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# Motor Insurance Act<sup>1</sup>

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19.11.2014	RT I, 13.12.2014, 1	01.01.2016; date of entry into force amended to 01.07.2016 [RT I, 17.12.2015, 1]
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## Chapter 1 General Provisions

### § 1. Scope of application

(1) This Act regulates compulsory insurance of civil liability arising from damage caused by the use of a vehicle (hereinafter *compulsory motor insurance*), compulsory insurance applicable to an uninsured vehicle (hereinafter *automatic motor insurance*) and liability for driving an uninsured vehicle.

(2) Compulsory motor insurance is regulated by the provisions of the Law of Obligations Act and automatic motor insurance is regulated by the provisions of the Administrative Procedure Act, taking into account the specifications of this Act.

### § 2. Imperativeness of provisions

An agreement deviating from this Act or the Law of Obligations Act to the detriment of the policyholder, insured person or injured party is ineffective, unless the permissibility of the deviating agreement is provided by law.

### § 3. Insurance obligation

(1) For the purposes of this Act, 'insurance obligation' means the obligation to conclude a compulsory motor insurance contract (hereinafter *contract*) for the purpose of insuring, in accordance with the procedure and to the extent provided by this Act, the liability arising from damage caused to a third party by the use of a vehicle.

(2) A vehicle subject to the insurance obligation, which does not have compulsory motor insurance or automatic motor insurance (hereinafter jointly *motor insurance*), must not be engaged in traffic.

(3) A driver whose vehicle is normally based abroad must carry a policy, green card or document certifying the existence of another compulsory contract whenever the driver engages in traffic.

#### **§ 4. Vehicle subject to insurance obligation**

A contract must be concluded with regard to the following motor vehicle and its trailer (hereinafter jointly *vehicle*):

- 1) a vehicle that has been registered or must be registered in the motor register established on the basis of the Traffic Act (hereinafter *motor register*), except for vintage vehicles and racing cars that are not used in traffic;
- 2) a tram and a trolleybus;
- 3) a vehicle having a removable national registration plate issued in Estonia;
- 4) a vehicle with a customs plate issued in Estonia;
- 5) a vehicle normally based in a foreign country (hereinafter *third country*), except in a contracting state of the European Economic Area or the Swiss Confederation, whereby the liability arising from damage caused by the use thereof is not insured.

#### **§ 5. Vehicle exempt from insurance obligation**

A vehicle that is in the possession of the Defence Forces, the Security Police Board, the Defence League and the Police and Border Guard Board whose owner or authorised user is the aforementioned institution does not need to be insured on the basis of this Act. If the vehicle is driven outside Estonia, the liability arising from damage caused by the use thereof must be insured in accordance with the procedure established by this Act.

#### **§ 6. Specifications of insurance obligation**

(1) There is no insurance obligation within 12 months following the termination of the contract, provided that during the period the vehicle is not engaged in traffic or otherwise used in a manner that can cause an insured event. During the aforementioned term the vehicle is not subject to the automatic motor insurance.

(2) The specifications of the insurance obligation set out in subsection (1) of this section do not apply to the vehicles specified in clauses 3) to 5) of § 4 of this Act.

#### **§ 7. Person subject to insurance obligation**

(1) The person entered into the motor register as the owner of a vehicle is subject to the insurance obligation.

(2) If a vehicle registered in the motor register has an authorised user, the person entered into the motor register as the authorised user will be subject to the insurance obligation on behalf of the person specified in subsection (1) of this section.

(3) In other events the owner of the vehicle is responsible for the insurance obligation as of the emergence of the right of ownership.

#### **§ 8. Insured event and law applicable to insured event**

(1) An insured event means the causing of damage to a third party, provided that the following conditions exist at the time:

- 1) the damage has been caused by a vehicle that is subject to the insurance obligation arising from this Act or the legislation of the state where the vehicle is normally based;
- 2) the damage has been caused by the realisation of the risk characteristic of the operation of the vehicle in traffic and there is a causal link between the movement or location of the vehicle and the damage caused;
- 3) the damage has been caused on the road or in another area used for conventional vehicle traffic.

(2) The following is not deemed an insured event:

- 1) damage caused in a vehicle (incl. aircraft and water craft), except upon driving on or off a ferry engaged in regular services;
- 2) damage caused in a place closed and separated for racing, training or another similar event;
- 3) damage caused in the territory of an aerodrome closed for traffic;
- 4) damage caused on the road or in another area used for conventional vehicle traffic at a time when the area was closed for public traffic, and if the vehicle with which the damage was caused, is used in field or construction work or another similar purpose and the damage was caused directly in the course of performance of work.

(3) Unless otherwise provided by Regulation (EC) No. 864/2007 of the European Parliament and of the Council on the law applicable to non-contractual obligations (OJ L 199, 11.07.2007, pp. 40–49), the compensation for unlawfully caused damage is regulated by the law of the state where the insured event occurred.

#### **§ 9. Territory where vehicle is normally based**

(1) A vehicle is normally based in the state into whose motor register the vehicle has been entered temporarily or permanently. If registration is not required, the vehicle is normally based in the state where the possessor of the vehicle is domiciled.

(2) If an insured event is caused by a vehicle that does not have a registration plate or that has a registration plate that does not belong to the vehicle, the vehicle will be deemed to be normally based in the state where the insured event occurred.

#### **§ 10. Motor Insurance Fund**

(1) The Motor Insurance Fund (hereinafter *fund*) is a non-profit association that performs the functions arising from this Act and the public law contract concluded with the Minister responsible for the field.

(2) The fund is a member of the *Council of Bureaux* and the Estonian national bureau of the green card.

#### **§ 11. Verification of performance of insurance obligation**

(1) The fund regularly and systemically verifies the performance of the insurance obligation by comparing the data of the motor register and the motor insurance register for the purpose of implementing the automatic motor insurance set out in Chapter 5 of this Act.

(2) In the case of vehicles engaged in traffic, including vehicles crossing the state border or the temporary border line, a police officer and an assistant police officer verify the performance of the insurance obligation.

(3) The insurance obligation of a vehicle normally based in a contracting state of the European Economic Area or the Swiss Confederation (hereinafter *contracting state*) is deemed as performed if the scope thereof complies with the requirements of the contracting state where the vehicle is normally based.

## **Chapter 2 Motor Insurance Contract**

#### **§ 12. Contract**

Under a contract, one person (hereinafter *insurer*) agrees to, on behalf of the possessor of a vehicle (hereinafter *insured person*), compensate, to the extent and on the conditions provided for in this Act, the injured party for damage caused to the injured party as a result of an insured event. The other party (hereinafter *policyholder*) agrees to pay the insurer regular insurance premium.

#### **§ 13. Conclusion of contract**

(1) The contract may be concluded as a policyholder by any person who has an insurable interest.

(2) The insurer is required to conclude a contract if the policyholder is a person subject to the insurance obligation or if the policyholder has an insurable interest in insuring a vehicle.

(3) A contract with regard to a vehicle specified in clause 5) of § 4 of this Act may be concluded by the fund or an insurer who has a contract with the fund.

(4) In the case of a vehicle specified in clause 5) of § 4 of this Act, the fund allows for the conclusion of a contract at least at the border crossing points specified in the public law contract concluded with the Minister responsible for the field.

#### **§ 14. Restrictions on conclusion of contract**

(1) Multiple contracts with an overlapping insurance term cannot be concluded with regard to a vehicle. If multiple contracts with an overlapping insurance term have been concluded, the contract that was concluded later will be ineffective to the extent that it overlaps with the contract that was concluded earlier.

(2) The insurer has the right to refuse to conclude a contract if the vehicle has not been registered in accordance with the prescribed procedure.

(3) The insurer does not have the right to refuse to conclude a contract with an insurance term of up to 30 days with regard to a vehicle whose registration entry has been suspended in accordance with the procedure provided for in subsection 77 (8<sup>1</sup>) of the Traffic Act. The contractual insurance cover with regard to the insured person is effective on the condition that the vehicle is used only by way of exception before passing the inspection of compliance with the technical requirements, following the requirements of subsection 73 (5) of the Traffic Act.

(4) The insurer may conclude a contract with regard to a vehicle that has been acquired in a contracting state and is to be delivered to Estonia before the vehicle has been registered in the motor register, provided that no more than 30 calendar days have passed from the commencement of the delivery of the vehicle to Estonia. The

commencement of the delivery of the vehicle to Estonia is calculated as of the issue of a customs plate to the vehicle. If no customs plate is issued to the vehicle, the commencement of the delivery of the vehicle to Estonia will be calculated as of the time when the vehicle was handed over to the transferee.

#### **§ 15. Territorial validity of insurance cover**

(1) The insurance cover provided under a contract is effective in all the contracting states without the parties having to agree on it separately. The insurance cover is effective in a third country if the country has been specified in the policy certifying the conclusion of a contract or on the green card.

