW ON COMPULSORY INSURANCE AGAINST CIVIL LIABILITY IN
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CHAPTER ONE

GENERAL PROVISIONS

Article 1. Objective and purpose of the Law

1. The objective of this Law shall be to establish the legal framework and principles for the functioning of the system of compulsory insurance against civil liability in respect of the use of motor vehicles.

2. The provisions of this Law shall apply to any motor vehicle subject to insurance, which is intended for travel on land, as well as mopeds, trailers and semi-trailers, with the exception of vehicles running on rails (hereinafter: 'vehicles').

3. The provisions of this Law shall not apply where vehicles are used in airports, in other closed-type territories restricted for public road traffic or autodromes for sport competitions, practising, exhibitions or driving training.

4. The Law shall not apply in respect of vehicles which belong to military units and are used by them, by military personnel and by civil servants assigned to military forces, if all of the following conditions are satisfied:

1) military forces, military personnel and civil servants assigned to military forces enter from other states that are, together with the Republic of Lithuania, parties to international treaties regarding the status of military forces;

2) international treaties of the Republic of Lithuania establishes a compensation procedure which is different from that laid down in this Law;

3) military forces, military personnel and civil servants assigned to military forces are allowed to enter the Republic of Lithuania in accordance with the procedure established in the legal acts of the Republic of Lithuania.

5. The damage caused by the vehicles referred to in paragraph 4 of this Article within the territory of the Republic of Lithuania shall be compensated in accordance with the procedure established in international treaties of the Republic of Lithuania and in legal acts of the Republic of Lithuania.

6. The provisions of the Law on Insurance shall apply to the relationships regulated by this Law to the extent that this Law does not provide otherwise.

7. The provisions of this Law shall implement the legal acts of the European Union listed in the Annex to this Law.

Article 2. Definitions

1. **‘The Council of Bureaux’** means the body performing the functions of a coordinator of the Green Card System, which unites the national insurers’ bureaux of all the states belonging to this System.
2. **‘Compensation’** means an amount of money or any other agreed form of payment payable by the insurer or the Motor Insurers’ Bureau of the Republic of Lithuania (hereinafter: the **‘Bureau’**) to the injured third party to compensate for personal injury, damage to property and/or non-pecuniary damage.
3. **‘Insured event’** means a road accident, which leads to the obligation to pay compensation under this Law.
4. **‘Declaration of a road accident’** means a form filled in and signed at the place of a road accident by the users of the vehicles involved in the road accident (hereinafter: **‘participants of a road accident’**); the fact of the road accident is recorded, the circumstances are described and the scheme is drawn in the said form.
5. **‘Damage resulting from a road accident’** (hereinafter: **‘damage’**) means damage caused in a road accident to the property of an injured third party and/or non-pecuniary damage or damage that arises later as a consequence of the road accident.
6. **‘Compensation body’** means a body set up in the manner established by the legal acts of a Member State of the European Union which is responsible in accordance with the legal acts of the State in which this body functions for compensating the injured third parties where a road accident occurs in a Member State of the European Union other than the Member State in which the injured third party is permanently resident or in a foreign state if its national insurers’ bureau is a member of the Green Card system.
7. **‘Member State of the European Union’** means the Republic of Lithuania or any other Member State of the European Union. For the purpose of this Law, ‘Member State of the European Union’ shall also mean member countries of the European Economic Area.
8. **‘Territory in which the vehicle is normally based’** means:
 - 1) the territory of the State of which the vehicle bears a permanent or temporary state number plate or registration plate (hereinafter: a ‘state number plate’);

2) where no registration is required for a type of vehicle, the territory of the State in which an insurance plate or a distinguishing sign analogous to the state number plate is issued;

3) where neither a state number plate, nor an insurance plate, nor a distinguishing sign analogous to the state number plate is required for certain types of vehicle, the territory of the State in which the person who has custody of the vehicle is permanently resident;

4) where the vehicle, which must bear a state number plate, does not bear it or bears a state number plate which does not correspond or no longer corresponds to the vehicle, the territory of the State in which a road accident took place.

9. **‘Standard contract of compulsory insurance against civil liability in respect of the use of motor vehicles’** (hereinafter: the **‘standard insurance contract’**) means a contract of compulsory insurance against civil liability in respect of the use of motor vehicles concluded with respect to a vehicle normally based in the territory of the Republic of Lithuania.

10. **‘Another Member State of the European Union’** means a Member State of the European Union other than the Republic of Lithuania.

11. **‘Reasoned reply to the claim’** means a proposal presented with the aim to settle claims of an insurer, a representative of the insurer or a proposal by the Bureau to the injured third party presented, within the time limit set by this Law, with regard to the payment of compensation or a reasoned reply and evidence releasing from the payment of compensation or entitling to reduce the compensation payable.

12. **‘National insurers’ bureau’** means an organisation which is constituted in accordance with Recommendation No 5 adopted on 25 January 1949 by the Road Transport Sub-committee of the Inland Transport Committee of the United Nations Economic Commission for Europe and which groups together insurance undertakings which are authorised to conduct the business of compulsory insurance against civil liability in respect of the use of motor vehicles in that State. In Lithuania, the Motor Insurers’ Bureau of the Republic of Lithuania shall be the national insurers' bureau.

13. **‘Internal Regulations’** means the rules approved by the Council of Bureaux governing the reciprocal relations between national insurers' bureaux.

14. **‘Non-pecuniary damage of a road accident’** (hereinafter: **‘non-pecuniary damage’**) means physical pain, mental distress, inconveniences, mental shock, emotional depression, humiliation, impairment of reputation, diminution of possibilities to communicate with others and other non-pecuniary consequences arising from personal injury of health or loss of life in a road accident.

15. **‘Injured third party’** means a person entitled to claim compensation in accordance with the procedure established by this Law in respect of any loss or injury caused by vehicles.

16. **‘Contract of compulsory frontier insurance against civil liability in respect of the use of motor vehicles’** (hereinafter: the **‘frontier insurance contract’**) means a contract of compulsory insurance against civil liability in respect of the use of motor vehicles concluded where the user intends to participate in the road traffic of a Member State of the European Union with a vehicle that is normally based in the territory of a foreign state, if the user of such vehicle does not have any other contract of compulsory insurance against civil liability in respect of the use of motor vehicles in force in the Republic of Lithuania.

17. **‘User of a vehicle’** means a person who owns and/or uses a vehicle on the basis of ownership, trust, rent, loan for use or any other legitimate basis. A natural person who drives a vehicle either legally or illegally shall also be considered as the user of vehicle.

18. **‘Insurer against civil liability in respect of the use of motor vehicles’** (hereinafter: an **‘insurer’**) means a person (an insurance undertaking of the Republic of Lithuania, an insurance undertaking of another Member State of the European Union implementing the right of establishment or the right to provide services in the Republic of Lithuania, or a branch of a foreign insurance undertaking established in the Republic of Lithuania) that, in accordance with the procedure established by legal acts, is entitled to conduct the business of compulsory insurance against civil liability in respect of the use of motor vehicles in the Republic of Lithuania and that is a member of the Bureau.

19. **‘Holder of the insurance policy against civil liability in respect of the use of motor vehicles’** (hereinafter: a **‘policyholder’**) means a person, under this Law, responsible for the conclusion of a contract of compulsory insurance against civil liability in respect of the use of motor vehicles, who has approached himself or through his representative the insurer to conclude an insurance contract or who has concluded such an insurance contract with the

insurer.

20. **‘Vehicle covered by compulsory insurance against civil liability in respect of the use of motor vehicles’** (hereinafter: an **‘insured vehicle’**) means a vehicle covered by a valid contract of compulsory insurance against civil liability in respect of the use of motor vehicles or any other insurance contract satisfying the requirements of this Law.

21. **‘Foreign state’** means a state other than a Member State of the European Union.

22. **‘Injury suffered by an injured third party’** (hereinafter: **‘personal injury’**) means damage to the health of an injured third party and/or damage resulting from the loss of life. The size of damage caused to person shall be assessed in accordance with the procedure established by law.

23. **‘Damage to property of an injured third party’** (hereinafter: **‘damage to property’**) means damage to property suffered by an injured third party. The size of damage to property shall be assessed in accordance with the procedure established by law.

24. **‘Green Card’** means an international certificate of insurance against civil liability in respect of the use of motor vehicles issued on behalf of a national insurers’ bureau participating in the Green Card system.

25. **‘Green Card system’** means an international system of compulsory insurance against civil liability in respect of the use of motor vehicles.

26. Other terms in this Law shall be used within the meaning of the Law on Insurance and the Law on Traffic Safety.

Article 3. Compulsory Insurance Cover against Civil Liability in Respect of the Use of Motor Vehicles

1. Compensation under this Law shall be paid to cover the damage suffered by injured third parties when the persons who caused the damage with the vehicle owned or used (hereinafter: **‘used’**) by them become liable under civil liability.

2. A contract of compulsory insurance against civil liability in respect of the use of motor vehicles (hereinafter: an **‘insurance contract’**) shall provide coverage

against civil liability in respect of the use of a vehicle specified in the insurance contract and/or certificate (policy) of compulsory insurance against civil liability in respect of the use of motor vehicles (hereinafter: a 'certificate of insurance') for damage, except for the case referred to in paragraph 3 of this Article.

3. Neither the insurer nor the Bureau shall pay compensation in accordance with the procedure established in this Law for damage to the user responsible for the damage or to the vehicle used by him or to the property in the vehicle as well as to other property of the policyholder or the owner of the vehicle concerned.

Article 4. Obligation to Conclude an Insurance Contract

1. Vehicles used in the territory of the Republic of Lithuania must be covered by compulsory insurance against civil liability in respect of the use of motor vehicles. A vehicle normally based in the territory of the Republic of Lithuania must be covered by compulsory insurance against civil liability in respect of the use of motor vehicles as long as the vehicle is registered.

2. Responsibility for concluding an insurance contract in accordance with the procedure established in Article 43 of this Law shall fall on the owner of a vehicle (hereinafter: a 'person responsible for the conclusion of an insurance contract'). Where a person uses a vehicle under a leasing (financial lease) contract or a lease-option contract, or under any other similar contract (hereinafter: a 'leasing contract'), the responsibility to conclude an insurance contract shall fall on that person. Where a vehicle is co-owned by several persons, the responsibility to conclude an insurance contract shall be joint and several among all the co-owners, unless they agree otherwise.

3. The persons and owners of vehicles specified in paragraph 2 of this Article may not use a vehicle uninsured against civil liability in respect of the use of motor vehicles, nor let other persons use it.

CHAPTER TWO

INSURANCE CONTRACT

Article 5. Types of Insurance Contracts

Types of insurance contracts shall be as follows:

- 1) standard insurance contract;
- 2) frontier insurance contract.

Article 6. Conclusion of an Insurance Contract

1. A standard insurance contract and a frontier insurance contract shall be concluded in accordance with this Law, the Civil Code, the Law on Insurance, standard terms and conditions of a contract of compulsory insurance against civil liability in respect of the use of motor vehicles approved by the Bank of Lithuania (hereinafter: the 'supervisory institution') and other legal acts of the Republic of Lithuania, unless otherwise provided for in this Law. Insurers who conclude insurance contracts electronically shall also act in compliance with the Law of Consumer Protection. Insurers who issue Green Cards shall act also in accordance with the Internal Regulations, other legal acts regulating the Green Card system, the decisions of the Council of Bureaux and shall take into account the terms and conditions of the agreements concluded between the Bureau and the national insurers' bureaux of other states.

