

Statement of the Minister of Finance, Mr. Ridvan Bode at the meeting

Honorable participants!

Insurance companies, Albanian Insurance Bureau, Albanian Financial Supervisory Authority representatives and other participants in this meeting.

We are convened here today to present the draft law "On transport sector mandatory insurance".

This law is drafted in the frame of the strategy of reforms that the government has undertaken to speed up and harmonize our legislation with that of European Union. In this context, the draft law that you are receiving today to read and to give your feedback constitutes an effort to provide a better legal regulation in relation to the consumers' interests' protection, the supervision of the market for the mandatory insurance part and building the conditions for meeting the requirements, the standards and the green card agreements, etc.

We actually have a law in place, which has regulated this insurance area and, which was drafted back in 1992 based on that experience and those conditions existing at that time. Since then, vigorous developments have occurred in the mandatory insurance area just like in all areas of economic, social and cultural activities. These developments raised the necessity of making improvements to the legal regulatory framework of this market.

At a time when the mandatory insurance law was adopted, there was only one insurance company in Albania and this was run by the state. At present, there are eight companies operating in the mandatory insurance market, seven of which are fully based on private stock and only one (INSIG) is based on state stock. Several insurance investors such as Uniqua Group Austria, Vienna Insurance and Aspis Group have reached Albania and have become shareholders in the Albanian insurance companies in the frame of highly facilitating environment, which has been established because of the Government's policies to attract international investors. Additionally, privatization of INSIG state shares process is ongoing and this has encouraged other investors that have expressed interest to make investments in insurance area in Albania. I feel obliged to congratulate and encourage these investors and others who come to Albania and wish all the best to their mission.

The draft law, which we are promoting today, aims at providing a better regulation of the mandatory insurance area and, in that context, we can mention some of the key moments listed hereunder:

- Introduction of new mandatory insurance business such as for the aircrafts, sailing vessels and insurance of public transportation vehicles passengers;
- Liberalization of insurance premiums constitutes an aim of the draft;
- The liability limits were reviewed in order to bring them close to those of the countries under similar conditions with ours, which are or aspire to become European Union members.
- The draft law stipulates the right of beneficiaries, who claim compensation from the direct insurer, thus, the stipulation is that the insurers may make agreements with each other concerning claims adjustment for the beneficiaries, who have been insured by them.
- The draft law stipulates the establishment of the Information Center with the relevant duties and responsibilities.
- The draft law makes a clearer regulation of the Albanian Insurance Bureau management and it defines the establishment and administration manner of the Compensation Fund, Green Card Guarantee and fund for the Bureau budget.
- The draft law sets forth clear procedures regarding claims payment settlement by setting deadlines about the settlement and delivery of sums for compensation.

- The draft law defines that the insurance companies must have historical data about their customers with regard to mandatory insurance agreements in order to apply different rate premiums in accordance with the claims incurred by them (bonus-malus system).
- The draft defines the Albanian Supervisory Authority as the state authority in charge of supervising due enforcement of this law. Its supervision in the existing law is carried out by the Minister of Finance and, as mentioned above, this happens because there was no Independent State Authority, which was specialized and in charge of supervising the insurance activity, at the time when the law was drafted.
- The draft law takes into consideration the European Union Directives provided for the mandatory insurance area and, in addition to that, it has relied on the Croatian and Bulgarian laws on mandatory insurance.
- Ministry of Finance, in cooperation with the Albanian Financial Supervisory Authority, shall welcome every comment and opinion about this draft in order to improve it to be able to carry out all procedures of presenting it to the Parliament for adoption in the shortest time possible.

By wishing you, good luck in your efforts, let me once again thank you for your participation in this meeting and let me thank you in advance for your inputs that you will provide for the improvement of the draft and the correct application of the new law.