(2) The insurer will not charge any additional insurance premium or any other fee for the insurance cover effective in another contracting state. The insurer has the right to charge an additional insurance premium or another fee for the insurance cover effective in a third country.

#### **§ 16. Restrictions on conditions of contract**

(1) A contract may be concluded for a term of up to one year.

(2) An agreement that provides for the application of excess to a policyholder who is a consumer is ineffective, unless this Act provides otherwise.

(3) An agreement according to which the insurer is not required to compensate for damage and the policyholder is not required to pay the insurance premium during a certain period during the term of validity of a contract is ineffective.

(4) An agreement on the retroactive commencement or termination of the insurance cover is ineffective.

(5) The provisions of § 432 of the Law of Obligations Act regarding the consequences of breach of the notification obligation are not applicable to a contract.

(6) The provisions of § 445 of the Law of Obligations Act regarding the consequences of increasing the likelihood of an insured risk are not applicable to a contract.

(7) The provisions of § 493 of the Law of Obligations Act are not applicable to a contract.

#### **§ 17. Policy**

(1) The insurer will issue to the policyholder a policy in a form that can be reproduced in writing. At the request of the insured person using the vehicle, the insurer will issue a copy of the policy also to the insured person in a form that can be reproduced in writing.

(2) If the contract is renewed automatically for the next insurance term in accordance with the procedure established in this Act, the insurer will issue a new policy by the start of the insurance term.

#### **§ 18. Green card**

(1) A green card is a special type of policy, which certifies that the insurance cover is effective, besides Estonia and the contracting states, also in the third country specified on the green card.

(2) At the request of the policyholder, the insurer will issue a green card to the policyholder or the insured person indicated by the policyholder.

(3) Subsection 434 (2) of the Law of Obligation Act is not applicable to the issue of a green card.

#### **§ 19. Payment of insurance premium and late payment**

(1) The provisions of §§ 457 and 458 of the Law of Obligations Act are applicable to the payment of insurance premium, taking into account the specifications arising from this section.

(2) The exemption of the insurer from an obligation specified in subsection 457 (2) of the Law of Obligations Act is not applicable if the policyholder failed to make the first insurance premium payment and the insured event occurred within 14 calendar days after the conclusion of the contract.

(3) Subsection 458 (4) of the Law of Obligations Act is not applicable to the payment of insurance premium.

#### **§ 20. Renewal of contract**

(1) If an automatically renewable contract is concluded, the contract will renew for the next insurance term only if no later than two working days before the expiry of the insurance term the policyholder does not express a different intention or does not conclude a contract with another insurer.

(2) In the event of an agreement on the renewal of the contract, the insurer must, at least 14 calendar days before the expiry of the insurance term, inform the policyholder about the size of the insurance premium which the policyholder must pay in the event of automatic renewal of the contract. The insurer's offer must not be conditional.

(3) In the event of an automatically renewable contract, the insurance premium is deemed to be the second or following insurance premium.

(4) The insurer is prohibited to offer nothing but automatically renewable contracts.

#### **§ 21. Grounds for termination of contract and transfer of contract**

(1) The contract will terminate:

- 1) upon deletion of the vehicle from the motor register, including upon temporary deletion from the motor register;
- 2) as of the time when 30 calendar days have passed from the delivery of the vehicle to the transferee in a contracting state and the vehicle has not been registered in the Estonian motor register or as of the registration of such vehicle in the Estonian motor register;
- 3) as of the expiry of the validity of the customs plate if the contract was concluded for the purpose of insuring the liability arising from damage caused by the use of the vehicle specified in clause 4) of § 4 of this Act;
- 4) upon termination of or withdrawal from the contract;
- 5) in another event provided by law.

(2) The termination of or withdrawal from the contract is permitted only in the events provided for in this Act or the Law of Obligations Act.

(3) If an insured event occurs before the termination of or withdrawal from the contract, the insurer must perform its contractual obligation to compensate for damage.

(4) In the case of vehicles registered in the motor register, the rights and obligations of the policyholder under the contract will transfer to a person subject to the insurance obligation as of the making of an entry regarding the person in the motor register. The provisions of §§ 495-498 and § 524 of the Law of Obligations Act are applied, respectively.

#### **§ 22. Extraordinary termination of contract**

(1) The policyholder has the right to terminate the contract with good reason. Extraordinary termination is permitted, among other things, in the following events:

- 1) the vehicle has left the possession of the insured person or policyholder against their will;
- 2) the vehicle has been destroyed or it cannot be used for over a month due to technical reasons;
- 3) the contract on the basis of which the policyholder used the vehicle will terminate.

(2) An agreement on the preclusion or limitation of the right to terminate the contract with good reason is ineffective.

## **Chapter 3 Damage to Be Compensated**

#### **§ 23. Legal grounds for compensation of damage**

(1) If an insured event occurs, the injured party may file a claim for damages against the insurer if the insured person is liable towards the injured party:

- 1) on the basis of § 1057 of the Law of Obligations Act;
- 2) on the basis of the provisions of the Law of Obligations Act regarding lawfully and wrongfully caused damage, or
- 3) on the basis of a contract for the carriage of passengers.

(2) The person who covered funeral expenses may file a claim against the insurer on the basis of § 129 of the Law of Obligations Act.

#### **§ 24. Extent of damage to be compensated**

On behalf of the insured person, the insurer will compensate damage caused to the injured party as a result of an insured event only on the grounds and to the extent provided by this Act. The provisions of this Chapter do not restrict the right of the injured party to file, on a ground provided for in another Act, a claim against the person who caused the damage.

## **§ 25. Sum insured**

(1) Unless a higher sum insured has been agreed in the contract, the sum insured per insured event is, regardless of the number of injured parties, 1 200 000 euros in the event of destruction or damage of a thing and 5 600 000 euros in the event of causing death, harming health or causing an injury.

(2) If there is more than one injured party per insured event and the total amount of claims filed against the insurer or the total amount of the insurance compensation initially estimated by the insurer exceeds the sum insured specified in subsection (1) of this section, the insurer will divide the insurance compensation between the injured parties in proportion to the amount of damage of each injured party.

(3) Compensation for non-proprietary damage is included in the sum insured provided for in subsection (1) of this section.

## **§ 26. Damage arising from harming or destruction of thing**

(1) In the event of the harming or destruction of a thing, the provisions of subsections 132 (1) to (3) of the Law of Obligations Act apply, taking into account the specifications arising from this section.

(2) In the event of harming a vehicle, the injured party has the right to choose the repair undertaking that is to restore and repair the vehicle. In such an event the injured party must submit to the insurer a calculation drawn up by the restore and repair undertaking for the purpose of identifying the scope of performance of the obligation. The insurer's compensation obligation will be limited to reasonable expenses of restoration of the condition preceding the insured event. At the request of the injured party, the insurer will issue to the restore and repair undertaking a letter of guarantee of payment of the cost of the restoration and repairs for the injured party to the extent and on the conditions set out in the letter of guarantee.

(3) At the request of the injured party, the insurer must assist in organising the restoration and repairs of the vehicle.

(4) The payment of the insurance compensation in cash is permitted only if the vehicle cannot be restored, the restoration and repairs of the vehicle are unreasonable or if the parties have agreement that the insurance compensation will be paid out in cash.

(5) If the insurer identifies that the injured party has the right to deduct value added tax added to the cost of restoration or replacement of the damaged thing from value added tax calculated on its taxable sales, the insurer will have the right to take it into account upon compensation of damage.

(6) If the injured party who is entitled to partially or fully deduct input value added tax from its taxable sales submits to the insurer a request for the compensation of damage inclusive of value added tax, the insurer must compensate the damage along with the value added tax portion.

(7) In the event specified in subsection (6) of this section the insurer will obtain the right of recourse regarding the portion of the compensation that the injured party received or should have received on or set off against value added tax accounted on its taxable sales.

(8) If the insurer has fully compensated the injured party for the value of a thing preceding the insured event, the right of ownership of the thing will transfer to the insurer. If the injured party does not hand the possession of the thing over to the insurer, the insurer will have the right to reduce the insurance compensation to be paid to the extent of the value of the compensated thing following the insured event.

(9) Damage arising from the impairment of the value of a vehicle will be compensated for if the vehicle was seriously damaged in the insured event and the injured party demands that the reasonable costs of restoration of the vehicle be compensated. The vehicle is seriously damaged if its restoration costs exceed 50 per cent of its market price and if the restoration and repairs involve the restoration of the unit body or the form of the frame to a considerable extent.

## **§ 27. Principles of payment of maintenance compensation**

(1) In the event of the death of the injured party, the insurer will pay the persons specified in subsections 129 (3) to (6) of the Law of Obligations Act compensation (hereinafter *maintenance compensation*) to the extent provided for in this Act.