2. Insurers must conclude insurance contracts with persons specified in Article 4(2) of this Law who have submitted applications in person or through their representatives and have presented all the required information and documentation necessary for the conclusion of a contract. The owner of a vehicle who submits an application for conclusion of an insurance contract and all the required information and documentation necessary for conclusion of that contract shall, in the course of concluding an insurance contract, be considered to be a statutory representative of the persons referred to in Article 4(2) of this Law. Refusal by an insurer to conclude an insurance contract may be contested in court.

3. Before concluding an insurance contract, a policyholder must provide an insurer with correct information requested by the latter and the documents necessary for the conclusion of an insurance contract. The insurer shall have the right to verify that the submitted information is accurate and correct.

4. A standard insurance contract shall be concluded where a vehicle is normally

based in the territory of the Republic of Lithuania. A standard insurance contract shall be concluded before the registration of a vehicle, unless the vehicle concerned is already covered by insurance. Where no registration is required for a vehicle, an insurance contract may be concluded before the vehicle is put to use.

5. Where a standard insurance contract is concluded before the registration of a vehicle, the insurer shall, after having received the policyholder's application and other documents necessary for the conclusion of an insurance contract, issue a certificate of insurance without indicating the vehicle registration number, unless the registration number is known. The policyholder shall submit the certificate of insurance to the body responsible for the registration of vehicles. The body responsible for the registration of vehicles shall enter the registration number into the certificate of insurance presented by the policyholder and shall notify the insurer thereof within three working days in writing or any other equivalent form.

6. Should the policyholder wish to have, under a standard insurance contract already concluded or to be concluded, insurance coverage in foreign states participating in the Green Card system, the insurer shall additionally issue a Green Card to the policyholder according to the terms and conditions of the insurance contract. If a Green Card indicates that it is valid only in the Member States of the European Union and the Swiss Confederation, such Green Card shall be issued to the policyholder free of charge.

7. A group insurance contract may be concluded with the farmers of farms registered in accordance with the procedure established in the Law on the Farmer's Farm and with other agricultural economic entities covered by the Law on Agricultural and Rural Development. A group insurance contract shall be concluded with respect to several vehicles to be covered by a single certificate of insurance. A group insurance contract may be concluded with respect to five vehicles at the most, with only one of them being a passenger car. A group insurance contract shall be subject to all the terms and conditions applied to a standard insurance contract as provided in this Law.

8. A frontier insurance contract shall be concluded where the user intends to participate in the road traffic of a Member State of the European Union with a vehicle that is normally based within the territory of a foreign state (except for the derogations specified in this Law), if the user of such a vehicle does not have any other contract of compulsory insurance against civil liability in respect of the use of motor vehicles valid in the Republic of Lithuania. In the exceptional cases, a frontier insurance may be concluded in respect of an acquired vehicle

which is being brought in the Republic of Lithuania and which is normally based in the territory of another Member State of the European Union, provided that such a vehicle has not been insured. In this case, a frontier insurance contract may be concluded within a period of 30 days after acceptance of delivery by the purchaser, if a person who applies for conclusion of an insurance contract produces the documents of acquisition of this vehicle in another Member State of the European Union. After the expiry of this period, the imported vehicle may, under this Law, be insured only in the event that the vehicle is registered in the Republic of Lithuania.

9. All declarations and notifications by the parties to the insurance contract in relation to the insurance contract must be made in writing. Should the address of the policyholder's place of residence or establishment change and should the policyholder fail to notify the insurer thereof, any declarations and notifications sent by the insurer to the policyholder's last known address by registered mail shall be deemed to be delivered to the policyholder.

10. The user shall not have the right to conclude for the same or overlapping period of contract validity several contracts of compulsory insurance against civil liability in respect of the use of motor vehicles with respect to one and the same vehicle. Where several insurance contracts have been concluded, the original insurance contract shall terminate as from the moment when a new one concluded with respect to the same vehicle comes into force.

11. The text of the insurance contract and the data indicated in the certificate of insurance as required by points 1-10 of paragraph 1 of Article 6.991 of the Civil Code shall be typed. Certificates of insurance shall be filled in accordance with the data from the database of compulsory insurance against civil liability in respect of the use of motor vehicles.

12. The insurer must issue to a person who concludes or has concluded an insurance contract with the insurer in 2008 a form of the declaration of a road accident and explain how to fill it in. The insurer shall issue to a person, who concludes or has concluded an insurance contract with the insurer as of 1 January 2009 a form of the declaration of a road accident and explain how to fill it in, at request of the person.

Article 7. Cancellation and Termination of Insurance Contracts

1. A policyholder shall have the right to cancel a standard insurance contract by

giving an insurer a written notice at least 15 days prior to the desired cancellation date. In this case, the policyholder shall be reimbursed for the portion of the insurance premium related to the remaining period of validity of the insurance contract, after deduction of the administrative expenses pertaining to the conclusion and execution of the insurance contract. When the request to cancel the insurance contract is made on the basis of failure by the insurer to execute or properly execute the insurance contract, where such failure is a material breach of the contract as determined in accordance with Article 6.217 of the Civil Code, the insurance contract must be cancelled as from the date indicated in the policyholder's request. In this case, the policyholder shall be reimbursed for the portion of the insurance premium related to the remaining period of validity of the insurance contract.

2. A standard insurance contract may be cancelled at an insurer's initiative on the basis of failure by a policyholder to execute or properly execute the insurance contract where such failure is a material breach of the insurance contract. When cancelling the insurance contract in this case, the policyholder shall be reimbursed for the portion of the insurance premium related to the remaining period of validity of the insurance contract, after deduction of the administrative expenses pertaining to the conclusion and execution of the insurance contract and the sums paid under this insurance contract.

3. A frontier insurance contract may be cancelled at the initiative of any party on the basis of failure by the other party to execute or properly execute the insurance contract where such failure is a material breach of the frontier insurance contract. Where the insurance contract is cancelled at the policyholder's request, the policyholder shall be reimbursed for the portion of the insurance premium related to the remaining period of validity of the insurance contract. Where the insurance contract is cancelled at the insurer's request, the policyholder shall be reimbursed for the portion of the insurance premium related to the remaining period of validity of the insurance contract, after deduction of the administrative expenses pertaining to the conclusion and execution of the insurance contract and the sums paid under this insurance contract.

4. A standard insurance contract shall be terminated if the vehicle, which was insured under the standard insurance contract, is registered in another state and a state number plate of another state is issued for that vehicle. Insurance contracts shall also be terminated on the basis established by the Civil Code and the Law on Insurance.

Article 8. Change of an Owner of an Insured Vehicle or a State Number Plate

1. Where, due to changes in the ownership of an insured vehicle, a policyholder forwards the documents confirming the conclusion of an insurance contract to a new owner of the vehicle, the new owner of the vehicle shall take over the policyholder's rights and obligations under the insurance contract and shall, without delay but not later than within 15 days of the transfer of the vehicle ownership, notify the insurer in writing thereof and submit his personal data. Upon notifying the insurer about the transfer of the vehicle ownership, the insurer shall enjoy the right to increase or reduce the insurance premium because of the change in the insurance risk, and the new owner of the vehicle shall enjoy the right to request to reduce the insurance premium. If the new owner of the vehicle fails to notify the insurer about the transfer of the vehicle ownership, the insurer may treat it as failure to fulfil the obligation of notifying about the change of insurance risk.

2. The new owner of the vehicle shall also have the right to terminate the insurance contract in accordance with the procedure established in Article 7(1) of this Law. If the new owner of the vehicle, who has an insurance contract or a certificate of insurance, terminates the insurance contract, he shall be reimbursed for the portion of the insurance premium related to the remaining period of validity of the insurance contract.

3. The provisions of this Article shall also apply in situations where, after the death of the policyholder, the vehicle is transferred to another legitimate user. The new user of the vehicle must notify within 15 days the insurer about the takeover of the vehicle for use and submit his personal data.

4. Where the state number plate of the insured vehicle changes, the policyholder must, without delay but not later than within 15 days after the change of the state number plate, notify the insurer in writing thereof. If the policyholder fails to notify the insurer about the change of the state number plate within the set time limit, the policyholder shall be responsible for all the consequences arising from the fact that because of the changed state number plate it was impossible to identify in time the insurer or to evaluate the insurance risk.

Article 9. Entry into Force and Period of Validity of an Insurance Contract

1. An insurance contract shall enter into force on the date indicated in the contract.
2. A standard insurance contract shall be concluded for a period of 12 months. An insurer shall issue to a policyholder a certificate of insurance confirming the conclusion of an insurance contract and the provision of insurance coverage. The certificate of insurance shall also indicate its period of validity that must not be shorter than one month and for which the insurance premium has been paid. During the period of validity of the insurance contract, several certificates of insurance may be issued.
3. During the period of validity of the insurance contract, the insurer, at the policyholder's request, must release the policyholder from the obligation to pay insurance premiums under the valid insurance contract where the policyholder intends not to use the vehicle for a period longer than one month. The policyholder must provide assurance to the insurer that he will not use or let other persons use the vehicle specified in the insurance contract and may place, free of charge, the vehicle registration plate into the custody of the insurer. The period of release from payment of insurance premiums shall terminate sooner than indicated in the policyholder's request if the insurer has issued a new certificate of insurance at the policyholder's request. Where an insurance premium is nevertheless paid for a period in respect of which the policyholder is released from the obligation to pay insurance premiums, the insurer shall extend the insurance contract by that period without requesting any additional premiums for that period. Where the policyholder is released from the obligation to pay insurance premiums, the insurer shall record it in the certificate of insurance.
4. If, after the expiry of the validity of the certificate of insurance as indicated therein, a new certificate of insurance is not issued and a release from the obligation to pay insurance premiums has not been agreed between the policyholder and the insurer, the policyholder must pay insurance premiums in the manner provided for in the insurance contract until the expiry of the insurance contract.
5. Upon the expiry of a standard insurance contract, its validity period shall be extended subject to the procedure and conditions established in the insurance contract.
6. The validity period of a standard insurance contract shall not be extended if:
 - 1) there is an outstanding insurance premium due for the previous periods

under the valid insurance contract;

2) the insurer has lost the right to conduct the business of compulsory insurance against civil liability in respect of the use of motor vehicles.

7. Where the validity period of a standard insurance contract is extended, the policyholder must pay the insurer an insurance premium as calculated by the insurer. In the case of failure to pay the insurance premiums, the provisions of Article 11(5) to (7) of this Law shall apply.

8. A frontier insurance contract shall be concluded for a period not shorter than 15 days and not longer than 90 days.

9. A Green Card shall be issued for a period not shorter than 15 days and not longer than 12 months.

10. During the validity period of a standard insurance contract or upon the expiry of the period of insurance validity, the policyholder shall have the right to request from the insurer who insured him against civil liability a statement relating to the cases of compensation involving the policyholder's vehicle or to the absence of such cases at least during the last five years of the contractual relationship or during any other period if the contractual relationship lasted shorter. The insurer must provide this statement to the policyholder free of charge within 15 days of the submission of the request by the policyholder.

Article 10. Territorial Coverage of an Insurance Contract

1. A standard insurance contract or a frontier insurance contract shall, on the basis of a single premium and during the whole term of the insurance contract, including for any period in which a vehicle remains in other Member States during the term of the insurance contract, provide insurance coverage in any Member State of the European Union to the extent required by the legal acts regulating compulsory insurance against civil liability in respect of the use of motor vehicles in that Member State of the European Union or to the extent required by this Law, when that coverage is higher. A standard insurance contract under which a Green Card has been issued shall also provide insurance coverage in the foreign states indicated on the Green Card.

