

REGULATION NO. 2 OF FEBRUARY 6, 2006 ON THE COMPULSORY
INSURANCE OF THE
PRIVATE ENFORCEMENT AGENTS

ISSUED BY THE MINISTRY OF JUSTICE
PROMULGATED SG No. 16 of February 21, 2006

Chapter One
GENERAL PROVISIONS

Article 1. This regulation settles the general conditions, the minimal insurance sum, the way and term of concluding compulsory insurance and exercising control upon taking out compulsory insurance.

Article 2. The objective of the Regulation is to guarantee the fulfillment of the material liability of the private enforcement agent for damages resulting from guilty non-fulfillment of his responsibilities.

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Article 3. The compulsory insurance of the private enforcement agent covers the liability for the caused to the parties, the other participants in the enforcement proceedings and to all third persons, material and immaterial damages resulting from guilty non-fulfillment of his responsibilities.

Article 4. (1) The limitations in the liability of the insurer in the compulsory insurance cannot exceed the limitations in the liability of the private enforcement agent.

(2) The insurer is responsible for the damages to the amount of the insurance sum of the taken out insurance.

Article 5. The insurance does not cover the payment of compensation for damages, resulting from:

1. indirect losses;
2. force majeure circumstances such as earthquake, storm, flood, war, revolt, revolution, uprising, military coup, assuming the reins of government, rioting, strike, lock-out, terrorism;
3. direct or indirect effect of ionizing radiation or radiation contamination;
4. illegal use of flammable or explosive materials;
5. actions of the insured party not related with his activity as a private enforcement agent;
6. fines, demurrages and other compensations owed by the private enforcement agent by virtue of a contract beyond the scope of his liability under the Law on the Obligations and Contracts;
7. damages inflicted to employees and/or workers of the private enforcement agent.

Article 6. The private enforcement agent shall bear disciplinary liability for guilty non-performance of the obligations under this Regulation.

Chapter Two
GENERAL CONDITIONS, WAY AND TERMS OF CONCLUDING, RENEWAL AND
TERMINATION OF THE INSURANCE CONTRACT

Article 7. (1) The private enforcement agent concludes a contract for compulsory insurance with an insurer who has received a permission to conduct insurance activity and a license from the Commission for Financial Supervision in accordance with the Insurance Code.

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(2) After a decision of the General Assembly of the Chamber to conclude group insurances, the Council of the Chamber of the Private Enforcement Agents can negotiate with one or more insurance companies, along competitive lines, general conditions for the insurance of the risk of 'Professional liability of the private enforcement agent'. The agreed upon general conditions are announced within a 14 days term to the members of the Chamber.

(3) The concluded by the private enforcement agents insurance contracts under par.1 with the insurer other than the ones under par.2 should be in compliance with the requirements of Article 10 of the Regulation.

Article 8. (1) The contract for compulsory insurance is concluded for a term of one year and is renewed or a new one is concluded not later than 30 days prior to its expiry.

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(2) The private enforcement agent presents to the Chamber of the Private Enforcement Agents a copy of the insurance contract together with documents certifying the payment of the insurance premium within a 7 days term from its signing or its extending for recording in the register of private enforcement agents.

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(3) Within the same term a copy of the insurance contract together with the documents certifying the payment of the insurance premium are submitted for information to the Minister of Justice.

Article 9. The Minister of Justice and the Council of the Chamber of the Private Enforcement Agents shall exercise control over the concluding of compulsory insurance under this Regulation.

Article 10. (1) The private enforcement agent is obliged, at a request, to present a certificate issued by the insurer that certifies the existence of the compulsory insurance.

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(2) The certificate should obligatorily contain the following information in Bulgarian and in English:

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1. subject of the insurance;
2. name, registration number, address of the office and telephone of the private enforcement agent;
3. number and date of the insurance policy;
4. number and date of issuance of the certificate;
5. period of validity of the insurance;
6. name, office of management, address and telephone of the insurer;
7. insurance coverage;
8. insurance sum;
9. term and way of payment of the compensation on the part of the insurer;
10. signature and seal of the insurer;
11. signature and seal of the private enforcement agent.

Article 11. (1) The insurance premium is paid once, except if the insurance contract stipulates something else.

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(2) In case of payment in installments, if the private enforcement agent is late with the payment of the installments of the premium and the delay is longer than 15 days after the receipt of the written warning of the insurer, the contract for compulsory insurance is considered terminated. This circumstance should be reflected in the insurance policy.

(3) At paying the installment of the premium, the insurance is reimbursed at 00:00 hours on the day following the payment.

(4) In case of termination of the compulsory insurance contract the insurer notifies in writing the Chamber of the Private Enforcement Agents within a term of 3 days from the termination.

(5) When the first payment is made and the private enforcement agent has delayed the payment of an installment of the insurance premium and there is an occurrence of the event insured during the 15 days term under par.2, the insurer is obliged to pay a compensation up to the amount of the insurance sum.

Chapter Three MINIMAL ANNUAL INSURANCE AMOUNT

Article 12. (1) The minimal annual insurance sum of the compulsory insurance contract the private enforcement agent is obliged to conclude is determined on the basis of the sum of the charged fees for the previous year specified in the Annual Account as per the Application – Table of the Minimal Annual Insurance Sums.

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(2) When, in the course of the year the sum of the charged fees exceeds the amount used to determine the minimal annual insurance sum, the private enforcement agent is obliged to take out additional insurance.

(3) When the insurance contract is concluded in accordance with the conditions of the Regulation and at an insurance amount higher than the minimally required one, then it is considered that the compulsory insurance is included in it.

Chapter Four ACTIONS IN OCCURRENCE OF THE EVENT INSURED

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Article 13. The event insured in “professional liability of a private enforcement agent’ insurance is the commitment of an injuring action, respectively, inaction.

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Article 14. (1) The private enforcement agent is obliged to inform the insurer of an insurance event within a 7 days term from learning of it.

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(2) Within the same term the private enforcement agent notifies the Chamber of the Private Enforcement Agents.

Article 15. (1) The specification of the insurance compensation by the insurer does not deprive the injured party of the right to request the compensation to be determined within a court proceeding.

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(2) If the claim is filed in court, the private enforcement agent is obliged to request the drawing of the insurer in the proceeding.

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(3) The injured party can file its claim, directly against the insurer.

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Article 16. An agreement between the private enforcement agent and the injured party has effect upon the insurer if he approves it.

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Final Provisions

§ 1. For the time from the taking of office by the private enforcement agent until the preparation of the first Annual Account, the minimal annual insurance sum for which the private enforcement agent is obliged to insure himself is 90 000 BGN.

§ 2. The Regulation is issued on the grounds of Article 25, par.2 of the Law on the Private Enforcement Agents.

Application to Article 12, par.1

Table of the Minimal Annual Insurance Sums

Charged Fees (in BGN)	Minimal Annual Insurance Sum (in BGN)
Up to 30 000	<u>90000</u>
From 30 000 to 150 000	<u>450 000</u>
From 150 000 to 300 000	<u>900000</u>
Over 300 000	<u>1200000</u>

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CONTROL UPON THE TAKING
OUT OF THE COMPULSORY
INSURANCE

Article 15. The Minister of Justice and the Council of the Chamber of the Private Enforcement Agents exert control over the concluding of the compulsory insurance under this Regulation.

Article 16. Noncompliance with the requirements for the conclusion and maintenance of the compulsory insurance by the private enforcement agent serves as grounds for opening of disciplinary proceedings against the offender.

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