(2) Upon calculating the maintenance compensation, the insurer is guided by the following principles:

- 1) a portion of two fifths is subtracted from the net income of the injured party calculated on the basis of § 29 of this Act because the injured party presumably used this portion for their own good;
- 2) a portion of three fifths of the net income of the injured party calculated on the basis of § 29 of this Act is divided into equal portions between persons entitled to the compensation.

(3) The entitled person has the right to receive the maintenance compensation differently from the principles set out in subsection (2) of this section if the entitled person proves that the injured party would have maintained the

entitled party to a different extent or that the maintenance compensation should be divided between the entitled persons in a different way.

(4) The insurer has the right to pay the maintenance compensation to the entitled person in a way different from the principles set out in subsection (2) of this section if the insurer proves that the injured party would have provided the entitled person with maintenance to a different extent.

(5) If the number of entitled persons in the period of payment of the maintenance compensation increases, the maintenance compensation will be recalculated taking into account the provisions of clause 2) of subsection (2) of this section.

(6) If the number of the entitled persons decreases during the period of payment of the maintenance compensation, the provisions of clause 2) of subsection (2) of this section will not be taken into account and the maintenance compensation will not be recalculated.

## **§ 28. Principles of payment of compensation for incapacity for work**

(1) The insurer will compensate the injured party for the income subject to social tax, which the injured party is deprived of due to the loss or reduction of the capacity for work following the insured event, taking into account the extent of reduction of the person's capacity for work (hereinafter *compensation for incapacity for work*). It is presumed that in the event of temporary loss of the capacity for work the injured party's capacity for work is completely lost.

(2) The compensation for incapacity for work will be paid to a person as of attaining the age of 16 years.

(3) The insurer will compensate the employer of the injured party for the sickness benefit paid out on the basis of subsection 12 (1) of the Occupational Health and Safety Act.

(4) The compensation for incapacity for work may be paid retroactively in a lump sum in the event of temporary incapacity for work.

## **§ 29. Calculation of maintenance compensation and compensation for incapacity for work**

(1) The basis for calculating the maintenance compensation and the compensation for incapacity for work (hereinafter in this section *compensation*) is the net income of the injured party per calendar day, which is calculated by subtracting income tax and the unemployment insurance benefit from the injured party's income that is subject to social tax and thereafter the result is divided into the number of calendar days in the period specified in subsections (2) to (7) of this section (hereinafter *net income*). The calculation does not include the calendar days when the injured party was temporarily incapacitated for work.

(2) If the injured party received income subject to social tax at the time when the insured event occurred, the net income will be calculated on the basis of the period preceding the insured event, during which period the injured party received, without interruption, income subject to social tax, but no more than 12 calendar months.

(3) If the injured party did not receive income subject to social tax at the time when the insured event occurred, the net income will be calculated on the basis of the income subject to social tax in the 12 calendar months immediately preceding the insured event.

(4) If the injured party operated as a self-employed person at the time when the insured event occurred, the net income will be calculated on the basis of the income declared in the income tax returns of the two years immediately preceding the insured event.

(5) If the injured party earned income abroad in the 12 months immediately preceding the insured event, such a portion of the income earned abroad, which would be subject to social tax in Estonia when earned in Estonia, will be used as the basis for calculating the net income.

(6) If the injured party was a conscript at the time when the insured event occurred, the net income will be calculated on the basis of the income subject to social tax, which was earned in the 12 months immediately preceding the start of the conscription of the injured party.

(7) If the injured party was on a parental leave at the time when the insured event occurred, the net income will be calculated on the basis of the income subject to social tax, which was earned in the 12 months immediately preceding the start of the parental leave of the injured party.

(8) If the net income calculated on the basis of subsections (1) to (7) of this section is smaller than the result of division of the minimum wage established by the Government of the Republic by 30, it will be deemed that the income of the injured party subject to social tax is the result of division of the minimum wage established by the Government of the Republic by 30.

(9) Upon calculation of the compensation, the net income of the injured party is indexed. Upon indexation, the net income is multiplied by the result of division of the last Consumer Price Index published by the Statistical Office by the Consumer Price Index published in the calendar month following the calendar month when the insured event occurred.

(10) The compensation per calendar month is the multiple of the net income per calendar month indexed in accordance with subsection (9) of this section and 30, less the total sum of the compensation granted to the injured party per calendar month under other compulsory insurance or on the basis of law.

(11) Upon calculation of compensation, the scope of liability of the insurer is taken into account.

(12) In the case of compensation for incapacity for work, the injured party's income subject to social tax is calculated for the period with regard to which the compensation for incapacity for work has been calculated.

### **§ 30. Amendment of maintenance compensation and compensation for incapacity for work**

(1) Once the injured party's capacity for work is partially restored, the insurer has the right to respectively reduce the compensation for incapacity for work. If the injured party's capacity for work decreases again following the reduction of the compensation and the decrease was caused by the occurrence of the insured event, the insurer will increase the compensation for incapacity for work respectively.

(2) To identify the circumstances specified in subsection (1) of this section, the injured party must undergo a medical examination at the request of the insurer. If the injured party's capacity for work decreases after the reduction of the compensation for incapacity for work, the injured party has the right to demand their medical examination. The costs of the medical examination will be borne by the insurer.

(3) The insurer will recalculate the compensation for incapacity for work once the injured party's income subject to social tax or the total amount of compensation granted under other compulsory insurance or on the basis of law has changed.

(4) The insurer is not required to retroactively change the amount of the maintenance compensation or compensation for incapacity for work.

(5) The compensation will be recalculated once the injured party becomes entitled to or would have been entitled to old-age pension. Upon recalculation of the compensation, 60 per cent of the net income of the injured party before the insured event will be taken into account.

### **§ 31. Termination of payment of maintenance compensation and compensation for incapacity for work**

(1) The insurer will terminate the payment of the maintenance compensation at the time when the injured party's obligation to maintain the entitled person would terminate.

(2) The insurer will terminate the payment of the maintenance compensation and the compensation for incapacity for work in the event of the death of the person entitled to receive the insurance compensation.

(3) The insurer will terminate the payment of the compensation for incapacity for work if the capacity for work of the injured party restores to the extent preceding the insured event.

(4) The insurer will terminate the payment of the compensation for incapacity for work if the injured party's income subject to social tax increases at least to the level preceding the insured event. Thereby the insurer will take into account the change of the Consumer Price Index published by the Statistical Office.

(5) The insurer will terminate the payment of the maintenance compensation or the compensation for incapacity for work if there is a legal ground for it.

### **§ 32. Compensation for non-proprietary damage in event of health damage and bodily injury**

(1) The insurer will pay the injured party one-off compensation for non-proprietary damage arising from damage caused to their health or from the bodily injury caused to them, depending on the severity of the health damage or bodily injury and other circumstances. If the health damage or bodily injuries of the injured party are of a different degree of severity, the compensation for non-proprietary damage will be paid on the basis of the most severe category of health damage or bodily injury.

(2) Upon compensation for non-proprietary damage arising from a bodily injury or health damage caused to a person, among other things, the degree of severity of the health damage and bodily injury, the depth of the functional disturbance and the length of treatment and loss of the capacity for work will be taken into account.

(3) In the case of a claim for non-proprietary damage arising from health damage or a bodily injury caused to a person, it is presumed that the amount of the non-proprietary damage is:

- 1) in the event of minor health damage or a minor bodily injury, 100 euros;
- 2) in the event of minor health damage or a minor bodily injury of the medium severity, 350 euros;

- 3) in the event of more serious health damage or a more serious bodily injury of the medium severity, 1500 euros;
- 4) in the event of serious health damage or a serious bodily injury, 2600 euros;
- 5) in the event of very serious health damage or a very serious bodily injury, 3000 euros;
- 6) in the event of extremely serious health damage or an especially serious bodily injury, 3200 euros.

(4) The detailed classification of health damage and bodily injuries is provided for in the Annex to this Act.

### **§ 33. Damage not subject to compensation**

The following is not compensated for on the basis of this Act:

- 1) damage exceeding the sum insured specified in § 25 of this Act;
- 2) damage inflicted to the vehicle or another thing by the impact of a stone or another object on the road;
- 3) damage arising from damage to or destruction of money, securities, works of art and precious metal objects, except personal necessities;
- 4) damage arising from the worsening of the quality of the environment, except reasonable expenses related to initial rescue operations for the purpose of eliminating initial damage and preventing further damage;
- 5) loss of income, except the loss of income due to the causing of death, health damage or a bodily injury to the extent provided for in this Act;
- 6) damage specified in subsection 132 (4) of the Law of Obligations Act;
- 7) damage inflicted upon oneself, except for the treatment costs of the driver who caused an insured event specified in subsection 44 (1) of this Act;
- 8) damage caused to the owner of the vehicle driven by the possessor of the vehicle, which is specified in § 26 of this Act;
- 9) damage that does not constitute damage characteristic of damage caused by a vehicle as a major source of danger, except for damage caused to another vehicle by a door of a vehicle;
- 10) damage arising from the deterioration of further economic opportunities, except for the compensation for incapacity for work in the event of permanent incapacity for work specified in § 28 of this Act;
- 11) damage arising from a decrease of the value of the damaged thing, except in the event specified in subsection 26 (9) of this Act;
- 12) damage the prevention of which is not the purpose of following traffic rules, for instance damage arising from the fact that, due to the insured event, the injured party fails to perform a contract concluded with a person who was not involved in the insured event.