2. A standard insurance contract or a frontier insurance contract shall, on the basis of a single premium and during the whole term of the insurance contract,

also be valid and provide insurance coverage in the Swiss Confederation in accordance with the legal acts of the Swiss Confederation. A standard insurance contract shall also provide insurance coverage under this Law for any loss or injury suffered by the third parties permanently resident in a Member State of the European Union who were injured in a road accident during a direct journey between two territories in which the Treaty establishing the European Community is in force, if there is no national insurers' bureau responsible for the territory which is being crossed.

3. Contracts of compulsory insurance against civil liability in respect of the use of motor vehicles concluded by the insurance undertakings or branches of other Member States of the European Union shall be recognised in the Republic of Lithuania and shall be deemed to be in compliance with the provisions of this Law.

4. A Green Card shall be valid and shall provide insurance coverage in the states indicated on the Green Card, unless the insurer and the policyholder agree otherwise, in accordance with the legal acts of these states.

Article 11. Sums Insured and Insurance Premiums

1. The sum insured under compulsory insurance against civil liability in respect of the use of motor vehicles in a single road accident in the Republic of Lithuania, whatever the number of injured third parties shall be:

1) until 10 December 2009 - EUR 500 000 for personal injury (including EUR 1 000 for non-pecuniary damage) and EUR 100 000 for damage to property;

Note. *The sums insured under Article 11(1)(1) of the Law on Compulsory Insurance Against Civil Liability in Respect of the Use of Motor Vehicles as well as other provisions newly introduced in Chapter Two of this Law concerning the terms and conditions of an insurance contract shall apply to insurance contracts concluded after the entry into force of this Law.*

2) from 11 December 2009 to 10 June 2012 – EUR 2 500 000 for personal injury (including EUR 2 500 for non-pecuniary damage) and EUR 500 000 for damage to property;

Note. *The sums insured under points 2 and 3 of Article 11(1) of the Law on Compulsory Insurance Against Civil Liability in Respect of the Use of Motor*

Vehicles shall be applied from the dates specified in these points.

3) from 11 June 2012 to 31 October 2018 – EUR 5 000 000 for personal injury (including EUR 5 000 for non-pecuniary damage) and EUR 1 000 000 for damage to property;

4) as of 1 November 2018 – EUR 5 000 000 for personal injury (including non-pecuniary damage) and EUR 1 000 000 for damage to property.

Note. From 1 January 2019 the Government announced indexed insurance amounts - EUR 5 210 000 for personal injury (including non-pecuniary damage) and EUR 1 050 000 for damage to property.

2. A single road accident shall mean an accident which occurred for same reason, even if more than one injured third party may pursue claims in respect of such a road accident.

3. An insurer shall pay compensation for the damage caused in another Member State of the European Union based on the sums insured in accordance with the legal acts of the Member State concerned or the sums insured as specified in paragraph 1 of this Article, if the latter sums are higher.

4. Amounts of insurance premiums shall be fixed by the insurer.

5. Should a policyholder fail to pay the insurance premium in due time, an insurer shall have the right to charge late-payment interest of 0.04 percent on the overdue amount for each delayed day, unless otherwise provided for in the insurance contract.

6. An insurer may not refuse to pay compensation in respect of an insured event which occurred in the period for which a policyholder failed to pay the insurance premium within the time limit set in the insurance contract or in the period for which the policyholder was released from the obligation to pay insurance premiums.

7. If a policyholder fails to pay, within the time-limit set in an insurance contract, an insurance premium for the insurance coverage provided under the insurance contract and if a vehicle covered by that insurance contract caused damage during the said period or the damage was caused during the period for which the policyholder was released from the obligation to pay insurance premiums under Article 9(3) of this Law, the insurer shall be entitled to claim reimbursement from the policyholder for the amounts paid by the insurer by way

of compensation for damage.

8. An insurer shall not have the right to fix a sum in the insurance contract by which the compensation paid in the case of an insured event would be reduced.

9. Every five years after 11 June 2012 the amounts of the sums insured for personal injury and damage to property referred to in point 3 of paragraph 1 of this Article shall be reviewed in line with the percentage change of the European Index of Consumer Prices for the relevant period and rounded up to a multiple of EUR 10 000. The reviewed amounts of sums insured shall be announced in a resolution of the Government of the Republic of Lithuania.

CHAPTER THREE

PROCEDURE FOR ASSESSING DAMAGE AND PAYING COMPENSATION

Article 12. Obligations of Participants of a Road Accident and of Injured Third Parties

1. Where a road accident occurs, a user of a vehicle involved in the accident must:

1) take all available and reasonable measures to reduce the potential damage, take all the measures necessary to provide medical aid to injured persons and protect their property as much as possible;

2) immediately report the road accident to the police in the cases defined in the Rules of the Road;

3) in the cases where the participants of the road accident agree on the circumstances of the road accident and, on the basis of the Rules of the Road, do not call the police to the place of the road accident – draw a scheme of the road accident in the declaration of a road accident, describe the circumstances of the road accident and present the declaration for signing to all the participants of the road accident. In the event that no participants of the road accident has a declaration of a road accident, the circumstances of the road accident may be described and a scheme of the road accident may be drawn on a blank sheet of paper where the participants of the road accident, vehicles,

witnesses of the road accident are indicated, information is provided and the circumstances of the road accident are confirmed by the signatures of the participants of the road accident. The number of filled-in declarations of a road accident must correspond to the number of the participants of the road accident;

4) provide other participants of the road accident with the information necessary to identify the insurance undertaking which covered him against civil liability;

5) within three working days from the road accident, notify in writing the insurer who has covered his civil liability about the road accident for which he is responsible, unless he is unable to do so for serious reasons, as well as submit to the insurer the declaration signed by the participants of the road accident or any other document concerning the circumstances of the accident, signed by the participants of the road accident. The insurer who has covered his civil liability must be also informed about the road accident in those cases where the person responsible for the accident has not been established;

6) within five working days, notify in writing the insurer who has covered his civil liability if a claim for damages was made or any action for damages was brought to the court and deliver all necessary explanations and available information.

2. A user of a vehicle involved in a road accident and persons claiming damages incurred in the road accident must submit to an insurer or to the Bureau any available evidence concerning the road accident and damage, be cooperative in examining the circumstances of the accident and assessing the size of the damage, follow the insurer's or the Bureau's instructions, if any, and allow the insurer or the Bureau to investigate the causes of the damage incurred and assess the size of the damage.

3. A person who caused damage with an uninsured vehicle shall, within three working days from a road accident, notify in writing the Bureau thereof, otherwise the handling and settling of the claim will be exercised without him being present. A person who caused a road accident for which compensation is paid must submit to the Bureau a declaration signed by the participants of the road accident or any other document concerning the circumstances of the road accident signed by the participants of that accident.

Note. *The provisions of Articles 12 and 14 of the Law on Compulsory Insurance Against Civil Liability in Respect of the Use of Motor Vehicles regarding the possibility not to call the police at the place of accident and regarding a declaration of a road accident shall enter into force from the relevant*

amendments of the Law of the Republic of Lithuania on Road Traffic Safety and the Rules of the Road, but not earlier than as of 1 January 2008.

Article 13. Claim for Damages

1. An injured third party may present a claim for damages to a person liable for the damage (hereinafter: a 'liable party'), directly to an insurance undertaking of a Member State of the European Union or a foreign state which covered the liable party against civil liability (hereinafter: a 'responsible insurer'), to the responsible insurer's representative appointed for the settlement of claims, or, in the cases referred to in Articles 17 and 18 of this Law, to the Bureau or a representative of the Bureau.

2. Where the compensation paid by the responsible insurer or the Bureau is not sufficient to cover the damage suffered by the injured third party because the damage exceeds the sum insured, the injured third party shall be entitled to claim the remainder from the liable party.

3. The claim for damages may not be presented to the Bureau if the injured third party has applied to court claiming damages suffered in a road accident from the liable party or the responsible insurer, with the exception of the cases indicated in Article 20 of this Law. The injured third party may present a claim for damages only after withdrawal of the claim for damages presented to the liable party or responsible insurer, provided that the court accepted such withdrawal and discontinued the case.

4. Where the vehicle which caused the road accident or the liable party is unidentified but the damage has been caused under the circumstances that prove civil liability of the user of the vehicle, the injured third party whose property is damaged in the Republic of Lithuania shall be entitled to present a claim for damages to the Bureau. In this case, the Bureau shall examine the claim, assess the size of the damage and determine the amount of compensation to be paid in accordance with the procedure established by this Law; however, the compensation shall be paid only after the vehicle which caused the road accident or the liable party has been identified.

Article 14. Claims Representative of an Insurance Undertaking

1. A representative of an insurance undertaking of another Member State of the European Union or a foreign state in the Republic of Lithuania shall be a trustee of such undertaking who is appointed to perform the functions of handling and settling claims on behalf of this undertaking.

2. In the cases where a permanent resident of the Republic of Lithuania, who was injured during a road accident outside the territory of the Republic of Lithuania, wishes so, a claims representative of another Member State of the European Union in the Republic of Lithuania must also solve matters of handling and settling claims where all of the following conditions are satisfied:

1) the injured third party has suffered damage in a Member State of the European Union other than the state of his permanent residence or in a foreign state the national insurers' bureau of which has joined the Green Card system;

2) civil liability of the liable party is covered by an insurer or its branch based in a Member State of the European Union other than the state of permanent residence of the injured third party;

3) the vehicle of the liable party is normally based in a Member State of the European Union other than the state of permanent residence of the injured third party.

3. When a claims representative, appointed in the Republic of Lithuania, quantifies the damage caused in the territory of the Republic of Lithuania and solves a matter of compensation payment, the provisions of this paragraph concerning the procedure for quantifying damage and paying compensation shall be applicable. When a claims representative, appointed in the Republic of Lithuania, quantifies the damage caused not in the territory of the Republic of Lithuania and solves the matter of compensation payment, the legal acts, regulating compulsory insurance against civil liability in respect of the use of motor vehicles, of the state in which the road accident took place shall be taken into consideration.

4. An insurer, who has the right to provide compulsory insurance against civil liability in respect of the use of motor vehicles in the Republic of Lithuania, must appoint in all other Member States of the European Union claims representatives who are responsible for payment of compensation to the injured third parties where all the following conditions are satisfied:

1) the injured third party has suffered damage in a Member State of the European Union other than the state of his permanent residence or in a foreign

state the national insurers' bureau of which has joined the Green Card system and the injured third party is permanently resident in a Member State of the European Union;

2) the injured third party is not permanently resident in the Republic of Lithuania;

3) the vehicle of a liable party, whose civil liability is covered by this insurer, is normally based in the territory of the member state of the European Union other than that in which the injured third party is permanently resident.

5. A claims representative must be permanently resident or established in the Member State of the European Union where he is appointed. The choice of its claims representative shall be at the discretion of the insurer. The claims representative may work for one or more insurers. He must ensure that cases be examined in the official language/s of the Member State of the European Union where the injured third party is permanently resident.

6. An insurer must delegate sufficient powers to its claims representative to perform his functions (collect all necessary information, solve matters regarding the payment of compensation, pay compensation, receive the documents served by the court, etc.).

Article 15. Assessment of Damage

1. An injured third party claiming compensation from an insurer or the Bureau shall notify in writing, whether in person or through his representative, the responsible insurer or, in the cases referred to in Article 17 of this Law, the Bureau about a road accident within three working days of the accident, unless he is unable to do so for serious reasons. The injured third party shall submit, in person or through his representative, a claim for damages, a declaration or any other document concerning the circumstances of the road accident and signed by the participants of the road accident, in the event that the police was not called to the place of the road accident, as well as information and available documents about the liable party, circumstances of the road accident and the documents that prove the fact of the damage caused in the road accident, and shall also give access to the documents evidencing the circumstances, fact and size of the damage.

