

## **Green Card Bureau Compendium**

### **LV – Latvia**

Review date: 26/10/2022

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#### **General information**

**Please provide the official full name of your Bureau.**

Motor Insurers' Bureau of Latvia.

**What is the legal status (form) of your Bureau (non-profit organisation, association of legal entities, limited liability company, etc.)?**

Association of legal entities, as well as non-profit organisation.

**How is the ownership/membership of your Bureau structured (e.g. owned/controlled by all members equally, part of state government, etc.)?**

Membership of Motor Insurers' Bureau of Latvia is controlled by all members of Motor Insurers' Bureau of Latvia (all insurance companies that have the right to perform the compulsory civil liability insurance of the owners of motor vehicles in the Republic of Latvia) equally.

#### **Question N° 1**

**1.1. What was the date of the original Law, which introduced Compulsory Third Party Motor Insurance and what was the date of its entry into force?**

The first Law on the Compulsory Third Party Liability Insurance for Inland Motor Vehicle Owners of the Republic of Latvia was adopted by Saeima (Parliament of Latvia) on 13th March 1997. It was announced that this Law should be introduced from 1st June 1997 until 31st August 1997. This Law was into force from 1st September 1997 until 30th April 2004.

**1.2. What is the date of the present Law and of its entry into force?**

From 1st May 2004, when Latvia became a Member State of the European Union, a new Law on the Compulsory Third Party Liability Insurance for Inland Motor Vehicle Owners (hereafter – the Law) came into force. The Law was adopted by Saeima on 7th April 2004.

#### **Question N° 2**

**2. Which are the classes of motor vehicles for which insurance is compulsory?**

According to the Law the following classes of vehicles have to be covered by compulsory insurance: cars, trucks, buses, motorcycles, mopeds, tractors and other self-propelled vehicles, trailers, trams, trolley-buses.

### Question N° 3

#### 3. Is the Law applicable to foreign visitors?

Yes.

### Question N° 4

#### 4. Does the Law apply in respect of liability for both personal injury and damage to property?

Yes. The Law requires cover for personal injury and damage to property.

### Question N° 5

5. What is the minimum limit of cover required for personal injury damage? State the minimum value of sum insured, date with effect from and please indicate whether the limit is per accident or per victim.

Type of vehicle	Personal injuries		Material damage	
	Per accident (irrespective of the number of victims)	Per victim (per each suffered person)	Per accident (irrespective of the number of the third persons)	Per victim
All	up to 5 210 000 €		up to 1 050 000 €	
Date of effect: 01/05/2019				

### Question N° 6

#### 6.1. Does the Law require cover in respect of passengers carried in the vehicle?

Yes.

#### 6.2. Is there any category of passenger excluded from this cover?

No, but in case the passenger is at the same time the owner of the vehicle who caused the accident there is cover for his/her personal injuries, but there is no cover for damage to such vehicle.

## Question N° 7

### **7. Under what conditions is an insurer permitted by Law to reject a third party claim? Please specify.**

Pursuant to Section 35 of the Law the insurer and the Motor Insurers' Bureau of Latvia shall not be obliged to indemnify:

1) losses incurred when using a motor vehicle, but which occurrence does not entail liability under Paragraph 2347 of Civil Law. Such losses are the ones incurred to a third party through force-majeure circumstances, through this person knowingly or through such person's gross negligence;

2) losses caused by an unidentified vehicle, except the losses caused to the person and the losses caused when performing the necessary salvage works of persons who have suffered in the accident, as well as except the losses caused in connection with damage of the vehicle used for delivering the suffered person to a medical establishment or smearing of the saloon of this vehicle. If in a road traffic accident at least one person sustains severe or medium bodily injuries, then all persons involved in the road traffic accident shall be also indemnified for damages to property;

3) losses, caused to the property of the owner of motor vehicle or the legal user that has caused losses in the traffic accident, and personal injury of motor vehicle driver that has caused losses in the traffic accident. Damages mentioned in this Paragraph shall be indemnified in cases referred to in Section 31, Paragraphs 5 and 7 of the Law

(Section 31 (5) of the Law determines if a traffic accident is caused by several persons, thus causing mutual losses, insurance indemnity to each suffered person is paid according to the degree of liability of each driver of the vehicle.

