

TERMS FOR THE APPOINTMENT OF CORRESPONDENTS OF FOREIGN INSURANCE UNDERTAKINGS FOR THE HANDLING OF MOTOR ACCIDENTS CLAIMS

In Article 4 of the Internal Regulations it is provided that each Bureau shall set out the terms under which it approves or refuses the appointment of a Correspondent of a foreign insurance undertaking in its country or withdraws its approval for the appointment of a Correspondent.

The Motor Insurers' Bureau-Greece (hereinafter called "MIB") has determined the following terms for the appointment of Correspondents of foreign insurance undertakings in Greece:

Definition

Correspondent of a foreign insurance undertaking in Greece may be any insurer or other legal entity or individual appointed with the approval of the MIB with a view to handle and settle claims in Greece arising from accidents caused by vehicles insured by the foreign insurance undertaking in question, in the sense of article 4 of the Internal Regulations.

Procedure for the appointment

A foreign insurance undertaking submits a request for the approval of its Correspondent through the Bureau of which it is a member. This request shall be supported by the written confirmation of the proposed Correspondent stating that it accepts the requested appointment.

The MIB may grant or refuse its approval within three (3) months and shall notify its decision to the foreign Bureau that made the request. In the event of no response being sent, approval shall be deemed to have been granted and to have taken effect on the expiry of that period.

When the MIB approves the nomination of a Correspondent of an insurance undertaking, it immediately notifies its decision and its effective date to the Bureau that made the request as well as to the Correspondent concerned, with which it had previously signed a contract of appointment.

When a Correspondent wishes to cease being Correspondent of a foreign insurance undertaking, it will inform the MIB which shall in turn inform the Bureau that made the request for the nomination of this Correspondent in Greece.

Requirements

The minimum requirements for the appointment of a Correspondent are the following:

- The Correspondent has in-depth knowledge of the Green Card System, applies strictly the provisions of the Internal Regulations and the Decisions of the General Assemblies of the members of the CoB.

- The Correspondent has the necessary internal organisation with experienced/ specialised personnel and claims adjusters, has proven that it has a network of experts, specialised doctors and lawyers in all parts of Greece in order to be able to carry out the handling of claims successfully and meet the relevant requirements of the MIB and the Council of Bureaux.

- The Correspondent is able to contact and correspond with countries abroad at least in English.

- The Correspondent has the financial resources enabling it to pay the claims of the third parties in advance, without making such payment dependent on prior remittance by the insurer who appointed it. If, however, the MIB paid or was obliged to pay a third party any amount for account of the Correspondent, the latter shall pay immediately to the MIB the amount in question.

- If a requested Correspondent has already been appointed as claims representative pursuant to the 4th EU Motor Directive, the MIB accepts such request. If the Correspondent concerned does not fulfill the terms and conditions laid down by the MIB for the appointment of Correspondents and in particular if it does not ensure the payment of claims out of its own funds, the MIB may withdraw the appointment.

- The Correspondent has signed the Agreement for the Appointment of Correspondents with the MIB under the terms laid down by the MIB.

If the Correspondent requested for appointment is not a member of the MIB, and the application for appointment has been submitted by a foreign Bureau which requires from the members of MIB to appoint Correspondents in its country under the guarantee of one of its own members (hereinafter called "fronting"), then the requested appointment of a Correspondent in Greece shall be subject to the same (bilateral) terms demanded by the foreign Bureau.

- In the event of the Correspondent offering, instead of a "fronting" arrangement, the guarantee of a foreign Claims Settling Organisation of which the Correspondent is a subsidiary or affiliated company, such offer may be accepted only by decision of a member of the Management Committee of the MIB authorised by it to that effect. In such case the MIB shall have the right to require on expiry the renewal of the guarantee offered or the amendment of the terms thereof. This guarantee shall be forfeited at first demand in favour of the MIB in case of violation of the terms of the contract of Correspondent, without the foreign organisation having the right to have recourse to the plea of distraint and distress.

- "Fronting", following the proposal of the Correspondent to be appointed, may also be replaced by an insurance policy for Professional Third Party Liability, for third party claims that arise from the general settlement and the handling of losses in the Motor Vehicle Branch, for an amount of at least € 500,000 per loss incurring event per annum. The insurance policy must provide the right for the insured's claim under the insurance policy to be ceded to the M.I.B (as the damaged third party). The conditions in the insurance policy and the sum insured should be accepted by the M.I.B.

Tasks of a Correspondent

The Correspondent shall handle claims in the name of the Motor Insurers' Bureau - Greece and on behalf of the foreign insurer that appointed it, taking account of the best interest of the foreign insurer.