2. Where the damage is caused to property, an injured third party must keep the

damaged vehicle or other property in the condition as immediately after the road accident until it is inspected by a person authorised by the responsible insurer or the Bureau and allow the person authorised by the insurer or the Bureau to inspect the damaged or destroyed property. The responsible insurer and the Bureau shall, without delay but not later than within three working days of receipt of a written notice from the injured third party about the road accident, send an authorised person to inspect the damaged or destroyed property, write a survey report and shall present it to the injured party for signature.

3. The size of damage to property shall be assessed by a responsible insurer or, in the cases referred to in Article 17 of this Law, by the Bureau on the basis of reports and documents prepared by authorised persons and/or by property valuers, which prove the circumstances, fact and size of the damage. When determining the circumstances of the road accident and liability of the liable party, a declaration of a road accident or any other document concerning the circumstances of the road accident and signed by the participants of the road accident, or documents about the circumstances of the road accident issued by competent bodies shall be followed. Should the person authorised by the responsible insurer or the Bureau fail to arrive within the time-limit specified in paragraph 2 of this Article, the injured third party shall have the right to contract a property valuator to assess the size of damage to property. In this case, the responsible insurer or the Bureau must compensate the injured third party for reasonable expenses incurred by him when contracting the property valuator. The injured third party shall have the right, at his own initiative and on its own account, to apply to the experts to assess the size of the damage.

4. In the case of injury to a person's health, all damage suffered by the person as a result of the injury to his health must be assessed. In this event, the damages shall comprise the loss of income that the injured person would have received had he not sustained bodily harm, and the expenses related with the rehabilitation of health (medical treatment costs, expenses incurred for additional nourishment, medicines, prosthetics, care of the injured person, acquisition of specialised transport means, retraining costs and other expenses necessary for the rehabilitation of health).

5. The damages incurred by loss of life shall include funeral expenses and other related expenses as well as expenses related to loss of a breadwinner. Persons entitled to compensation for damage caused by loss of a breadwinner shall be compensated for that portion of the deceased person's income, which they received or were entitled to receive when the deceased person was alive. Persons who were maintained by a breadwinner or at the time of his death were entitled to such maintenance (minor children, spouses, parents incapable of

work or other actual dependants incapable of work), also the children of the deceased born after his death shall have the right to compensation for damage.

6. Damage caused to a person shall be assessed by the responsible insurer or, in the cases referred to in Article 17 of this Law, by the Bureau on the basis of documents proving the circumstances, fact and size of the damage as well as on the basis of medical examination reports. On the basis of the conclusions reached by bodies entitled to carry out health impairment assessment that is done pursuant to the Rules for Health Impairment Assessment, the responsible insurer or the Bureau shall also have the right to send the injured third party for medical examination, compensating the examination expenses for him.

7. The injured third party shall be entitled to present claims for non-pecuniary damages to the responsible insurer or, in the cases referred to in Article 17 of this Law, to the Bureau. The persons specified in paragraph 5 of this Article shall also be entitled to compensation for non-pecuniary damage. The responsible insurer or the Bureau shall, when determining the amount of the non-pecuniary damage subject to compensation, be guided by documents issued by the competent persons showing the duration of the temporary incapacity for work or the level of disability, consequences of the injury, the fact and causes of death, other evidence. The amount of non-pecuniary damage subject to compensation shall be determined taking into account the extent of health impairment as well as other criteria relevant to the determination of the amount of non-pecuniary damage. If the responsible insurer or the Bureau and the injured third party/parties referred to in paragraph 5 of this Article disagree on the amount of compensation for non-pecuniary damage, the injured third party/parties referred to in paragraph 5 of this Article shall have the right to appeal to the court.

8. Recommendations on determination of the amount of non-pecuniary damage caused during a road accident shall be approved by the Government or an institution authorised by it.

Article 16. Principles of Paying Compensation

1. A responsible insurer or the Bureau shall pay compensation if a user of a vehicle incurs civil liability for the damage caused to an injured third party. The compensation shall be paid taking into account the legal acts regulating compulsory insurance against civil liability in respect of the use of motor vehicles of the state in which the road accident took place.

2. A responsible insurer shall pay compensation to an injured third party if a user of a vehicle incurs civil liability for the damage caused to the injured third party when using the insured vehicle, irrespective of whether the user acted in conformity with the terms and conditions of the insurance contract, except in the cases referred to in Article 21(1) and (2) of this Law, and irrespective of whether the policyholder provided the insurer with all the information necessary for the conclusion of the insurance contract prior to its conclusion. The responsible insurer shall also pay compensation for the damage caused by the insured vehicle when the identity of the person who drove it is unknown, but the damage was done under the circumstances which form the grounds for liability of the owner or any other user of this vehicle under Article 6.270 of the Civil Code.

3. The Bureau shall pay compensation in the cases referred to in Articles 17 and 18 of this Law.

4. In accordance with the procedure established in this Law, an insurer or the Bureau shall pay compensation if the claim for damages is presented within one year from the date when the damage was caused or within one year from the date on which an injured third party learned or had to learn of the damage but not later than within four years from the date of a road accident concerned.

5. Compensation for the damage caused by a towed vehicle (when under legal acts a driver of a towed vehicle is not necessary) shall be paid according to the insurance contract covering the towing vehicle provided that the towed vehicle was connected to the towing vehicle at the time of the road accident. If the towed vehicle (the driver of which is not necessary) got disconnected from the towing vehicle before the road accident, compensation for the damage caused by the motor vehicle which got disconnected shall be paid according the contract of insurance against civil liability in respect of the use of the vehicle which got disconnected where the user of the towed vehicle incurs civil liability in respect of the damage. Compensation for the damage caused by the towed vehicle (the driver of which is necessary) shall be paid either according to the contract of insurance of the towed vehicle or the contract of insurance of the towing vehicle, taking into consideration the user of which vehicle is held liable.

Article 17. Compensation Payable by the Bureau

1. 1 The Bureau shall pay compensation for the damage caused in a road accident to the injured third parties in the cases where:

1) a liable party caused damage in the Republic of Lithuania with an uninsured (identified) vehicle, provided that the user of the vehicle incurs civil liability in respect of the damage. The Bureau shall also pay under this point in the cases when the damage is caused in another member state of the European Union by an uninsured vehicle, which is normally based in the territory of the Republic of Lithuania;

2) damage caused during a road accident which took place in the territory of the Republic of Lithuania to person's health and/or deprivation of life when the damage is caused under the circumstances which prove civil liability of the user of the vehicle, however, the motor vehicle which and/or liable party who caused the road accident are not identified. Under this point, the Bureau shall pay compensation to the injured third parties also for damage to property, provided that the Bureau has paid compensation at least to one injured third party of the same road accident for the caused personal injury in the event of significant health impairment which is determined in compliance with the Rules for Health Impairment Assessment;

3) the liable party who, at the time when the damage is done, is covered by compulsory insurance against civil liability in respect of the use of motor vehicles (has the valid insurance contract), but the responsible insurer – a member of the Bureau is the subject of bankruptcy proceedings. Under to this point, the Bureau shall pay compensation if the insured vehicle caused damage in the territory of the Republic of Lithuania, another member state of the European Union, or another foreign state whose national insurers' bureau has signed the Internal Regulations.

2. The Bureau shall pay compensation under points 1 and 2 of paragraph 1 of this Article to injured third parties who suffered damage in a road accident which occurred in the Republic of Lithuania and who are permanently resident in the Republic of Lithuania or another Member State of the European Union. The Bureau shall also pay compensation to injured third parties who suffered damage in a road accident which occurred in the Republic of Lithuania and who are permanently resident in a foreign state if the national insurers' bureau of the state in which the injured third party is permanently resident has signed the Internal Regulations or a bilateral agreement with the Bureau on the recognition of settlement of claims.

3. The Bureau shall, pursuant to point 3 of paragraph 1 of this Article, pay compensation to injured third parties instead of the following members of the Bureau:

1) insurance undertakings or branches of insurance undertakings of foreign states according to their insurance contracts governed by the law of the Republic of Lithuania;

2) insurance undertakings of another Member State of the European Union according to their insurance contracts governed by the law of the Republic of Lithuania.

4. An injured third party shall also be entitled to appeal to the Bureau for claim handling and settlement regarding the damage caused during a road accident which occurred in the territory of the Republic of Lithuania, when the insurance undertaking of another state which insured civil liability of the responsible person (which issued the Green Card valid in the Republic of Lithuania or any other certificate of compulsory insurance against civil liability in respect of the use of motor vehicles) has not appointed a claims representative in the Republic of Lithuania. The Bureau shall pay compensation to the injured third parties for the damage caused during a road accident in the territory of the Republic of Lithuania, if the national insurers' bureau of the state whose insurance undertaking has insured civil liability of the liable party has signed the Internal Regulations or a bilateral agreement with the Bureau on the recognition of settlement of claims, with the exception of the cases when the damage has been compensated for by the insurance undertaking which insured civil liability of the liable party or a claims representative of such undertaking.

5. In the cases when the Bureau pays compensation under paragraph 1 of this Article for the damage caused to and handled for the third persons who were injured in another member state of the European Union or a foreign state, compensation shall be paid to the national insurers' bureau of another state, which reimbursed the damage caused in a road accident, taking into account the Internal Regulations and the legal acts regulating compulsory insurance against civil liability in respect of the use of motor vehicles of the state in which the road accident occurred. Responsibility of the Bureau for the payment of compensation to the guarantee fund of another state for the damage caused in another member state of the European Union with an uninsured vehicle specified in Article 6(8) of this Law shall end after 30 days counting from the day of delivery of the vehicle to the purchaser. The Bureau shall pay compensation to the national insurers' bureau of another state or to the guarantee fund of another state also in other cases, fulfilling the requirements of the Internal Regulations or a bilateral agreement on the recognition of settlement of claims.

6. In the cases when a person injured in the Republic of Lithuania, another member state of the European Union, or a foreign state, who is permanently

resident in another member state of the European Union, has in compliance with the legal acts of his country applied for the compensation of the damage incurred to a compensation body operating in his country, the Bureau must pay to the a compensation body of another member state of the European Union the sum requested by it, which has been paid to the injured third party, as well as a set remuneration for claim handling if at least one of the following conditions is satisfied:

1) civil liability of a liable party is covered by the insurer or the branch situated in the Republic of Lithuania, however, within three months from the date of presenting a claim for damages to the responsible insurer or its claims representative, the insurer or its claims representative has not issued to the injured person a reasoned reply to the claim; or the insurer has failed to appoint a claims representative in another Member State of the European Union in which the injured third party is permanently resident;

2) civil liability of a liable party whose vehicle is normally based in the territory of the Republic of Lithuania has not been covered or in the event of failure to determine within two months from the presentation by the injured third party of a claim to a compensation body the insurer who covered civil liability of the liable party whose vehicle is normally based in the territory of the Republic of Lithuania;

3) damage has been caused in the cases specified in point 2 of paragraph 1 of this Article and it was not possible to determine within two months from the presentation of a claim by the injured third party the vehicle which caused a road accident;

4) during a road accident which occurred in the territory of the Republic of Lithuania the damage was caused by the vehicle which is normally based in the territory of a foreign state, in the event of failure to determine the insurance undertaking of the member state of the European Union which covered civil liability of the user of this vehicle.