Section 31 (7) of the Law determines that if the persons involved in a traffic accident are known, but due to their contrary evidence it is not possible to fix the degree of liability of these persons, then, when indemnifying the loss, it is assumed that the degree of liability for persons involved in a traffic accident is equal);

4) losses on any damage, destruction or losses of the vehicle or the items located in it if such losses have been incurred to the persons after the accident;

5) losses incurred to the vehicle during the training or competition drive;

6) losses on any damage of the vehicle or trailer attached or in any other way coupled to the vehicle that caused the losses;

7) losses directly or indirectly caused or promoted by ionized radiation, radioactive contamination caused by any nuclear fuel, any radioactive, toxic, explosive or any other dangerous feature of any explosive nuclear combination or nuclear element;

8) the profit not gained due to the accident;

9) losses caused by stone or another article, which is moved out of the place by the vehicle or device attached to it;

10) insurance company's expenses caused in connection with insurance event provided in health insurance contract, except the cases when the insurance company indemnifies losses according to health insurance contract by using the compensation principle;

11) losses incurred to a third party's property taken for commercial transportation by an owner or a legal user of the motor vehicle that has caused the losses in a road traffic;

12) losses due to the damage or loss of a motor vehicle through a road traffic accident, about which under laws and regulations the State Police should have been informed, but that was not done through evil intent or gross negligence of persons involved in the road traffic accident.

13) losses that are caused in a road traffic accident in an aerodrome manoeuvring territory involving a motor vehicle and an aircraft;

14) losses that are caused to a lessee's property and motor vehicles used according to a leasing contract, in a road traffic accident involving vehicles that are leased to the same lessee who is indicated as the holder of the vehicles in Motor vehicles and Drivers register of the Road Traffic Safety Directorate or in the Information system of Tractors and drivers at the State Technical Supervision Inspection;

15) losses caused by a motor vehicle used to commit a terrorist attack (in force from 1 May 2019).

#### **Question N° 8**

##### **8. Is there a direct right of action by a third party against an insurer?**

Yes, a third party has a direct right of action against an insurer.

#### **Question N° 9**

##### **9. Does a claimant resident in a foreign country have a direct right of action against the local Bureau or the insurer representing the Bureau?**

A claimant resident in a foreign country has a direct right of action against the Insurer representing the Bureau. If any problems arise, then against the local Bureau.

#### **Question N° 10**

##### **10.1. Does the Law require the insurer and/or Bureau to make an offer of compensation to a claimant within a specified time?**

Yes.

##### **If yes, what is the nature of the damages to which the time-limit applies?**

The time limit applies to both damages to health and to property.

### **10.2. What is the specific time-limit?**

If the caused damage can be calculated, the person who caused the losses in a road traffic accident is known and the final decision has come in force in cases of instigated criminal proceedings, then within 3 months from receipt of the written application on insurable event, but no later than within a month after receipt of all the necessary documents, the insurer or the Motor Insurers' Bureau of Latvia takes a decision on payment of insurance indemnity and sends a respective written information to the claimant of the insurance indemnity .

If at least one of the above mentioned conditions is not fulfilled, then within 3 months from receipt of the written application on the insurable event the insurer or the Motor Insurers' Bureau of Latvia shall send the claimant of insurance indemnity a respective written information, where the reason for non-disbursement is stated.

If the caused damage can be calculated, circumstances of the road traffic accident are known and it is possible to evaluate and determine the responsibility of persons who were involved in the road traffic accident for caused loss, but the final decision in criminal proceedings has not come in force, within 3 months from receipt of the written application on the insurable event the insurer or the Motor Insurers' Bureau of Latvia adopts a decision on payment of the insurance indemnity and sends to the claimant of the insurance indemnity an appropriate written information.