## **Chapter 4 Compensation of Damage**

### **Division 1 General Provisions**

#### **§ 34. Right of claim of injured party**

(1) If in the case of the same insured event the injured party is entitled to the compensation of damage on the basis of this Act as well as a voluntary insurance contract, the person will have the right to choose on which basis to claim the compensation of damage, unless agreed otherwise in the voluntary insurance contract.

(2) The provisions of this Division do not restrict the right of the injured party to file a claim for damages against the person who caused the damage as a joint and several obligor.

#### **§ 35. Compensation obligation of obligated insurer and fund**

(1) The injured party can claim the compensation of damage from:  
1) the insurer who insured the liability arising from the damage caused by the use of the vehicle that caused the insured event (hereinafter in this Chapter *insurer of party who caused damage*), or  
2) the insurer who insured the liability arising from damage caused by the vehicle of the injured party (hereinafter in this Chapter *insurer of injured party*).

(2) The injured party has the right to file a claim for compensation of damage against the insurer of the injured party within 30 calendar days as of the occurrence of the insured event.

(3) In relations with the injured party, the policyholder and the insured person upon identifying the circumstances related to the insured event, the insurer of the injured party has the same rights and obligations as the insurer of the party who caused the damage, unless otherwise provided by this Act.

(4) In the events provided for in this Act, the fund will compensate for the damage caused to the injured party. The fund will compensate the damage to the same extent and in accordance with the same procedure as the insurer of the party who caused the damage, unless otherwise provided for in this Act.

### **§ 36. Duration of obligation to compensate for damage**

(1) The insurer of the person who caused damage or the insurer of the injured party must compensate the injured party for damage on behalf of the insured person if the insured event occurred during the term of validity of the contract.

(2) Within 12 calendar months after the expiry of the contract the insurer under the last contract of the person who caused damage or the insurer of the injured party must compensate the injured party for damage if the person who caused the damage failed to abide by the prohibition on engaging a vehicle in traffic imposed in subsection 3 (2) of this Act and damage was caused by the use of the vehicle.

(3) Under subsection (2) of this section, the insurer is not required to compensate for damage if:

- 1) the vehicle involved is a vehicle specified in clauses 3) to 5) of § 4 of this Act;
- 2) by the time of occurrence of the insured event the vehicle had been deleted from the motor register, including temporarily, or the vehicle's register entry was suspended.

### **§ 37. Notification of insured event**

(1) The person who caused damage and the injured party must immediately inform either the insurer of the person who caused the damage or the insurer of the injured party about the insured event.

(2) If the injured party has informed of the insured event in a form that can be reproduced in writing, it will be deemed that the injured party has also filed a claim for compensation of damage.

### **§ 38. Presentation of damaged thing and prevention of further damage**

(1) The person who caused damage and the injured party must keep the vehicle or another thing that was damaged as a result of the occurrence of the insured event in the condition following the insured event to the extent possible and present it to the insurer.

(2) The damaged thing must not be kept in the condition following the insured event after the insurer has inspected it or more than seven calendar days after notifying about the occurrence of the insured event. If the insurer has requested in a form that can be reproduced in writing that the thing be kept in such a condition longer, it must be preserved for 15 calendar days as of the receipt of the respective request from the insurer.

(3) Alterations may be made with regard to the damaged thing if it is necessary for reduction of damage or in the public interests.

(4) The duty to prevent and reduce damage and ensure the possibility of identifying damage set out in § 488 of the Law of Obligations Act applies to the owner of the vehicle, the authorised user of the vehicle, the policyholder, the driver of the vehicle and the injured party.

### **§ 39. Insurer's obligation to compensate for damage upon occurrence of insured event**

(1) The obligation to compensate for damage falls due after the steps required for identifying the occurrence of the insured event and the existence and scope of the compensation obligation of the insurer have been taken. The insurer must take all the required steps within a reasonable time, but not later than on the 30<sup>th</sup> calendar day after the notification about the insured event.

(2) If, with good reason that is independent of the insurer, the insurer cannot take all the required steps within the term specified in subsection (1) of this section, the insurer must inform the injured party thereof and explain the good reason and indicate the estimated term of completing the required steps.

(3) Immediately after the completion of the steps specified in subsection (1) of this section, the insurer must compensate for damage or inform the injured party about the refusal to compensate for damage.

(4) In civil, criminal, misdemeanour or conciliation proceedings have been initiated with regard to an insured event and the circumstances identified in the proceedings are of great importance from the point of view of the existence or scope of the obligation to compensate for damage, the term of taking the steps specified in subsection (1) of this section will be extended by the time of identification of these circumstances. It is presumed that the circumstances identified in the proceedings do not have any great relevance from the point of view of the existence or scope of the obligation to compensate for damage.

### **§ 40. Notifying of refusal to settle claim**

(1) The insurer will inform the injured party in the form that can be reproduced in writing about the full or partial refusal to compensate for damage.

(2) If, upon compensation of damage, the insurer relies on the initiation of the proceedings specified in subsection 39 (4) of this Act, the insurer must explain to the injured party in a form that can be reproduced in writing and within the term specified in subsection 39 (1) of this Act, why the circumstances to be identified in the proceedings are of great relevance from the point of view of identifying the existence or scope of the obligation to compensate for damage and indicate the estimated term of compensation for damage.

#### **§ 41. Right of claim against insurer of injured party**

(1) The injured party can file a claim for the compensation of damage arising from the destruction or damage of a vehicle against its insurer as well as claim compensation for damage arising from the destruction or damage of a thing as a result of the same insured event.

(2) The insurer of the injured party will not compensate for damage if:

- 1) a bodily injury or health damage has been caused to the injured party or if the death of the injured party has been caused as a result of the insured event;
- 2) the damaged vehicle or the vehicle that caused the damage is normally based abroad.

(3) The insurer of the injured party will have the right to refuse to compensate for damage if:

- 1) the total amount of the insurance compensation presumably exceeds 10 000 euros;
- 2) the circumstances of the insured event are not clear, among other things, if the injured person, the policyholder, the insured person or the insurers do not reach an agreement on who is responsible for causing the damage.

#### **§ 42. Notification obligation of insurer of injured party**

(1) If the insurer of the injured party finds that it is not obligated to compensate for damage under subsection 41 (3) of this Act, the insurer will inform the injured party thereof immediately, but not later than on the 14<sup>th</sup> calendar day after the filing of the claim for compensation of damage. After the expiry of the term, the insurer can no longer rely on the grounds for refusal to compensate the damage specified in subsection 41 (3) of this Act.

(2) In the event specified in the first sentence of subsection (1) of this section, the injured party may file a claim for compensation of damage against the insurer of the person who caused damage.

#### **§ 43. Right of claim against fund**

The injured party may, to the extent provided by this Act, demand the compensation of damage from the fund if:

- 1) the insured event occurred in the territory of Estonia, the claim of the injured party regarding the damage to be compensated is clear and the dispute only concerns the fact which insurer operating in Estonia is obligated to compensate for the damage;
- 2) the insured event was caused by a vehicle with regard to which there is a dispute between an insurer operating in Estonia and the fund over the identification of the vehicle, the validity of the insurance contract or the insurer's obligation to compensate for damage.

## **Division 2**

### **Special Cases of Compensation for Damage**

#### **§ 44. Compensation of treatment costs of driver who caused insured event**

(1) The insurer of the person who caused damage will compensate the medical institution for the treatment costs of the driver who caused an insured event in Estonia, unless such costs are not subject to compensation under the law of the country of location of the insurer who provided the insurance cover or under the conditions of the insurance contract.

(2) The insurer will not compensate for the treatment costs of the driver who caused an insured event if the driver caused the insured event deliberately or if the driver was in a state of intoxication or in the state specified in subsection 69 (3) of the Traffic Act at the time of occurrence of the insured event.

#### **§ 45. Insured event caused by uninsured vehicle**

(1) If the insured event is caused by an uninsured vehicle or if one of the insurers has the compensation obligation under subsection 36 (2) of this Act, the fund will compensate for the damage.

(2) If the insured event is caused by an uninsured vehicle specified in § 5 of this Act, the fund will compensate for the damage.