Article 18. Claims Handled and Settled by the Bureau as a Compensation Body of the Republic of Lithuania

1. The Bureau shall act as a compensation body in the Republic of Lithuania and handle and settle claims for damages as well as pay compensation when an injured third party suffers damage in another Member State of the European

Union or in a foreign state the national insurers' bureau of which has joined the Green Card system if all of the following conditions are satisfied:

- 1) the injured third party is permanently resident in the Republic of Lithuania;
- 2) the liable party whose vehicle is normally based in another Member State of the European Union has his civil liability covered by an insurance undertaking or a branch of another Member State of the European Union (located outside the Republic of Lithuania).

2. On the basis of paragraph 1 of this Article, an injured third party may present a claim for damages to the Bureau subject to either of the following conditions:

- 1) within three months from the date of presenting the claim for compensation to the responsible insurer of another Member State of the European Union or its claims representative, the said insurer or its claims representative has failed to give a reasoned reply to the claim;

- 2) the insurer of another Member State of the European Union which has covered the civil liability of the liable party has failed to appoint a claims representative in the Republic of Lithuania, provided that the injured third party has not presented a claim directly to the responsible insurer or has presented a claim directly to the responsible insurer but has not received a reply within three months.

3. The Bureau shall also settle claims for damages and pay compensation when an injured third party permanently resident in the Republic of Lithuania has suffered damage in another Member State of the European Union if:

- 1) the insurance undertaking which has covered the civil liability of the liable party is not identified within two months from the date of the road accident;

- 2) the vehicle which caused the damage is not identified within two months from the date of the road accident if, in accordance with the legal acts of the state in which the road accident occurred, the damage is to be compensated.

4. A claim may be presented to the Bureau after the expiry of the time limit specified in paragraphs 2 and 3 of this Article. A claim may be presented in writing, indicating the circumstances of a road accident and submitting the possessed documents, which substantiate the injured third party's request. The Bureau must examine the claim for damages and take a decision regarding the payment of compensation within two months of the date when the claim and the

available information necessary to determine the circumstances of the road accident and the caused damage were presented, provided that the claim is presented to the Bureau pursuant to paragraph 2 of this Article. When a claim is presented to the Bureau pursuant to paragraph 3 of this Article, the Bureau must examine the claim for compensation of the damage and take a decision regarding the payment of compensation within three months of the date when the claim and the available information necessary to determine the circumstances of the road accident and the caused damage were presented. If it is impossible to pay compensation within the time limit specified in this Article because of the lack of the documents necessary to determine the circumstances of a road accident, the fact of an insured event or the amount of damage, the Bureau must pay compensation within 14 days, starting from the day on which all necessary information and documents were received. Where it emerges that the responsible insurer or its claims representative has provided a reasoned reply regarding the presented claim concerning the payment of compensation, the Bureau shall terminate the examination of the claim. The Bureau shall also terminate the examination of a claim when the injured third party has brought the liable party or the responsible insurer to court for payment of compensation or when the responsible authorities of another state have provided information that a pre-trial investigation has been started with regard to this road accident or legal proceedings concerning the actions of the injured third party. A decision regarding the payment of compensation shall be taken in accordance with the legal acts regulating compulsory insurance against civil liability in respect of the use of motor vehicles of the state in which a road accident occurred and the provisions of the agreements signed between the compensation bodies and guarantee funds.

5. The Bureau shall, without delay but not later than within 14 working days, notify the responsible insurer of another Member State of the European Union or its claims representative in the Republic of Lithuania, the compensation body of another Member State of the European Union and/or the Guarantee Fund, as well as the person who caused the accident, if known, about the received claim for damages from the injured third party (presented in accordance with paragraph 1 of this Article) and the time limits of examination thereof.

Article 19. Procedure for Paying Compensation

1. A responsible insurer, its claims representative or the Bureau (except in the case referred to in Article 17(5) of this Law shall pay compensation within 30 days of the date when the claim was presented.

2. If, within the time-limit specified in paragraph 1 of this Article, it is impossible to investigate the circumstances as necessary to establish the fact of the insured event and to assess the size of the damage, compensation shall be paid within 14 days of the date when the investigation of such circumstances could have been completed by making a reasonable effort but not later than within three months of the date when the claim was presented (except where damages are awarded by a decision in criminal, administrative or civil proceedings). Where compensation is awarded in criminal, administrative or civil proceedings, it shall be paid within 14 days from the date of receipt of an effective court decision, judgment or ruling.

3. The responsible insurer, its claims representative or the Bureau shall, within 30 days of the date when the claim was presented (or within three months in the cases referred to in paragraph 2 of this Article), make a reasoned offer of compensation or provide a reasoned reply and evidence releasing from the obligation to pay compensation or entitling to reduce the compensation payable.

4. If the responsible insurer, its claims representative or the Bureau fail to keep to the time limits specified in paragraphs 1 to 3 of this Article, they shall be obliged to pay late-payment interest of 0.04 percent on the overdue amount for each delayed day. The supervisory institution may also impose sanctions on the responsible insurer or claims representative of the insurance undertaking of another member state of the European Union, as laid down in the Republic of Lithuania Law on Insurance.

5. Compensation shall be paid after the fact of the insured event has been established and the size of the damage assessed, provided that the road accident was reported to the police and provided that the injured third party submitted to the insurer or the Bureau any available evidence of the road accident and the damage, followed the insurer's or the Bureau's instructions, if any, provided the insurer or the Bureau with access to any documents that could prove the circumstances, fact and size of the damage and made it possible to investigate the causes of the damage incurred in the road accident and assess the size of the damage, kept the damaged vehicle or other property in the condition as immediately after the accident subject to Article 15 of this Law and presented a claim for damages within the time-limit specified in Article 16(4) of this Law. If the injured third party has failed to perform or properly perform his obligations referred to in this paragraph and if such failure affected the investigation of the circumstances in which the damage was caused or resulted in an increase of damage, the insurer or the Bureau may reduce the compensation payable.

6. The amount payable by the responsible insurer or the Bureau by way of compensation to the third party injured in a road accident shall not be higher than sufficient to cover the damage which was caused in the road accident and which is supported by evidence and shall not exceed the sums insured as specified in Article 11 of this Law; the said insurer or the Bureau shall have the right to reject unfounded claims for compensation of the damage caused in the road accident. At the request of the injured third party, the insurer or the Bureau shall remit the payable sum directly to the repair shop repairing the property in question, which has been chosen by the injured third party. The insurer or the Bureau shall remit the payable sum to this repair shop not later than one working day after the damaged property was repaired and the payment order was presented. If the insurer has paid compensation to the injured third party, compensation shall be paid to the policyholder only in the case when the policyholder had received a written consent of the responsible insurer to pay compensation or if the policyholder proves that the insurer has not given such consent without justified reasons.

7. In cases where several third parties are injured and the sum insured is not sufficient to cover the damage, the responsible insurer or the Bureau shall pay compensation in proportion to the damage suffered by each injured third party.

8. If, after the compensation has been paid, it emerges that there are other injured third parties who are entitled to compensation for the damage caused in the road accident and who have not received it, the responsible insurer or the Bureau shall pay compensation to these parties without exceeding the remainder of the sum insured.

9. Where several persons are liable for the damage, then the respective insurers and the Bureau shall compensate the injured third party in proportion to the fault of the persons liable for the damage caused.

10. Persons who, according to the procedure laid down by legal acts, have the right of recourse or subrogation to the person who caused the damage may present a claim for damage directly to the insurer who covered civil liability of the responsible person or, in his absence, to the person who caused the damage.

11. Where a claim of the injured third party has been satisfied under a voluntary insurance contract, the Bureau shall compensate for the portion of the damage that was not compensated under such claim. After the insurance undertaking has satisfied the claim of the injured third party under a voluntary insurance contract, it shall not be entitled to claim reimbursement for the amount so paid

from the Bureau.

12. The Bureau may not request from the injured third party to prove in any way that the responsible person is unable or refuses to compensate for damage.

13. In the event of a dispute between the insurer and the Bureau as to which of them should compensate the injured third party, the compensation shall be paid by the Bureau within 30 days of the date when the injured third party presented the claim to the Bureau pending resolution of the dispute. Where it is impossible to investigate the circumstances as necessary to determine the basis for and the amount of compensation within 30 days, the compensation shall be paid within the time limits specified in paragraph 2 of this Article. If, after the Bureau has paid the compensation, it emerges that the compensation should have been paid by the insurer, the insurer shall reimburse the Bureau for the compensation so paid and for any other amounts related to the payment of compensation.

14. Any disputes between the insurer or the Bureau and the injured third party shall be settled in court. The injured third party who is permanently resident in the Republic of Lithuania shall have the right to bring legal proceedings in the Republic of Lithuania against the responsible insurer of any member state of the European Union. Any dispute between consumers and insurers shall be examined in accordance with the procedure established in the Law on the Bank of Lithuania.

15. The police shall, not later than within 10 working days from the date of the road accident, provide the insurer or the Bureau with the information about the road accident.

16. The procedure for assessing damages and paying compensation shall be laid down by the Government.

Article 20. Payment of Compensation Instead of Insurers in Bankruptcy

1. An injured third party, wishing to receive compensation from the Bureau in the cases provided for in Article 17(1)(3) of this Law when the responsible insurer – member of the Bureau is the subject of bankruptcy proceedings (there is an effective court ruling to start bankruptcy proceedings), must personally or through his representative present a claim to the Bureau together with all information necessary to determine the circumstance of a road accident and the damage caused during the road accident.

2. In the case where the injured third party has presented a claim for damages to the insurer who is going bankrupt, the Bureau takes over from the administrator of the insurer who is going bankrupt a claim of the injured third party as well as the documents proving the damage. The administrator of the insurer who is going bankrupt must transfer these documents to the Bureau within three months after the day of coming into effect of a court ruling to take bankruptcy proceedings. The Bureau shall not be liable for the failure by the insurer who is going bankrupt to keep to the time limit for the payment of compensation. The Bureau, when taking over from the insurer who is going bankrupt the documents related to the infliction of damage, shall pay compensation to the injured third parties who are entitled to compensation according to the valid insurance contracts.

3. Where the injured third party has appealed to the court requesting damage compensation from the liable party or the responsible insurer who is subject to bankruptcy proceedings, the Bureau may not be defendant in such proceedings instead of the insurer who is going bankrupt, however, the injured third party shall have the right to appeal directly to the Bureau that the damage caused during a road accident shall be established and compensation shall be paid in compliance with the procedure laid down by this Law. The injured third party shall also have the right to appeal to the Bureau regarding the payment of compensation also in the cases when the injured party has already awarded the payment of compensation from the insurer who is going bankrupt. After the Bureau pays compensation or part thereof, the injured third party shall not have the right to request to be paid that part of compensation from the liable party or the responsible insurer who is going bankrupt.

4. Upon having presented a claim in the cases provided for in paragraph 1 or 3 of this Article, or after the Bureau takes over the documents proving the damage, which are in possession of the insurer who is going bankrupt, the injured third party may not be included in the list of creditors of the insurer who is going bankrupt.

5. Upon having received a claim of the third injured party and the documents about the circumstances of a road accident and the damage, the Bureau shall, on the basis of this Law and other legal acts regulating handling and settlement of the claim assigned to its remit, shall handle the claim and, having established the grounds for payment of compensation and its amount, shall pay compensation to the injured third party.

6. The Bureau must pay compensation within two months from the receipt of the documents concerning the damage or from the day of the receipt of a claim from

the injured third party. In case of failure to investigate the circumstances which are necessary to establish the grounds for payment of compensation or to set the amount of compensation, or the Bureau has not received all the documents necessary for payment of compensation, compensation shall be paid within the time limits specified in Article 19(2) of this Law, however, the Bureau must pay the undisputable portion of the compensation within two months from the receipt of the documents from the insurer or from the day of the receipt of a claim of the injured third party.