### **10.3. Which are the other provisions of the Law in this respect? (e.g. sanctions)**

For a delay of the term mentioned in point No.10.2 of compendium the insurer or the Motor Insurers' Bureau of Latvia shall in addition to the net outstanding insurance indemnity or amount of loss fixed by the court pay to the third party 0.1% of net outstanding insurance indemnity for each day of delay.

The insurer or the Motor Insurers' Bureau of Latvia shall pay the insurance indemnity within a period of 5 days after a decision to pay insurance indemnity has been taken. If this time period is not observed due to a fault of the insurer or the Motor Insurers' Bureau of Latvia, in addition to the insurance indemnity to be paid, the insurer or the Motor Insurers' Bureau of Latvia shall pay 12 % a year of the insurance indemnity payable.

### **10.4. Are there any similar stipulations for provisional payments?**

No.

### **Question N° 11**

#### **11.1. Is there a limitation period for legal proceedings against the insured or the insurer?**

Yes.

**If yes, please specify.**

The third party has to claim damage to property within the period of 1 year since the day of the road traffic accident, and for personal injury within the period of 3 years since the day of the road traffic accident.

If another insurer or the Motor Insurers' Bureau has compensated losses incurred in an accident before the insurer that has insured the civil liability of the owner of the liable motor vehicle or if another insurer has compensated losses incurred in an accident in accordance with a voluntary insurance contract, it should submit its recourse claim to the insurer having insured the civil liability of the owner of the liable motor vehicle or to the Motor Insurers' Bureau (if the insurance indemnity is payable from the Guarantee Fund), within one year from the date of payment of insurance indemnity.

A third person may appeal the decision regarding the payment of the insurance indemnity or refusal thereof to a court within 3 years of its adoption.

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

**11.2. Are there any provisions in the Law which allow for the suspension or extension of that limitation period?**

No.

**If yes, please specify.**

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## **Question N° 12**

**12.1. Is your Bureau a VAT liable entity?**

No.

**12.2. If yes, please indicate the VAT number:**

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**In this case is the service of claims handling by the Bureau VAT exempted?**

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**12.3. Is an MTPL insurer in your market a VAT liable entity?**

Yes.

**If yes, is the service of claims handling by an MTPL insurer VAT exempted?**

No.

**12.4. Is a specialised claims handling office a VAT liable entity?**

Yes, if the total value of its taxable supplies of goods and services provided by the previous 12 months exceed EUR 40 000.

**If yes, is the service of claims handling by this entity VAT exempted?**

No.

### **Question N° 13**

**[Note: Questions addressed to non-EEA Bureaux only. For EEA Bureaux, see Section 2 & 3]**

#### **13.1. Is there a Guarantee Fund in your Country?**

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**If yes, what are the conditions and limits of intervention of the Guarantee Fund?**

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#### **13.2. Are these conditions and limits applicable to non-residents whether they are the cause of, or victims of, accidents?**

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### **Question N° 14 – For countries concerned by Section III of the Internal Regulations**

#### **14.1. Are there natural or legal persons (public or private) exempted from the obligation of compulsory MTPL insurance in your country? (Article 12.2 of the Internal Regulations)**

No.

**If yes, please list the persons exempt from compulsory MTPL insurance:**

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**In this case please also indicate the authorities or bodies responsible for compensation:**

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#### **14.2. Are there certain types of vehicles or certain vehicles bearing a special plate exempted from the obligation of compulsory MTPL insurance in your country? (Article 12.3. of the Internal Regulations)**

Yes, special military equipment and trailers of special military equipment registered in the Register of the National Armed Forces of the Republic of Latvia are exempted from the obligation of compulsory MTPL insurance (*for special military equipment from 1 February 2021, for trailers of special military equipment from 4 January 2022*).

### **Question N° 15**

#### **15.1. Any other special features?**

No.