#### **§ 46. Insured event caused by unidentified vehicle**

(1) Damage caused by an unidentified vehicle will be compensated for by the fund, taking into account the restrictions established in this section.

(2) An insured event is deemed as caused by an unidentified vehicle if, given the nature of the damage caused as a result of the insured event, it can be presumed that the insured event was caused by a vehicle, but the insurer of the vehicle that caused the insured event cannot be identified.

(3) The fund will not compensate for damage caused by an unidentified vehicle if the damage comprises the destruction or damage of a vehicle, unless at least a serious bodily injury or serious health damage specified in the Annex to this Act was caused to one person or several persons or the death of a person was caused as a result of the same insured event.

(4) In the event of compensation for damage arising from the destruction or damage of a vehicle in the event specified in subsection (3) of this section, the fund will apply an excess of 250 euros to such portion of the compensation.

(5) If a thing other than a vehicle is damaged or destroyed, the fund will apply an excess of up to 150 euros with regard to the injured party per insured event.

#### **§ 47. Insured event caused by trailer**

(1) If the driver of a vehicle causes an insured event with the vehicle that is attached to another vehicle or trailer using a direct hitch at the time of occurrence of the insured event, it will be deemed that the damage was caused by the traction unit. Damage will also be deemed to have been caused by the traction unit if the insured event was caused by the breaking of the coupling device or the separation of the coupling device from the traction unit in any other manner.

(2) If an insured event is caused by a trailer that does not have a traction unit and starts moving on its own or by a trailer that does not have a traction unit and is parked, stopped or otherwise left standing, the damage will be deemed to have been caused by the trailer.

(3) If the traction unit is not identified, damage will be compensated for on the basis of the contract concluded with regard to the trailer.

#### **§ 48. Insured event abroad**

(1) If an insured event was caused in the territory of a contracting state or a country that has jointed the international green card system by the use of a vehicle normally based and insured in a contracting state and the insurer has been identified, the injured party domiciled in Estonia will have the right to file a claim for compensation of damage against the insurer via its Estonian representative.

(2) The representative who receives the claim must identify the existence and scope of the insurer's performance obligation and make a decision to compensate or refuse to compensate for damage. The decision must be made as soon as the information required for it becomes available, but not later than within three months as of the receipt of the claim.

(3) In the case of the insured event specified in subsection (1) of this section the injured party may file a claim for compensation of damage against the fund if:

- 1) the insurer does not have a representative in Estonia;
- 2) three calendar months after the filing of the claim against the insurer or its Estonian representative the damage has not been compensated and no reasons for the refusal to fully or partially compensate for it have been given.

(4) The injured party lacks the right to file the claim specified in subsection (3) of this section if the injured party has filed with the court the same claim against the insurer of the person who caused the damage.

(5) The fund will immediately inform the person who caused damage and their insurer or the insurer's Estonian representative as well as the authority that is responsible in the contracting that issued the activity licences to the insurer for compensation damage caused as a result of an insured event specified in subsection (1) of this section about the receipt of a claim specified in subsection (3) of this section. If the insured event was caused by a vehicle normally not based in the state where the insured event occurred, the fund will also inform the competent authority of the state where the insured event occurred.

(6) If the insurer of the person who caused damage or the Estonian representative of the insurer does not, within two calendar months from the filing of the claim specified in subsection (3) of this section, make a reasoned decision to compensate or refuse to compensate for the damage, the fund will have the right to take the steps required for identifying the circumstances of the insured event and the extent of settlement of the claim as well as make a reasoned decision to compensate or refuse to compensate for the damage.

(7) The obligations of the fund specified in this section are regulated by the agreement concluded between authorities performing the functions of the compensation bodies of the contracting states on 29 April 2002 on the basis of Article 24(3)(a) of Directive 2009/103/EC of the European Parliament and of the Council 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 (codified version) (OJ L 263, 07.10.2009, pp. 11–31).

#### **§ 49. Insured event that has occurred abroad and whereby vehicle that caused it or insurer of person who caused it cannot be identified**

(1) If an insured event occurred in the territory of another contracting state and the vehicle that caused the insured event or the insurer of the person who caused the insured event has not been identified within two months as of the occurrence of the insured event, the injured party domiciled in Estonia will have the right to file a claim for compensation of damage against the fund.

(2) Within two calendar months as of the receipt of the claim specified in subsection (1) of this section, the fund must compensate the damage or state the reasons of refusal to compensate the damage.

#### **§ 50. Insured event caused in Estonia by use of vehicle insured abroad**

(1) If an insured event in Estonia is caused by the use of a vehicle the liability for which has been insured by a foreign insurer, the Estonian representative (hereinafter *representative*) of the insurer will compensate the injured party for damage.

(2) If a foreign insurer does not have a representative in Estonia, the fund will compensate for damage.

(3) If an insured event in Estonia was caused by the use of a vehicle normally based in another contracting state, damage will be compensated to the extent of the sum insured established in the law of the country where the vehicle is normally based, provided that it exceeds the sum insured provided by this Act.

(4) The fund will disclose a list of representatives and their contact details on its website.

#### **§ 51. Settlers of cross-border claims of Estonian insurer**

(1) The insurer must appoint a settler of cross-border claims for each contracting state and the function of such settler is to compensate an injured party domiciles in the respective state for damage suffered as a result of an insured event, provided that the damage has been caused in a contracting state and the particular state is not the domicile of the injured party.

(2) The insurer will immediately inform the fund about the appointment of a person specified in subsection (1) of this section. The insurer will immediately inform the fund about the change of a settler of cross-border claims or changes in their contact details.

## **Division 3 Recovery Claims**

#### **§ 52. Extent of recovery claim**

The insurer or the fund has the right to recover damage compensated for due to the occurrence of an insured event only on the grounds and conditions provided for in this Division. The fund also has the right to recover reasonable expenses incurred for identifying the circumstances of an insured event, except in the events provided for in clauses 2) to 5) of § 57 of this Act. The provisions of this Division do not restrict the right of the insurer and the fund to file a recovery claim against a person not specified in this Division on another ground arising from law.

#### **§ 53. Recovery claim against driver who caused insured event**

(1) The insurer has the right to file a recovery claim against the driver if the driver:

- 1) wilfully caused the insured event;
- 2) caused the insured event and thereafter unlawfully and wrongfully left the scene of the insured event following the insured event;
- 3) drove a vehicle that was illegal to possess;
- 4) drove a vehicle in a state of intoxication or in a state specified in subsection 69 (3) of the Act or consumed alcohol or a narcotic or psychotropic substance immediately after the occurrence of the insured event, or
- 5) a contract specified in subsection 14 (3) of this Act had been concluded with regard to the vehicle, and the driver violated the conditions of the effectiveness of the insurance cover of the vehicle.

(2) The insurer has the right to file a recovery claim against a driver if the driver caused an insured event because the driver:

- 1) exceeded the permitted speed limit by 41 kilometres per hour or more;
- 2) knowingly disregarded a stop signal given by a person exercising traffic supervision specified in subsection 200 (1) of the Traffic Act;
- 3) drove a vehicle by disregarding the prohibition to drive a power-driven vehicle specified in clause 90 (1) 1) or 2) of the Traffic Act, or
- 4) was removed from driving a vehicle in accordance with clause 91 (2) 5), 7) or 9) of the Traffic Act and the ground for removal from driving had not lapsed by the time of occurrence of the insured event.

(3) It is presumed that the driver caused the insured event due to a circumstance specified in subsection (2) of this section.

(4) The insurer has the right to file a recovery claim against the driver to the extent of 30 per cent of the insurance compensation payable, but not more than 640 euros, if the driver did not present the vehicle for inspection as requested by the insurer or did not give any explanations about the insured event.

#### **§ 54. Recovery claim against employer of driver who caused insured event**

The insurer has the right to file a recovery claim against the employer of the driver who caused an insured event if the insured event was caused because the driver broke the rules of working and rest time provided by law. It is presumed that the insured event was caused by a violation of the rules of working and rest time if the driver exceeded the maximum weekly driving time per week preceding the insured event or the maximum daily driving time per 24-hour-period preceding the insured event by at least 25 per cent.

#### **§ 55. Recovery claim against person responsible for performance of insurance obligation**

The insurer has the right to file a recovery claim against the person who, under this Act, is responsible for the performance of the insurance obligation if the insured event occurred within 12 calendar months after the expiry of the contract and the prohibition on engaging the vehicle in traffic provided for in subsection 3 (2) of this Act was not adhered to.

#### **§ 56. Recovery claim against insurer in case of failure to pay insurance premium by due date**

If the policyholder fails to perform the obligation to pay the insurance premium and the insurer is released of the compensation obligation towards the policyholder under § 457 or § 458 of this Act, the insurer will, on the basis of subsection 521 (2) of the Law of Obligations Act, have the right to file a recovery claim against the policyholder to the extent of 30 per cent of the insurance compensation payable, but not more than 640 euros.