MUTUAL RELATIONS BETWEEN THE MOTOR INSURERS' BUREAU AND THE CORRESPONDENTS

1. Rights and obligations of the MIB

The MIB has a number of rights and obligations in relation to Correspondents, namely:

- The MIB recognizes that the Correspondent is exclusively competent to handle and settle claims on behalf of the insurer that appointed it subject to the following paragraph.

- The MIB may monitor the handling of claims and, at any time and without any obligation to justify its decision, take over the handling and settlement of a claim from an appointed Correspondent.

- The MIB shall inform the injured parties of the competence of the Correspondent and forward to it any information relating to the claim, as well as any lawsuits for claims concerning the insurance undertaking that appointed the Correspondent, and the latter shall provide for the defence of the protection of the interests of MIB, and the foreign Bureau or its member.

- The MIB may deny to the Correspondent the payment of a loss, under the provisions of article 4, par. 8 of the Internal Regulations, where the Correspondent that has paid the compensation and has not attempted its reimbursement from the foreign insurer, has not submitted the claim for reimbursement to the M.I.B. within one year from the payment of the loss on its part. In such case MIB is not bound to reimburse the Correspondent for any possible loss and the amounts which it has paid.

- The MIB is not bound by agreements between the insurer and the appointed Correspondent.

2. Rights and obligations of the Appointed Correspondent

The rights and obligations of a Correspondent are indicatively the following:

- The Correspondent shall handle all claims on behalf of the MIB and the insurer that appointed it in conformity with the terms of the Internal Regulations of the CoB, the Decisions of the General Assemblies of the CoB and the provisions of the Explanatory Memorandum, as well as

the legal and regulatory provisions applicable in Greece relating to liability, compensation of injured parties and compulsory motor TPL insurance taking into account firstly that it shall act in the best interests of the insurer who appointed it, as if it had issued the insurance policy itself, and secondly that the handling of the claim shall be conducted in an objective, fair way, based on the respect of the injured third parties' rights within the scope of the Intra-Bureaux Agreements.

- The Correspondent shall appoint experts and lawyers, if necessary, in order to appear before the Court in all court proceedings arising from lawsuits by injured third parties against the insurer who appointed it and/or the Motor Insurers' Bureau – Greece.

- When any settlement envisaged exceeds the limits provided under the compulsory motor civil liability insurance law applicable in Greece, whilst covered under a policy of insurance, the Correspondent shall consult the insurance undertaking.

- A Correspondent shall indemnify an injured person from its own funds without delay, if the latter is entitled to compensation, without waiting for or relating the payment of the indemnity to the receipt of funds from the insurer who appointed it.

- The Correspondent shall ensure that its enquiry for confirmation of insurance coverage will be transmitted promptly by fax or e-mail, that it will promptly answer telephone enquiries and written enquiries within one week at the latest and that it will pay any court decision which is provisionally executable or final, immediately after such decision is issued. As soon as the insurance coverage is confirmed the instruction for the handling of the claim to the Correspondent shall begin to apply.

- With three (3) months from the date the injured party presented his claim for compensation to the Correspondent, according to the meaning of the relevant provisions of the Presidential Decree 237/86 as in force, the Correspondent is obliged:

- a. To submit a reasoned compensation offer in cases where the liability is not contested and the damage has been assessed.

b. To submit a reasoned reply to the points included in the claim, in case the liability is contested, or it has not been clearly determined, or
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the
case
the
damage
has
not
been
fully
assessed

· In case of violation of the above obligations by the Correspondent, resulting in the imposition of a pecuniary penalty or fine against the MIB, the Correspondent is obliged to compensate MIB for what the latter will be obliged to pay due to that violation.

· In case the claim for compensation has been notified to MIB and concerns a claim handled by the Correspondent, the latter collaborates with MIB and follows its instructions in respect of the provisions of the legislation regarding the reasoned offer or reply to the injured party.

· In the event that the Correspondent, following its request to the insurer that appointed it, is unable to be reimbursed, it may request reimbursement from the M.I.B. (**excluding Handling Fees and late interests**)

within a maximum time limit of one year from the date of the last payment that was made to the injured party, in implementation of the provisions of article 4.8 under the Internal Regulations. The M.I.B. that shall pay the compensation will request reimbursement from the Bureau where the insurer is a member, including handling fees if due, as well as delayed interests, in accordance with article 5 of the Internal Regulations, with the requested handling fees and the delayed interests not exceeding the amounts specified under articles 5.1.3 and 5.2 of the Internal Regulations. The Correspondent will be reimbursed for the handling fees and the delayed interests by the M.I.B., when these amounts are received from the foreign Bureau where the insurer is or was a member. In such case the following conditions must be met:

- The Correspondent informs the M.I.B. of the inability to receive reimbursement and requests reimbursement within a period of minimum six (6) and maximum nine (9) months since the date

when the Correspondent has sent the demand for reimbursement to the insurer that requested its approval.