7. The policyholder who in the case referred to in Article 19(6) of this Law has acquired the right to compensation shall enjoy all rights of the injured third party laid down in this Article.

8. The Bureau that pays compensation pursuant to this Article shall become the creditor of the insurer who is going bankrupt.

9. In the cases specified in Article 22 of this Law, the insurer who is going bankrupt shall have the right to request from the persons referred to in Article 22 the reimbursement of the amount paid in accordance with this Article for the caused damage.

Article 21. Release from the Obligation to Pay Compensation

1. A responsible insurer or the Bureau shall be released from the obligation to pay compensation if:

- 1) damage occurred as a result of hostilities, terrorist attacks, nuclear power impact or state of emergency;
- 2) damage was caused to a cargo or baggage carried against payment in the liable party's vehicle;
- 3) damage was incurred as a result of loss of cash, imitation jewellery, jewellery and art items, securities, documents, philatelic, numismatic or similar collections or objects.

2. A responsible insurer shall be released from the obligation to pay compensation to injured third parties who voluntarily entered a vehicle which caused the damage or injury when the insurer can prove that they knew the it was stolen.

3. The Bureau shall not pay compensation to the injured third party if the damage is compensated by the liable party or another person or if the injured third party was compensated for the damage by the responsible insurer.

4. The Bureau shall be released from the obligation to pay compensation to injured third parties who voluntarily used the vehicle which caused the damage or injury when the Bureau can prove that they knew it was uninsured.

Article 22. Reimbursement of Compensation Paid by the Insurer

1. An insurer who has paid compensation shall be entitled to claim reimbursement of the amounts paid by way of compensation from the liable party if the latter:

1) was under the influence of alcohol, drugs, narcotic or any other intoxicating agent at the time of an accident, or consumed alcohol or any other intoxicating agent immediately after the accident and before the moment when the circumstances of the accident were investigated, or tried to escape a sobriety test;

2) was driving a vehicle which does not meet statutory technical requirements and this was the cause of the road accident;

3) was not in possession of a lawful authorisation to drive the vehicle or did not hold a licence permitting him to drive the vehicle concerned;

4) left the scene of the accident;

5) caused the damage intentionally.

2. If the user of the insured vehicle failed to perform his obligations laid down in Article 12 of this Law or performed them improperly which resulted in an increase of damage through the fault of the user, the insurer shall be entitled to claim reimbursement of the sum paid by way of compensation or part thereof from the user. If the policyholder failed to perform his obligations under the insurance contract or performed them improperly, the insurer shall be entitled to claim reimbursement of the sum paid by way of compensation or part thereof from the policyholder. The amount of the reimbursement claimed by the insurer shall be determined by taking into account the degree of the failure to perform the obligations established, the causal relationship with the road accident, the

size of the damage caused by failure to perform obligations, other relevant circumstances, and the Procedure for the Assessment of Damages and Payment of Compensation established by the Government.

3. Where after the insurer has paid to the injured third party the compensation or a portion thereof it emerges that the injured third party furnished the false information due to which the compensation has been unduly calculated or wrongfully paid, or that the injured third party was paid the compensation by the persons liable for the caused damage, at the request of the insurer the injured third party must reimburse the compensation or a portion thereof which he has received wrongfully.

Article 23. Reimbursement of Compensation Paid by the Bureau

1. The Bureau shall be entitled to claim reimbursement of the sum paid by way of compensation from the person responsible for the damage or from the person who has failed to perform the obligation to conclude an insurance contract where the compensation was paid under Article 17(1)(1) of this Law.

2. The Bureau shall be entitled to claim reimbursement of the sum paid by way of compensation from the person responsible for the damage where the compensation was paid under Article 17(1)(2) of this Law.

3. After having paid compensation to injured third parties in accordance with Article 18 of this Law, the Bureau shall be entitled to claim reimbursement of the amounts paid by way of compensation and of other amounts related to the payment of compensation from the following institutions:

1) a compensation body of another Member State of the European Union in which the insurance undertaking of the liable party is established if the vehicle which caused the damage was insured but the insurance undertaking of the liable party or its claims representative has not paid compensation for the damage;

2) the guarantee fund of another Member State of the European Union in which the vehicle of the liable party is normally based if the responsible insurer in the Member State of the European Union cannot be identified;

3) the guarantee fund of another Member State of the European Union in which the road accident occurred if the vehicle which caused the damage cannot be

identified;

4) the guarantee fund of another Member State of the European Union in which the road accident occurred if the damage was caused by a vehicle normally based in a foreign state.

4. After having paid compensation to the injured third party, the Bureau shall, on the basis of the Internal Regulations or the provisions of a bilateral agreement on the recognition of settlement of claims, be entitled to claim reimbursement of the amount paid by way of compensation and of other amounts related to the payment of compensation from the responsible insurer of another Member State of the European Union or a foreign state, the national insurers' bureau or the guarantee fund of another state.

5. After having paid the amount claimed by a compensation body of another Member State of the European Union, the Bureau shall be entitled to claim reimbursement of the amount so paid from the responsible insurer, the liable party or the person who did not fulfil the duty to conclude a contract, or the national insurers' bureau or the guarantee fund of another state, if it has assumed responsibility for this case of causing damage in accordance with the Internal Regulations or the provisions of a bilateral agreement on the recognition of settlement of claims.

6. After having paid compensation instead of any of its members, the Bureau shall be entitled to claim reimbursement of the amounts so paid from the insurer concerned.

7. Where after the Bureau has paid to the injured third party the compensation or a portion thereof, it emerges that the injured third party furnished the false information due to which the compensation has been unduly calculated or wrongfully paid, or that the injured third party was paid the compensation by the persons liable for the caused damage, at the request of the Bureau the injured third party must reimburse the compensation or a portion thereof which he has received wrongfully.

CHAPTER FOUR

MOTOR INSURERS' BUREAU OF THE REPUBLIC OF LITHUANIA

Article 24. Motor Insurers' Bureau of the Republic of Lithuania: Conception and Status

1. The Bureau is an association of insurers authorised to conduct the business of compulsory insurance against civil liability in respect of the use of motor vehicles in the Republic of Lithuania, established pursuant to Recommendation No 5 adopted on 25 January 1949 by the Road Transport Sub-committee of the Inland Transport Committee of the United Nations Economic Commission for Europe and discharging the functions laid down in this Law.

2. When organising and coordinating international cooperation in the field of compulsory insurance against civil liability in respect of the use of motor vehicles, the Bureau may use its name translated into English.

Article 25. Amendments to the Statutes of the Bureau

Any amendments to the Statutes of the Bureau shall be coordinated with the Ministry of Finance before their registration in the Register of Legal Entities.

Article 26. Functions of the Bureau

When implementing this Law, the Bureau shall perform the following functions:

- 1) coordinate the activities of the insurers related to compulsory insurance against civil liability in respect of the use of motor vehicles;
- 2) pay compensation in the cases referred to in Article 17 of this Law;
- 3) act as a compensation body, handle claims and pay compensations as required by the legal acts regulating the Green Card system;
- 4) collect information related to compulsory insurance against civil liability in respect of the use of motor vehicles, administer the database of compulsory insurance against civil liability in respect of the use of motor vehicles (hereinafter: the 'database'), manage the data in the database (including personal data);

- 5) organise and coordinate international cooperation in the field of compulsory insurance against civil liability in respect of the use of motor vehicles and conclude appropriate agreements;
- 6) perform the functions assigned to it as a member of the Council of Bureaux, fulfil commitments arising from agreements with the national insurers' bureaux of other states, perform other functions as required by the legal acts regulating the Green Card system;
- 7) organise and coordinate the printing and distribution of Green Card forms valid in other states pursuant to the requirements of the legal acts regulating the Green Card system;
- 8) in pursuance of the Internal Regulations, approve and recall the claims representatives of insurance undertakings of foreign states appointed for claims handling in the Republic of Lithuania;
- 9) organise seminars and trainings;
- 10) formulate, together with other competent institutions, a common policy of compulsory insurance against civil liability in respect of the use of motor vehicles in the Republic of Lithuania;
- 11) perform other functions as prescribed in this Law, the Statutes of the Bureau and other legal acts.

Article 27. Rights of the Bureau

1. When performing the functions assigned to it, the Bureau shall have the right to:

- 1) have bank accounts in accordance with the procedure established by law;
- 2) conclude agreements and assume commitments;
- 3) manage, use and dispose of its property and funds;
- 4) establish branches and agencies;

- 5) receive, free-of-charge, any information, including personal data, from state and municipal institutions and bodies as well as from other legal and natural persons, and store this information as necessary for discharging its functions prescribed in legal acts;
- 6) process personal data and provide information, including personal data, to third persons who have legitimate interest in being so informed, as necessary to ensure the proper functioning of compulsory insurance against civil liability in respect of the use of motor vehicles;
- 7) exchange information with the national insurers' bureaux of other states as necessary to implement the legal acts regulating the Green Card system and to fulfil commitments arising from agreements with the national insurers' bureaux of other states;
- 8) make proposals to state institutions regarding the drafting and improvement of legal acts;
- 9) recover the compensation paid in accordance with the procedure established in legal acts;
- 10) assign other persons to handle the claims falling within the scope of the Bureau's competence and to pay compensation, defray the cost of administration of such damages and sign agreements necessary for the implementation of this right;
- 11) handle the claims caused by the users of vehicles, pay compensation and sign agreements necessary for the implementation of this right;
- 12) establish the procedure for handling the claims falling within the scope of the Bureau's competence and for the payment of compensation, unless such a procedure is established in other legal acts;
- 13) join international organisations and participate in their activities;
- 14) use the data stored in state registers and databases;
- 15) sign agreements with the national insurers' bureaux of other states as necessary to perform its functions.

2. The Bureau may have additional rights to those established in this Law, the Bureau's Statutes and other legal acts.

Article 28. Database of Compulsory Insurance against Civil Liability in Respect of the Use of Motor Vehicles

1. When performing the functions of an information centre, the Bureau shall ensure the coordination of collection of data specified in paragraph 3 of this Article and their communication to persons who are entitled to receive such information under this Law.

2. The Bureau shall manage the data stored in the database, including personal data, without the consent of the data subject with the purpose of ensuring that the system of compulsory insurance against civil liability in respect of the use of motor vehicles should function in compliance with the requirements of the legal acts of the Republic of Lithuania and international legal acts.

3. The database shall contain the following data:

1) the registration plate number and other identification data of a vehicle normally based in the territory of the Republic of Lithuania as well as data on the user of the vehicle, such as his personal code (business code), full name (business name) and address of place of residence (establishment);

2) a list of vehicles which are exempt under the legal acts of the Republic of Lithuania and of other Member States of the European Union from the obligation to have compulsory insurance against civil liability in respect of the use of motor vehicles, and information as to who shall compensate the damage caused by such vehicles;

3) data on standard and frontier insurance contracts and certificates (number of the certificate of insurance, period of validity of an insurance contract (where the period of validity of the certificate has expired, also the date of termination of the insurance cover), name of the insurer and other information specified in the certificate of insurance);

4) data on the Green Cards and other information indicated therein;

5) data on insurers and their claims representatives;

6) data on institutions or organisations of other Member States of the European Union responsible for the compensation of damage caused to third parties injured in road accidents;

7) data on vehicles involved in road accidents in the territory of the Republic of Lithuania;

8) data on persons who caused road accidents and victims of the road accidents as well as information related to the damage done;

9) information provided by the information centres of other states.