#### **§ 57. Recovery claims of fund**

The fund has the right to file a recovery claim:

- 1) against the person subject to the insurance obligation or against the possessor of the vehicle if the insured event was caused by a vehicle with regard to which the insurance obligation had not been fulfilled, unless the insured event was caused by the use of a vehicle having automatic motor insurance;
- 2) against the driver who caused an insured event if the insured event was caused by the use of a vehicle having automatic motor insurance on the grounds provided for in subsections 53 (1) and (2) of this Act;
- 3) to the extent of 30 per cent of the insurance compensation payable, but not more than 640 euros, against the driver who caused an insured event if the insured event was caused by the use of a vehicle having automatic motor insurance and the driver did not present the vehicle for inspection as requested by the fund or did not give explanations about the circumstances of the insured event;
- 4) against the employer of the driver who caused an insured event if the insured event was caused by the use of a vehicle having automatic motor insurance on the grounds provided for in § 54 of this Act;
- 5) against an insurer if the fund compensated for damage on behalf of the insurer;
- 6) against the authority performing the functions of the compensation body of another contracting state if the insured event was caused by the use of a vehicle registered in the Estonian motor register at the time when the vehicle was delivered from Estonia to the contracting state, provided that no more than 30 calendar days have passed from the issue of a customer plate to the vehicle or from the delivery of the vehicle to the transferee by the time of occurrence of the insured event;
- 7) against the Defence Forces, the Security Police Board, the Defence League or the Police and Border Guard Board, respectively, if the insured event was caused by the use of a vehicle that belonged to the aforementioned institution or that the aforementioned institution was authorised to use and if the liability arising from the damage caused by the use of the vehicle was not insured.

#### **§ 58. Recovery claim against insurer of person who caused damage**

(1) If a recovery claim is filed against the insurer of an injured party, the insurer will inform the insurer of the person who caused damage about the filing of the claim.

(2) The insurer of the person who caused damage must compensate the insurer of the injured party for the insurance compensation and reasonable expenses incurred for identifying the circumstances of the insured event and payment of the compensation.

(3) The obligation provided for in subsection (2) of this section must be performed immediately, but not later than on the 30<sup>th</sup> calendar day after the filing of the claim, unless the insurer have agreed otherwise.

(4) Along with a claim for recovery of the insurance compensation, the insurer of the injured party will submit to the insurer of the person who caused damage all the information known to it about the insured event in a form that can be reproduced in writing, unless the insurers have agreed otherwise.

#### **§ 59. Conditions of filing of recovery claim**

(1) If the insurer or the fund has the right of recovery against several persons under this Division, these persons will be jointly and severally liable towards the insurer or the fund.

(2) If insurance compensation has been paid out to the injured party by the insurer of the injured party, the insurer of the person who caused damage will file a claim for recovery specified in this Division after the performance of the obligation provided for in subsection 58 (2) of this Act towards the insurer of the injured party.

(3) The term of expiry of the right of claim provided for in this Division is three years as of compensation of damage.

## **Chapter 5 Automatic Motor Insurance**

#### **§ 60. Automatic motor insurance**

(1) Automatic motor insurance is a type of compulsory insurance aimed at:

- 1) providing vehicles that have been registered in the motor register, but do not have an insurance contract (except vintage vehicles and racing cars), with automatic insurance cover;
- 2) reducing the number of uninsured vehicles in traffic;
- 3) accumulating funds for compensation of damage caused by uninsured vehicles and vehicles having automatic insurance cover.

(2) An automatic motor insurance relationship is established between the fund and a person subject to the insurance obligation if the insurance obligation has not been performed with regard to a vehicle registered in the motor register, except with regard to a vintage vehicle or a racing car.

(3) The automatic insurance cover of a vehicle will terminate once:

- 1) a contract concluded with regard to the vehicle will enter into force;
- 2) the vehicle is deleted from the motor register or is declared an unregistered vehicle.

(4) Automatic motor insurance is regulated by the provisions regulating compulsory motor insurance, unless otherwise provided for in this Chapter.

#### **§ 61. Insured event subject to automatic motor insurance and fund's obligation to compensate for damage**

(1) In the case of an insured event subject to automatic motor insurance, the fund will compensate damage caused to a third party by a vehicle covered by the automatic motor insurance cover to the extent provided for in this Act.

(2) In the case of an insured event subject to automatic motor insurance, the fund, the person subject to the insurance obligation, the insured person and the injured party have the same rights and obligations that they would have in the case of an insured event subject to compulsory motor insurance, unless otherwise provided for in this Chapter.

(3) The Administrative Procedure Act is not applicable to steps taken to identify the existence and extent of the fund's obligation to compensate for damage arising from insured events subject to automatic motor insurance or to the making of decisions concerning insured events subject to automatic motor insurance.

(4) Disputes over the fund's obligation to compensate for damage arising from an insured event subject to automatic motor insurance and the extent of the obligation as well as the recovery claims of the fund are resolved in accordance with the procedure established in the Code of Civil Procedure.

#### **§ 62. Automatic motor insurance premium**

(1) Automatic motor insurance premium means compulsory insurance premium for compensation of damage caused by the use of uninsured vehicles and vehicles subject to automatic insurance cover.

(2) The person subject to the insurance obligation must pay the fund automatic motor insurance premium for the period during which the vehicle has automatic insurance cover.

### **§ 63. Automatic motor insurance premium rates**

(1) The insurance premium rates serving as the basis for payment of the automatic motor insurance premium will be established by a regulation of the Minister responsible for the field.

(2) The automatic motor insurance premium rates will be calculated in line with the acknowledged rules of actuarial mathematics, taking into account the statistics of motor insurance, including damage caused by uninsured vehicles and vehicles having automatic motor insurance cover as well as other factors influencing the size of the insurance premium rate. The rates of automatic motor insurance premium must be sufficient to compensate for insured events subject to automatic motor insurance and reasonable expenses incurred for identifying the circumstances of these events and to cover the operating expenses of the fund relating to compulsory insurance.

### **§ 64. Application of excess**

(1) In the case of an insured event subject to automatic motor insurance, the excess of the person subject to the insurance obligation is 640 euros per insured event.

(2) In the case of an insured event subject to automatic motor insurance, the fund will compensate the third party for the entire damage to be compensated. The person subject to the insurance obligation must pay the excess amount to the fund.

### **§ 65. Notice of payment of automatic motor insurance premium and amount of excess**

(1) The fund will give the person subject to the insurance obligation a notice of payment regarding the automatic motor insurance premium payable or regarding the amount of excess.

(2) The fund will submit the first notice of payment of the automatic motor insurance premium for the insurance period that is 30 calendar days from the start of the automatic insurance cover.

(3) The fund will submit the second or next notice of payment of the automatic motor insurance premium for the insurance period that is 90 calendar days long.

(4) If the automatic insurance cover expires during the insurance period, the fund will be entitled to the automatic motor insurance premium only for the calendar days during which the vehicle had the automatic insurance cover.

(5) The notice of payment must contain the following information:

- 1) the first name and surname and position of the person who drew up the notice;
- 2) the date of drawing up the notice;
- 3) the name and address of the payer;
- 4) the make, model and registration plate of the vehicle;
- 5) the amount of the automatic motor insurance premium or excess payable along with the overdue automatic motor insurance premium or excess and late interest payable in the event of overdue sums arising from the preceding insurance period;
- 6) the legal ground of the notice of payment and, in the case of a payment notice of automatic motor insurance premium, a reference to the regulation of the Minister responsible for the field specified in subsection 63 (1) of this Act;
- 7) the current account number of the fund;
- 8) the due date;
- 9) a warning regarding the obligation to pay late interest and compulsory enforcement in the event of failure to pay the automatic motor insurance premium or the amount of excess by the due date;
- 10) the possibility and time limit of and procedure for contesting the notice;
- 11) the signature of the person who drew up the notice of payment; thereby a mechanically reproduced signature is deemed to be equal therewith.

(6) The amount payable according to the notice of payment must be paid to the current account of the fund by the due date. The payment term must be at least 30 calendar days from the delivery of the notice of payment.

(7) If the amount payable according to the notice of payment is not paid by the due date, later interest may be charged on the overdue sum at the rate of 0.019 per cent per calendar day. The total amount of late interest must not exceed the automatic motor insurance premium or the amount of excess specified in the notice of payment.

(8) Automatic motor insurance premiums and amounts of excess accrue to the current account of the fund and are considered the revenue of the fund.

#### **§ 66. Delivery of notice of payment of automatic motor insurance premium and amount of excess**

(1) The delivery of a notice of payment of the automatic motor insurance premium and the amount of excess is regulated by the procedure established in the Administrative Procedure Act, taking into account the specifications arising from this section.