- The demand for reimbursement addressed to the M.I.B. shall be accompanied by the following documentation:

i. material proof that it had compensated the injured party before sending the demand for reimbursement to the insurer that requested its approval

ii. any document establishing the Correspondent's right to handle the claim on behalf of the insurer (containing the insurer's confirmation that insurance cover was accepted for the vehicle in question)

iii. a copy of the demand for reimbursement sent by the Correspondent to the insurer that requested its approval

iv. a copy of at least one reminder for the demand for reimbursement sent by the Correspondent to the insurer that requested its approval at least one month prior to sending the demand for reimbursement to the M.I.B.

· The payments of amounts by the MIB to the Correspondent are subject to the control and approval of the MIB Claims' Committee.

· The Correspondent shall not infringe the law or mislead the claimants and it will act abiding by the principle of objectivity and equal treatment of the parties.

· Should a Correspondent or the insurer who appointed it terminate with their own will the Correspondent's appointment, the termination of its appointment shall become effective from the date to be determined by MIB. In such case the Correspondent shall continue with the settlement and handling of all outstanding claims that have been reported to it until then.

- When the MIB receives a request from a foreign Bureau that an insurer – member of the latter wishes to appoint a new Correspondent in Greece under article 4 of the Internal Regulations, the MIB which is being asked to approve the new appointment, shall take account, among others, of the following:
 - The number of reimbursement demands that have been sent from the existing Correspondent to the insurer and remain unpaid or/and
 - The way in which the provisions of article 4(4) of the Internal Regulations have been respected by both the Correspondent and the insurer that appointed the Correspondent.
- MIB shall draw up a uniform model of Correspondents' agreement which will include, apart from the standardised terms, details of rights and obligations of the Correspondent to which the latter must adhere.

Complaints against a Correspondent

When the MIB receives a written complaint from a third party about the way a case is being handled by a Correspondent, it will contact the Correspondent and the latter shall immediately answer any question and comment in regard to the complaint. In case the Correspondent does not give a justified answer within 15 working days or/and is not able to handle the claim, the Bureau will take over the handling of the file. In such case the Correspondent must immediately hand over to MIB all documents and other particulars concerning the claim in question.

Statistics

The MIB has to provide the Council of Bureaux with yearly statistical data. To this purpose the appointed Correspondents must be prepared to supply the MIB with at least the following information:

- Number of new reported claims per calendar year

- Number of new reported claims per calendar year listed according to the country of origin of the responsible vehicle

This information has to be sent to MIB by the end of February of each year at the latest, and will refer to claims reported up to the 31st December on the basis of the data of the previous year.

The MIB may ask the Correspondent for additional data for statistical purposes, as are the statistics relating to paid and outstanding claims with a distinction between material damages and bodily injuries.

Withdrawal of a Correspondent's Appointment

Withdrawal of the appointment of a Correspondent by the MIB may be brought about:

a) By legal right (ipso jure) in case of:

- Withdrawal of the Operation Licence of the Correspondent by the competent authorities, expiry of the company's duration or winding up of the company.
- Bankruptcy, insolvency, issuance of a payment order against him by reason of a bad cheque, final conviction of the Correspondent or the undertaking's representative for criminal offence against property, life, fraud and similar.

b) Following a justified decision of the Management Committee of the MIB, mainly in case of:

- Infringement of the terms of the Agreement for the Appointment of Correspondent, the Internal Regulations of CoB and Legislation.

- Lack of requirements under which the appointment was approved.
- Unjustified non-payment or repeated unjustified delay of payments of indemnities to third parties, failure to provide the MIB with requested documentation or confirmations (statistics, information about the claims files, interest tax payments etc), failure to return to MIB funds from abroad which have been received for account of the latter by the Correspondent, and for all above cases following a written notice to the Correspondent and its non-compliance within 30 days from its reception.
- Refusal or failure to pay amounts awarded by a Court Decision against the MIB if they are less than € 9,000.

In case of withdrawal of a Correspondent's appointment for all above a) and b) cases, the Correspondent must without delay deliver to MIB all outstanding claims it handles along with any documentation of the claim files.