4. Data processed in the database shall be provided for free enterprises, bodies and organisations obliged by the legal acts of the Republic of Lithuania to register and process such data in the registers or databases administered or managed by them (hereinafter: 'institutions providing data'), members of the Bureau, and data subjects. The institutions providing data shall transmit the data to the Bureau electronically. Data on the insurance contracts concluded, certificates of insurance issued, information related to causing of damage and changes in the said data shall be immediately transmitted by the members of the Bureau to the Bureau electronically. The members of the Bureau must transmit electronically the data on claims representatives, but not later than within five days from the date of appointment of a representative. If the data change, the institutions providing data to the Bureau and members of the Bureau shall be obliged to update them.

5. The data on insurance contracts in the database shall be retained for a period of seven years after the termination of the insurance contract.

6. The Bureau shall provide the information stored in the database, including personal data, without the consent of the data subject to persons who have a legitimate interest in obtaining it (national insurers' bureaux of other states under mutual agreements and commitments arising from the Bureau's membership in the Council of Bureaux, information centres and compensation bodies of other Member States of the European Union and the Swiss Confederation, the members of the Bureau, reinsurers, victims of road accidents, and other persons entitled to receive information of this type).

7. At the request of the injured third party and other persons entitled to access to information contained in the database, the Bureau shall provide them with access to any available data, provided that such persons indicate their legitimate interest in accessing such data, if:

1) the request is made in writing;

2) the request is received not later than within seven years after the date of the

road accident;

3) the information is sufficient to identify the vehicle or the person in respect of whom the request is made.

8. The injured third party who is permanently resident in the Republic of Lithuania or who has suffered damage caused by a vehicle normally based in the territory of the Republic of Lithuania or who has suffered damage in a road accident occurring in the territory of the Republic of Lithuania shall be entitled to immediately receive the following information from the Bureau:

1) name and address of the responsible insurer;

2) number of the certificate of insurance;

3) full name or business name and address of the claims representative of the responsible insurer in the Member State of the European Union in which the injured third party is permanently resident;

4) name and address of the owner or user of the vehicle;

5) where the damage is caused by a vehicle the user of which, under the legal acts of another Member State of the European Union, is exempt from the obligation to conclude an insurance contract in the state of registration, any available information about an authority or body of another Member State of the European Union responsible for handling the claim.

9. The Bureau shall provide the data specified in paragraph 3 of this Article to the information centres or compensation bodies of other Member States of the European Union at their request.

Article 29. Members of the Bureau

1. Membership in the Bureau shall be open to insurers who are authorised, in accordance with the procedure established in legal acts, to conduct the business of compulsory insurance against civil liability in respect of the use of motor vehicles and who have paid the initial membership fee. The insurer who is authorised to conduct the business of compulsory insurance against civil liability in respect of the use of motor vehicles in the Republic of Lithuania may conduct such business only after the insurer becomes a member of the Bureau.

2. Members of the Bureau shall have equal rights when participating in the activities of the Bureau.

3. When participating in the activities of the Bureau, member of the Bureau shall have the following rights:

- 1) to attend and vote at the general meeting of members of the Bureau;
- 2) to have access to the Bureau's documents and information that the Bureau possesses on the Bureau's activities;
- 3) to use the services provided by the Bureau;
- 4) to take legal action to court to overturn the decisions or actions taken by the general meeting of members of the Bureau, the Council of the Bureau and the head of the Bureau where such decisions or actions are in conflict with legal acts;
- 5) to conclude a voting agreement or an agreement on the transfer of voting rights with another member of the Bureau;
- 6) to withdraw from the Bureau.

4. Members of the Bureau shall:

- 1) act in accordance with the provisions of this Law and other legal acts, implement the decisions taken by the general meeting of members of the Bureau and the Council of the Bureau;
- 2) transfer to the Bureau contributions from the premiums of compulsory insurance against civil liability in respect of the use of motor vehicles (hereinafter: 'contributions by members of the Bureau') in accordance with the procedure laid down and in the amounts fixed by the Government or by an institution authorised by the Government;
- 3) provide for free the Bureau with information necessary for the performance of its functions;
- 4) reimburse the Bureau for the expenses related to claims handling and payment of compensation where the Bureau paid compensation for damage instead of the respective insurer;

5) inform immediately the Bureau in the event of acquiring the status of an undertaking in liquidation or bankruptcy.

5. Members of the Bureau may have other rights and obligations established in the Law on Associations and the Statutes of the Bureau.

6. The rights of a member of the Bureau shall be lost:

1) from the date on which the supervisory institution notifies the Bureau of the suspension or cancellation of the insurer's authorisation to conduct the business of compulsory insurance against civil liability in respect of the use of motor vehicles, effected as a sanction against the insurer;

2) when the general meeting of members of the Bureau adopts a decision to revoke its rights as a member of the Bureau, taking into account its request to withdraw from the Bureau;

3) when the insurer acquires the status of an undertaking in liquidation or bankruptcy.

7. A member of the Bureau may withdraw from the Bureau not earlier than six months after giving a written notice and a written statement of withdrawal from the business of compulsory insurance against civil liability in respect of the use of motor vehicles to the general meeting of members of the Bureau. A decision regarding the removal of a member of the Bureau from membership in the Bureau shall be taken by the general meeting of members of the Bureau.

8. A member of the Bureau shall lose its right to participate in the management of the Bureau (to vote in decision-taking) if:

1) it fails to transfer contributions as a member of the Bureau or any part thereof to the Bureau within five days of the date set by the Government or by an institution authorised by the Government;

2) within 30 days of the reminder to provide information necessary for the Bureau to perform its functions, it fails to provide such information to the Bureau.

9. The right to participate in the management of the Bureau (to vote in decision-taking) shall be restored as soon as contributions are transferred and any late payment interest is paid or information necessary for the Bureau to perform its functions is provided. The loss of the right to participate in the management of the Bureau (to vote in decision-taking) shall not release a member of the Bureau

from its obligations as a member of the Bureau and its commitments under insurance contracts. If contributions are not transferred or the information necessary for the Bureau to perform its functions is not delivered within 25 days of the date when the right to participate in the management of the Bureau (to vote in decision-taking) was lost, the Bureau shall notify the supervisory institution thereof and the latter shall take a decision on imposing sanctions provided for in the Law on Insurance. A member of the Bureau who has lost its rights as member of the Bureau subject to point 1 of paragraph 6 of this Article may be reinstated only by a decision of the supervisory institution.

10. The loss of the rights of a member of the Bureau shall not release a member of the Bureau from its commitments under insurance contracts and obligations to the Bureau.

Article 30. Management of the Bureau

1. The management bodies of the Bureau shall be the general meeting of members of the Bureau, the Council of the Bureau, and the head of the Bureau.

2. The composition of the management bodies of the Bureau, their competence and the procedure for convening meetings and taking decisions shall laid down by the Statutes of the Bureau.

3. The collegial bodies of the Bureau shall organise their activities in accordance with the rules of procedure approved by themselves.

Article 31. General Meeting of Members of the Bureau

1. The general meeting of members of the Bureau shall be the supreme body of the Bureau.

2. The general meeting of members of the Bureau shall:

1) elect and dismiss members of the Council of the Bureau;

2) amend and supplement the Statutes of the Bureau;

- 3) approve the estimate of revenue and expenditure of the Bureau;
- 4) approve annual financial accounts of the Bureau;
- 5) take decisions on the proposals made by members of the Bureau regarding the activities of the Council of the Bureau;
- 6) contract an auditing company and fix the amount and conditions of payment for auditing services;
- 7) take decision on proposals made by individual members of the Bureau or initiated by the head of the Bureau;
- 8) take decisions on issues related to the restructuring, reorganisation or liquidation of the Bureau;
- 9) decide other issues falling within the remit of the general meeting of members of the Bureau.

3. Each member of the Bureau shall have one vote at the general meeting of members of the Bureau. The Ministry of Finance, the supervisory institution and the State Consumer Rights Protection Authority may each send one representative to attend the general meeting of members of the Bureau in an advisory capacity.

4. The general meeting of members of the Bureau shall be convened in accordance with the procedure established in the Statutes of the Bureau. The general meeting of members of the Bureau must be convened at least once a year.

5. The general meeting of members of the Bureau may adopt decisions if it is attended by at least half of the members of the Bureau. The Statutes of the Bureau may provide for a possibility of early voting. In this case, member of the Bureau may, after having examined the agenda and draft decisions, notify the general meeting of members of the Bureau in advance and in writing of his position (“for” or “against”) in respect of each individual decision. Early voting shall be included in the quorum of the meeting and in the voting results. Decisions of the general meeting of members of the Bureau shall be adopted by a simple majority vote of members of the Bureau present, except in cases where the voting concerns decisions referred to in points 2 and 8 of paragraph 2 of this Article. The decision referred to in point 2 of paragraph 2 of this Article shall be taken by at least 2/3 of the votes of members of the Bureau present at the

general meeting, while the decision referred to in point 8 of paragraph 2 of this Article shall be taken by at least 3/4 of the votes of members of the Bureau present at the general meeting.

6. If the general meeting of members of the Bureau does not have a quorum, a repeat meeting shall be convened in accordance with the procedure established in the Statutes of the Bureau. This meeting shall be authorised to take decisions on the issues which were on the agenda of the originally planned meeting, irrespective of the number of members attending the repeat meeting.

Article 32. Council of the Bureau

1. The Council of the Bureau shall be a collegial supervisory body of the Bureau elected by members of the Bureau. Activities of the Council of the Bureau shall be managed by the Chairman of the Council of the Bureau.

2. The Council of the Bureau shall:

1) develop and set the strategy of the Bureau's activity;

2) follow and analyse the Bureau's activity, use of financial resources, organisation of management; conduct a perspective assessment of its financial status, examine reports by the Bureau on these issues;

3) appoint and dismiss the Director of the Bureau; fix his remuneration; decide on incentives and sanctions in respect of the Director of the Bureau;

4) examine disputes between members of the Bureau and disputes between the Bureau and its members related to the business of compulsory insurance against civil liability in respect of the use of motor vehicles;

5) convene a general meeting of members of the Bureau;

6) give opinions and proposals on issues which are on the agenda of the general meeting of members of the Bureau;

7) take decisions on the opening of branches and agencies of the Bureau as well as on the termination of their activities;

8) submit proposals to the supervisory institution regarding the application of sanctions to members of the Bureau;

9) decide other issues assigned to the Council of the Bureau by the Statutes of the Bureau and adopted in the decisions of the general meeting of members of the Bureau.

3. The number of members in the Council of the Bureau, which must be at least 3, the procedure for electing members and taking decisions, and also the working arrangements of the Council of the Bureau shall be established in the Statutes of the Bureau and in the rules of procedure of the Council of the Bureau.

4. The Council of the Bureau shall be elected at the general meeting of members of the Bureau for a term of two years. Members of the Council of the Bureau may be elected only from among the representatives of members of the Bureau who shall be natural persons linked with the insurer, which is a member of the Bureau, by virtue of employment. The Chairman of the Council of the Bureau shall be elected by the Council of the Bureau from among its members by a simple majority of votes. Where the employment relationship with the insurer, which is a member of the Bureau, is terminated, the said person shall lose his membership in the Council of the Bureau.

5. The Council of the Bureau and its members shall not have the right to delegate or transfer their functions to other persons.

6. Members of the Council of the Bureau shall be jointly and severally liable to compensate the Bureau for the losses incurred by a decision of the Council of the Bureau taken in breach of this Law and other legal acts. Members who voted against such a decision or who were not present at the meeting where the decision was taken and who lodged a written protest against it with the chairman of the meeting within seven days after they learned or should have learned of such a decision shall be released from the liability to compensate for losses. Any disputes regarding compensation of losses shall be settled in court.