(2) A notice of payment of the automatic motor insurance premium and the amount of excess may be sent to a legal person or agency also:

- 1) by a regular letter to the address entered in the register;
- 2) by e-mail to the address entered in the register.

(3) A notice of payment of the automatic motor insurance premium and the amount of excess delivered in the manner specified in clause 1) of subsection (2) of this section will be deemed as delivered when five calendar days have passed from sending it within the territory of Estonia or 30 calendar days have passed from sending it abroad.

#### **§ 67. Time limit of filing intra-authority appeal against notice of payment of automatic motor insurance premium and amount of excess**

An intra-authority appeal against a notice of payment of the automatic motor insurance premium and the amount of excess must be submitted within 30 calendar days as of the day when the person subject to the insurance obligation learned or should have learned of the contested notice of the automatic motor insurance premium and the amount of excess.

#### **§ 68. Compulsory enforcement of automatic motor insurance premium and amount of excess**

A notice of payment of the automatic motor insurance premium and amount of excess are administrative decisions aimed at the performance of a financial obligation in public law for the purposes of clause 2 (1) 21) of the Code of Enforcement Procedure.

## **Chapter 6 Motor Insurance Fund**

#### **§ 69. Public law contract**

(1) In the name of the Republic of Estonia, the Minister responsible for the field will conclude a public law contract with the fund, setting out the parties' rights and obligations for the performance of the following tasks specified in this Act:

- 1) verification of the performance of the insurance obligation set out in subsection 11 (1) of this Act and implementation of the automatic motor insurance provided for in Chapter 5;
- 2) performance of the duties of a member of the *Council of Bureaux* and the Estonian national bureau of the green card, including ensuring the possibility to conclude a contract specified in subsection 13 (3) of this Act;
- 3) in the events and in accordance with the procedure provided for in §§ 45 and 46 of this Act, performance of the obligation to compensate the injured party for damage;
- 4) in the events provided for in §§ 48–50 of this Act, performance of functions relating to compensation of injured parties for damage;
- 5) exercise of the rights of recovery provided for in § 57 of this Act;
- 6) performance of tasks relating to the motor register, which are provided for in Chapter 7 of this Act;
- 7) ensuring the pre-litigation settlement of compulsory motor insurance disputes;
- 8) performance of other tasks, which ensures the functioning of the compulsory motor insurance system established in this Act.

(2) The public law contract will be made for a term of up to 20 years.

(3) In the event of the expiry or early termination of the public law contract the Minister responsible for the field will decide the renewal of the contract, appointment of a new body to perform the functions of the fund or the performance of the functions in another manner.

#### **§ 70. Fund membership**

(1) Each insurer entitled to operate in Estonia as an insurer of compulsory motor insurance is a member of the fund.

(2) The rights and obligations of the members of the fund arising from handing and settlement of claims provided for in this Act, which are filed against the insurer of the injured party, the cooperation principles and

the procedure for settling disputes will be established by the articles of association of the fund or by a decision of the general meeting of the fund.

(3) The fund will assume the obligations arising from the compulsory motor insurance contracts of a bankrupt member, unless it would seriously worsen the financial position of the fund or the member of the fund. The fund will acquire the right of claim against the bankrupt member based on the amount of the assumed obligation, less the value of the assets transferred for the performance of obligations.

#### **§ 71. Application of requirements regarding insurance activities to fund**

(1) Section 52, subsections 83 (1) and (3), 96 (1) and (3), clauses 99 (1) 1)–5), 7) and 8) and subsection 99 (2), subsections 106 (2) and (5), subsections 108 (1) and (2) and §§ 129, 217–220, 253 and 264 of the Insurance Activities Act apply to the fund.

(2) The fund must regularly assess its risks and solvency in accordance with clause 100 (1) 1) of the Insurance Activities Act and take the conclusions of the assessment into account upon organising its activities.

(3) The fund will establish internal rules that, among other things, set out the procedure for assessment of the risks and solvency of the funds, application of the actuarial function, management of investments, loss adjustment and indemnification. The fund must review the internal rules at least once a year and, where necessary, revise the rules. The internal rules must be in a form reproducible in writing.

(4) Section 253 of the Insurance Activities Act applies to the audit firm that audits the fund.

(5) The Financial Supervision Authority exercises supervision over the provisions of subsections (1) to (4) of this section and § 71<sup>1</sup> of this Act to the extent and in accordance with the procedure set out in Chapter 12 of the Insurance Activities Act.

(6) The accounting principles and the manner of presentation of information used upon drawing up the financial statements of the fund must be in accordance with the international financial reporting standards specified in clause 17 (1) 2) of the Accounting Act.

(7) The fund must publish its annual report within two weeks after its approval, but not later than within four months after the end of the financial year, and draw up and publish interim accounts on the three, six, nine and twelve months of the financial year within two months following the end of the respective reporting period. The annual report and the interim accounts will be published on the fund's website and made available at the seat of the fund.

[RT I, 07.07.2015, 1 – entry into force 01.01.2016]

#### **§ 71<sup>1</sup>. Fund's own funds**

(1) The fund must at all times have sufficient own funds for the performance of the obligations arising from this Act. The minimum own funds of the fund amount to ten per cent of the total amount of the technical provisions of compulsory motor insurance of the members of the fund inclusive of the portion of the reinsurer.

(2) The amount of the fund's own funds specified in subsection (1) of this section equal the fund's net assets and the total amount of subordinated liabilities.

(3) The fund's liability is deemed as subordinated and may be included among the fund's own funds if the following conditions are fulfilled:

- 1) the funds have accrued to the fund;
- 2) the fund does not secure settlement of the claim;
- 3) the time limit for settlement of the claim is at least five years or settlement of the claim must be given at least five years of advance notice of;
- 4) the fund does not have the obligation to settle the claim before the prescribed time under any conditions, except upon winding up the fund;
- 5) the claim is settled in the event of the fund's wind-up or bankruptcy following settlement of all the other recognised claims of other creditors.

(4) Immediately following the inclusion of a subordinated liability in the fund's own funds, the fund must submit the documents serving as the basis for the liability to the Financial Supervision Authority.

(5) The terms and conditions of a contract by which the fund assumes a subordinated liability may be amended only with the prior consent of the Financial Supervision Authority if data and documents serving as the basis for the amendment of the terms and conditions of the subordinated liability have been submitted to the Financial Supervision Authority along with an impartial legal assessment of the compliance of the transaction with the requirements set out in this section.

(6) In the case of a fixed-term subordinated liability, the fund will, twelve months before the due date of the claim arising from the subordinated liability, submit to the Financial Supervision Authority the current list and amount of own funds and the list and amount of estimated own funds as of the due date of the claim arising from the subordinated liability.

(7) In the case of a subordinated liability of an unspecified term, the fund will submit to the Financial Supervision Authority the data specified in subsection (6) of this section six months before settlement of the claim arising from the subordinated liability.

(8) The settlement of the claim arising from a subordinated liability included in the fund's own funds is permitted solely on the fund's own initiative and prior consent of the Financial Supervision Authority.

(9) If the amount of the fund's own funds falls below the percentage specified in subsection (1) of this section and it is not restored within one year in the course of the ordinary economic activities, the fund must submit to the Financial Supervision Authority a plan indicating the time limit and sources of financing for restoring the amount of the fund's own funds. The time limit for restoring the required amount of the fund's own funds must not exceed three years.

[RT I, 07.07.2015, 1 – entry into force 01.01.2016]

## **Chapter 7**

# **Motor Insurance Register and Data Exchange**

### **§ 72. Motor insurance register**

(1) The motor insurance register (hereinafter in this Chapter *register*) is a database that forms a part of the information system of the state and where data is processed for the following purposes:

- 1) conclusion of contracts and ensuring the performance of contracts, including resolution of insured events;
- 2) safeguarding the rights of persons harmed due to insured events;
- 3) ensuring the functioning of the motor insurance system and performance of the insurance obligation;
- 4) verification of performance of the insurance obligation;
- 5) gathering motor insurance statistics, among other things, for the purpose of assessing the insured risk, prevention of motor damage and carrying out traffic safety surveys.

(2) The register will be founded and its statutes approved by a regulation of the Minister responsible for the field.

(3) The fund is the chief processor of the register.

(4) It is presumed that the insurance cover data entered in the register is correct.

### **§ 73. Primary data of register**

(1) For the purposes of subsection 43<sup>6</sup>(1) of the Public Information Act, the primary data of the register is data about:

- 1) contracts concluded on the basis of this Act;
- 2) insured events that have occurred in Estonia;
- 3) insured events that have occurred abroad, which were caused by the use of a vehicle normally based in Estonia.