Article 33. Head of the Bureau

1. Activities of the Bureau shall be organised and headed by the Director of the Bureau.

2. The Director of the Bureau shall:

1) organise the work of the Bureau and take decisions necessary to ensure its activities;

2) enter into transactions on behalf of the Bureau;

3) employ and release employees in accordance with the procedure established in the Labour Code and other legal acts, decide on incentives or sanctions in respect of employees;

4) give opinions and proposals to the Council of the Bureau and the general meeting of members of the Bureau on issues falling within their remit;

5) conclude agreements with the national insurers' bureaux of other states and with the Council of Bureaux;

6) represent the Bureau in state government and administration institutions, the Council of Bureaux and other international bodies;

7) decide other issues falling within the remit of the Head of the Bureau as provided in the Statutes of the Bureau.

3. The Director of the Bureau shall attend the general meetings of members of the Bureau and meetings of the Council in an advisory capacity.

4. The Director of the Bureau shall act in conformity with the Statutes of the Bureau and other legal acts as well as decisions of the general meeting of members of the Bureau and the Council of the Bureau.

Article 34. Revenue of the Bureau

1. The revenue of the Bureau shall be comprised of:

1) initial membership fees of members of the Bureau;

2) contributions by members of the Bureau and late payment interest on overdue contributions;

- 3) income from investment of the funds of the Bureau;
- 4) interest earned on deposits with the banks;
- 5) funds reimbursed to the Bureau;
- 6) funds paid to the Bureau as fees for the handling of claims as part of its commitments to members of the Green Card system;
- 7) penalty and interest paid to the Bureau for failure to fulfil commitments to the Bureau;
- 8) funds and assets donated by natural and legal persons;
- 9) other funds.

2. The Bureau shall be liable for its obligations to victims of road accidents to the extent of the funds of Bureau's treasury.

3. The amount of the initial membership fee payable by members of the Bureau as well as the time limits and procedure for the payment thereof shall be laid down by the Ministry of Finance.

4. The amount of contributions by members of the Bureau, the procedure for transferring the said contributions and the amount of late payment interest on overdue contributions shall be laid down by the Government or by an institution authorised by the Government.

5. The Bureau may use its funds only for the purpose of achieving its objectives and performing its functions. Members of the Bureau who withdrew or were excluded from membership in the Bureau shall not be entitled to any share of the funds and assets accumulated by the Bureau.

Article 35. Expenditure of the Bureau

1. The expenditure of the Bureau shall be comprised of:

- 1) operating costs;

- 2) compensation for damage and expenses related to the handling of claims in respect of damages incurred in road accidents falling within the remit of the Bureau;
- 3) expenses related to international financial commitments arising from the Bureau's membership in the Council of Bureaux;
- 4) expenditures on activities of the Bureau acting as a compensation body;
- 5) costs of financial operations and investments;
- 6) expenditures on the prevention fund formed with the purpose of financing measures aimed at preventing road accidents, improving control over compulsory insurance against civil liability in respect of the use of motor vehicles and promoting public education in respect of compulsory insurance;
- 7) other expenses related to implementation of legal acts and the Statutes of the Bureau.

2. The share of contributions by members of the Bureau to be used for the formation of the prevention fund shall be determined by the Government or by an institution authorised by the Government.

Article 36. Treasury of the Bureau

1. The purpose of the Treasury of the Bureau shall be to guarantee the payment of compensation in cases where the obligation to pay compensation lies with the Bureau and to ensure the implementation of international financial commitments arising from the Bureau's membership in the Council of Bureaux.

2. The Treasury of the Bureau shall be formed of:

- 1) a share of contributions to the Bureau by members of the Bureau as determined by the Government or by an institution authorised by the Government;
- 2) late payment interest on overdue contributions by members of the Bureau;
- 3) funds reimbursed to the Bureau for the compensation paid by the Bureau

instead of other persons (including litigation costs awarded to and recovered by the Bureau);

4) funds paid to the Bureau as fees for the handling of claims as part of its commitments to members of the Green Card system;

5) income from investment of the funds of the Treasury of the Bureau and interest earned on deposits with banks;

6) borrowed funds;

7) funds and assets donated by natural and legal persons to replenish the Treasury of the Bureau.

3. funds of the Treasury of the Bureau may only be used for the following purposes:

1) to reimburse compensations in respect of the damage caused in road accidents, including those cases where compensation and claims handling fees are paid in compliance with the requirements of the legal acts regulating the Green Card system where the Bureau acts in the capacity of a compensation body, and to reimburse the amounts claimed by the compensation bodies of other Member States of the European Union;

2) to cover the costs of litigation and the costs of loan enforcement in exercising the right of recourse;

3) for compulsory payments and financial guarantees as part of implementation of international financial commitments arising from the Bureau's membership in the Council of Bureaux and commitments to members of the Green Card system;

4) to repay the principal and pay interest on the borrowed funds referred to in point 6 of paragraph 2 of this Article.

4. No payments may be enforced from the funds and assets of the Bureau, in which the funds of the Bureau are invested, under obligations other than those referred to in paragraph 3 of this Article.

5. The Bureau shall be the administrator of the Treasury of the Bureau.

6. The Funds of the Treasury of the Bureau shall be included in a separate account.

Article 37. Investments from the Treasury of the Bureau

The available funds of the Treasury of the Bureau shall be invested in accordance with the procedure laid down by the Government or by an institution authorised by the Government.

Article 38. Appeals against Decisions of the Bureau

Decisions of the Bureau may be appealed against in court in accordance with the procedure laid down by law.

Article 39. Financial Accounts, Auditing and Control of Activities

1. The Bureau shall have its annual financial accounts audited by an auditing company and approved by the general meeting of members of the Bureau within four months of the close of the financial year and shall submit them to the Ministry of Finance.

2. The Bureau shall annually publish its financial accounts for the preceding year in a national daily newspaper before 1 June.

3. The Ministry of Finance may require that the Bureau submit its financial accounts to the Ministry of Finance within time limits other than those specified in paragraph 1 of this Article.

4. The Bureau shall be liable for the accuracy of information in its financial accounts in accordance with the procedure laid down by law.

5. At the request of the Ministry of Finance, the auditing company which has audited the financial accounts of the Bureau shall provide explanations regarding the financial accounts.

6. Once a year, the Bureau shall provide the Ministry of Finance with information on the activities of the Bureau. The Ministry of Finance may require that such information be given at shorter intervals.

Article 40. Specific Features regarding the Restructuring and Closure of the Bureau

1. The Bureau may be restructured, reorganised or liquidated as laid down by a separate law.

2. The Minister of Finance, on the basis of his own decision, or the general meeting of members of the Bureau, on the basis of its decision taken by a majority of 3/4 of the votes, may request the Government to introduce a draft law regarding the restructuring, reorganisation or liquidation of the Bureau.

3. Where the Bureau is reorganised or liquidated by a court decision, the rights and obligations of the Bureau are transferred to another legal entity registered in the Republic of Lithuania, which is assigned by a law to perform the functions of the Bureau.

CHAPTER FIVE

CONTROL OF INSURANCE

Article 41. Control of Insurance

1. The control of compulsory insurance against civil liability in respect of the use of motor vehicles shall be a check on insurance of a vehicle concerned.

2. In the Republic of Lithuania, the control of compulsory insurance against civil liability in respect of the use of motor vehicles shall be carried out by the police, the State Border Guard Service under the Ministry of the Interior, state technical inspection enterprises and an authority responsible for registration of vehicles.

3. A person responsible for the conclusion of an insurance contract shall be

obliged to have a vehicle covered by compulsory insurance against civil liability in respect of the use of motor vehicles in conformity with the requirement of this Law and the sum insured shall be not lower than specified in Article 11 of this Law:

1) on the date of registration of the vehicle at the latest;

2) before putting the vehicle to use or before transferring it for use to another person, where no registration is required for the vehicle concerned;

3) before crossing the border, where the user of the vehicle intending to travel across the territory of the Republic of Lithuania is not covered by compulsory insurance against civil liability in respect of the use of motor vehicles as required in this Law;

4) not later than on the last day of validity of insurance coverage under the insurance contract.

4. At the request of the institution carrying out the control of compulsory insurance against civil liability in respect of the use of motor vehicles, a person who is being checked shall present a certificate of insurance valid under this Law at the time of the check or any other document confirming, in accordance with legal acts of another state, the conclusion of an insurance contract.

5. A valid certificate of insurance shall be presented to a state technical inspection enterprise before the vehicle is technically inspected.

6. No check on compulsory insurance against civil liability in respect of the use of motor vehicles shall be carried out in respect of vehicles normally based in the territory of another Member State of the European Union and vehicles normally based in the territory of a foreign state, which enter the territory of the Republic of Lithuania from the territory of another Member State of the European Union. However, non-systematic and non-discriminatory random checks may be carried out which are not aimed exclusively at verification of compulsory insurance against civil liability in respect of the use of motor vehicles.

7. Vehicles normally based in the territory of a foreign state shall be treated like vehicles normally based in the territory of a Member State of the European Union if the national insurers' bureaux of all Member States of the European Union guarantee, each individually under their national legislation on compulsory insurance against civil liability in respect of the use of motor

vehicles, the payment of compensation for the damage caused by such vehicles in road accidents occurring in their respective territories.

8. Before going from the Republic of Lithuania to other Member States of the European Union, the users of vehicles normally based in the territory of the Republic of Lithuania shall have a valid certificate of insurance confirming the conclusion of an insurance contract which meets the requirements of this Law.

Article 42. Principles of Control over Insurance of Vehicles Registered in the Republic of Lithuania

Having compared the data received from the authorities responsible for state registration and technical inspection of vehicles with the information available in its database about insured vehicles, the Bureau shall have the right to forward to the police the data on the registered, but not insured vehicles. The police, after having receiving such information, shall impose, in accordance with the procedure established in legal acts, administrative penalties on the person responsible for the conclusion of an insurance contract.

Article 43. Liability for Failure to Conclude an Insurance Contract which Meets the Requirements of this Law

Persons responsible for the conclusion of an insurance contract who failed to conclude an insurance contract which meets the requirements of this Law as well as the users of vehicles who do not have a valid certificate of insurance or any other document confirming, in accordance with the legal acts of another state, the conclusion of an insurance contract shall be liable under the Code of Administrative Offences.

CHAPTER SIX

FINAL PROVISIONS

Article 44. *Repealed as of 1 January 2015.*

Article 45. Information Communicated to the Commission of the European Communities

The Ministry of Finance shall inform the Commission of the European Communities about the transitional periods in respect of the amounts of cover, fixed in Article 11(1) of this Law.

I promulgate this Law passed by the Seimas of the Republic of Lithuania.

PRESIDENT OF THE REPUBLIC VALDAS ADAMKUS

Annex to the Republic of Lithuania Law

on Compulsory Insurance against

Civil Liability in Respect of the Use

of Motor Vehicles

LEGAL ACTS OF THE EUROPEAN UNION IMPLEMENTED BY THIS LAW

1. Commission Recommendation 74/165/EEC of 6 February 1974 to the Member States concerning the application of the Council Directive of 24 April 1972 on the approximation of the laws of the Member States relating to the use of motor vehicles, and to the enforcement of the obligation to insure against such liability.

2. Commission Recommendation 81/76/EEC of 8 January 1981 on accelerated settlement of claims under insurance against civil liability in respect of the use of motor vehicles.

3. 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 (OJ 2009 L 263, p. 11).

4. Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ 2009 L 335, p. 1).