(2) The composition of the data kept in the register, persons authorised to receive data from the database, and the conditions of and procedure for presentation, issue and preservation of data are set out in the statutes of the register.

### **§ 74. Insurer's obligation to submit data**

(1) The insurer must submit to the register data about:

- 1) concluded contracts and policies issued in confirmation thereof;
- 2) withdrawal from, cancellation or amendment of contracts;
- 3) receipt of reports on insured events and registration of insured events by the insurer;
- 4) the insurer's decisions to compensate or refuse to compensate for damage;
- 5) recovery claims filed by the insurer;
- 6) vehicles destroyed due to insured events.

(2) The representative must submit to the register data about insured events that have occurred in Estonia and whereby the represented insurer is required to compensate for damage.

(3) The representative of a foreign insurer must submit to the register data about insured events that have occurred abroad and whereby the representative is engaged in identifying damage and compensating for damage on behalf of the represented foreign insurer.

(4) The composition of the data submitted to the register on the basis of this section and the conditions of and procedure for submission of data are set out in the statutes of the register.

(5) The exchange of data between the register and the data submitters specified in this section is not organised via the data exchange layer of the information system of the state.

#### **§ 75. Other registrars as data submitters**

(1) The authorised processor of the motor register submits to the register data contained in the databases of the motor register specified in clauses 174 (1) 1) and 3) of the Traffic Act.

(2) The authorised processor of the police information system submits to the register data about uninsured vehicles that have been engaged in traffic, wanted vehicles, and traffic accidents and reports of traffic accidents registered by the police.

(3) The authorised processor of the Estonian population register submits to the register data about policyholders, vehicle owners, authorised users, injured parties and drivers who caused insured events as specified in clauses 21 (1) 1) to 4), 6), 6<sup>1</sup>), 9), 9<sup>1</sup>) and 14) of the Population Register Act.

(4) The authorised processor of the register of the vehicles of the Defence Forces and the Defence League submits data to the register in accordance with the procedure established on the basis of subsection 185 (2) of the Traffic Act.

(5) The authorised processors of the commercial register and the register of non-profit associations and foundations submit to the register general data about legal persons entered in the commercial register or the register of non-profit associations and foundations.

(6) The registrar of the national register of state and local agencies submits to the register the names, registry codes and addresses of the agencies.

(7) In accordance with the procedure established by the authorised processor of the register, a health service provider submits to the register data about traffic accidents registered by it.

(8) The authorised processors of the registers specified in subsections 1) to 3) 5) and 6) of this section and the registrar submit to the register data via the information systems' data exchange layer established on the basis of clause 43<sup>9</sup>(1) 5) of the Public Information Act.

(9) The composition of the data submitted to the register on the basis of subsection (2) of this section and the conditions of and procedure for submission of data are set out in the statutes of the register.

#### **§ 76. Issue of data to injured party and policyholder**

(1) Within seven years as of the occurrence of an insured event, the chief processor of the register must issue to the injured party the following register data at the request of the latter:

- 1) the name of the insurer of the person who caused damage;
- 2) the number of the policy certifying the contract concluded with the insurer of the person who caused damage and the term of validity of the insurance cover;
- 3) the name and address of the settler of the insurer's cross-border claims appointed by the insurer in the domicile of the injured party;
- 4) the name of the authority or person in charge of the payment of compensation in the case of damage caused by the use of a vehicle specified in § 5 of this Act if the liability arising from the damage caused by the use of the vehicle was not insured.

(2) In addition to the data specified in subsection (1) of this section, the chief processor of the register must, within seven years as of the occurrence of the insured event, issue to the injured party or another person involved in the insured event the data kept in the register about the person entered in the register as the owner or authorised user of the vehicle by the use of which the insured event was caused, provided that the injured party or another person involved in the insured event requests such data and has a legitimate interest therein.

(3) In the events specified in subsections (1) and (2) of this section, the authorised processor of the register will immediately issue the data to the injured party or another person involved in the insured event.

(4) At the request of the policyholder, the chief processor of the register will issue to the policyholder in a form that can be reproduced in writing a certificate of the occurrence or absence of insured events caused by the policyholder or by the use of a vehicle related to the policyholder. The composition of the data of the insured event to be indicated on the certificate will be set out in the statutes of the register.

(5) The certificate specified in subsection (4) of this section must reflect data of at least five years preceding the submission of the request.

(6) The chief processor of the register will issue the certificate specified in subsection (4) of this section within seven calendar days as of the receipt of the request.

## **§ 77. Access to register data by insurer and other persons**

(1) The chief processor of the register must grant the insurer access to the data that is necessary for assessing the insured risk, conclusion of a contract, performance and ensuring the performance of a contract, and identifying the existence and extent of the obligation to compensate for damage, including identifying insurance fraud. Such data means, among other things, data:

- 1) about contracts and about policies issued to certify the contracts;
- 2) about insured events and filed claims for damage;
- 3) submitted to the register on the basis of § 75 of this Act;
- 4) with the help of which a connection between the injured party and the insured person is identified via third parties as well as insured events, vehicles and contracts concluded with regard to vehicles related to them.

(2) The insurer must ensure that all the data that the insurer has access to is processed solely for the purpose set out in subsection (1) of this section.

(3) On its website, the chief processor of the register ensures the possibility to make public queries through which the following data can be verified with the register based on the registration plate or vehicle identification number:

- 1) contracts concluded with regard to the vehicle and policies issued in confirmation thereof;
- 2) an insured event involving the vehicle.

# **Chapter 8**

## **State Supervision and Liability**

### **§ 78. Supervisory authorities**

State supervision over the performance of the insurance obligation established in this Act is exercised by police officers, assistant police officers and the fund.

### **§ 79. Special measures of state supervision**

To exercise the state supervision provided for in this Act, police officers, assistant police officers and the fund may take special measures of state supervision provided for in § 30 of the Law Enforcement Act on the grounds and in accordance with the procedure set out in the Law Enforcement Act.

### **§ 80. Specifics of state supervision**

(1) In the event of crossing the external border, a police officer or an assistant police officer checks the performance of the insurance obligation of only those vehicles entering Estonia, which are not normally based in a contracting state.

(2) A police officer or an assistant police officer does not allow a vehicle with regard to which the insurance obligation has not been performed in accordance with the procedure established by this Act to enter Estonia.

(3) A vehicle normally based in a contracting state or a third country vehicle entering Estonia via a contracting state or entering a contracting state via Estonia cannot be checked solely for the purpose of verifying the performance of the insurance obligation.

### **§ 81. Driving of uninsured vehicle**

The driving of a vehicle that does not have motor insurance or the failure by the driver of a vehicle normally based abroad to submit a document certifying the existence of motor insurance to a police officer or assistant police officer exercising state supervision is punishable by a fine of up to 100 fine units.

### **§ 82. Proceedings**

(1) [Repealed – RT I, 12.07.2014, 1 – entry into force 01.01.2015]

(2) The Police and Border Guard Board is the body that conducts proceedings in the misdemeanour cases provided for in § 81 of this Act.

# **Chapter 9**

# Implementing Provisions

## **§ 83. Act applicable to insured event**

The Motor Insurance Act in force before the entry into force of this Act applies to an insured event that occurred before the entry into force of this Act.

## **§ 84. Law applicable to contract**

(1) Contracts concluded before the entry into force of this Act will remain in force until the date of expiry indicated in the policy issued in confirmation of the contract.

(2) Contracts on the basis of which no valid policy has been issued will terminate upon entry into force of this Act. In the case of causing an insured event within 12 calendar months after the entry into force of this Act, the insurer under the last contract must compensate the injured party for damage on behalf of the policyholder.

(3) Contracts concluded with regard to vehicles that were temporarily deleted from the motor register before the entry into force of this Act will not terminate on the ground set out in clause 21 (1) 1) of this Act.

(4) A contract concluded before the entry into force of this Act can be terminated or amended after the entry into force of this Act only in accordance with the procedure provided for in this Act.

## **§ 85. Specifications of resolution of complaints submitted to insurance dispute committee**

Complaints submitted to the insurance dispute committee before the entry into force of this Act will be heard by the committee in accordance with the procedure for resolution of disputes set out in the Motor Insurance Act in force before the entry into force of this Act.

**§ 86.–§ 94.**[Omitted from this text.]

## **§ 95. Entry into force of Act**

(1) This Act will enter into force on 1 October 2014.

(2) Clause 35 (1) 2), subsections 35 (2) and (3) and §§ 41, 42 and 58 of this Act will enter into force on 1 January 2015.

(3) Section 88 of this Act will enter into force on 1 July 2014.

<sup>1</sup>Directive 2009/103/EC of the European Parliament and of the Council 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 (codified version) (OJ L 263, 07.10.2009, pp. 11–31).

[Annex](#) Classification of Health Damage and Bodily Injuries by Degrees of Severity