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## TYPES OF COMPULSORY INSURANCE IN SERBIA IN 2019

PROFESSIONAL WORK

### Abstract

In Serbia, insurance is generally voluntary, and the law may establish compulsory insurance against risks to third parties and risks presenting a general peril. The aim of this paper is to present and analyse current types of compulsory insurance in Serbia. For this purpose, data from the website of the National Bank of Serbia is used as data source. According to these data, including February 2019, there are 34 types of compulsory insurance in Serbia, which are stipulated by individual laws. The paper states the characteristics of compulsory insurance, current types, as well as proposals for introduction of new types of compulsory insurance in Serbia. Based on the analysis, it can be concluded that there is no compulsory agricultural insurance in Serbia, although it is a high-risk production. The author advocates the introduction of partial compulsory agricultural insurance, which would apply to agricultural entities that are beneficiaries of a state resource.

**Key words:** *insurance in Serbia, types of compulsory insurance, insurance contract, partial compulsory agricultural insurance*

### 1. Introduction

Insurance obligations can arise in two ways, under the law or under the contract. If insurance obligations arose from the law, it is a compulsory insurance, and if the obligations arose from the contract, it is voluntary insurance.

Compulsory insurance is the insurance of persons or property insurance pursuant to the law, regardless of the will of the participants in the insurance relationship.<sup>2</sup> Compulsory insurance is, as a rule, introduced by the law and based on legal provisions, but depending on the substance of the law, the framework of these legal elements and circumstances is different. This is especially evident in the conditions of transition. Therefore, each law needs to be carefully analysed in order to reach a reliable conclusion whether a form of compulsory or voluntary insurance is constituted.<sup>3</sup>

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<sup>2</sup> Žarković, N. *Pojmovnik osiguranja*, Skonto, Novi Sad, 2013, str. 209.

<sup>3</sup> Ilijić, S. "Obavezno osiguranje stečajnih upravnika u Republici Srbiji", *Tokovi osiguranja*, časopis za teoriju i praksu osiguranja, broj 4/2012, Kompanija Dunav osiguranje A.D.O, Beograd, 2012, str. 36.

Although stipulated by the law, compulsory insurance generally requires conclusion of a contract with the insured. This results in the insurer's obligation to obtain a license to provide certain types of compulsory insurance.<sup>4</sup> There are cases when the compulsory insurance does not require the conclusion of an insurance contract. For example, in case of insurance of passengers in public transport against accident. Entities carrying on the activities of public transport of passengers are required to take insurance of passengers against accident; otherwise, such entities could not get a license to work. Therefore, a passenger being transported does not conclude the contract.

Given that the law stipulates the types, content and conditions of compulsory insurance the contractual autonomy of the parties is significantly limited compared to voluntary insurance.<sup>5</sup> One of the most desirable elements of any form of compulsory insurance is that the law (not the contract – note of Radovic G.) stipulates the minimum sum insured.<sup>6</sup>

Voluntary forms of protection dominate contemporary insurance, but there are more and more insurance types that must be concluded, especially insurance against various sources of perils that endanger third parties, including civil liability. The objective of introducing compulsory liability insurance is the protection of property of claimants.<sup>7</sup> Members of certain professions, who may be in a situation of causing harm to others through their omissions and actions, often do not have the means to compensate for such damages. Professional liability insurance is based on the concept of comprehensive risk, with two main types of risk coverage: (a) a coverage that covers only financial losses; (b) a coverage that covers property losses, financial losses and injuries.<sup>8</sup>

In some countries, insurance is compulsory for organizers of sports, cultural and other events and events with a larger number of participants, as well as for management of sports facilities and other dangerous activities. It is a compulsory insurance of participants of various events against accident or from the liability of the organizers and owners of the facilities.<sup>9</sup>

The aim of this paper is to present and analyse current types of compulsory insurance in Serbia. For this purpose, data from the website of the National Bank of Serbia is used as data source. The paper used the descriptive method as well as the method of analysis and synthesis.

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<sup>4</sup> Jovanović, S. *Pravo osiguranja*, Pravni fakultet za privredu i pravosuđe, Novi Sad, 2016, str. 50

<sup>5</sup> Žarković, N, Puzić, G. *Upravljanje osiguranjem imovine i lica u poljoprivredi*, Monografska studija, Institut za energetiku, poljoprivredu, održivi razvoj i zaštitu životne sredine, Novi Sad, 2016, str. 21-22.

<sup>6</sup> Ilijić, S. "Obavezno osiguranje stečajnih upravnika u Republici Srbiji", *Tokovi osiguranja*, Časopis za teoriju i praksu osiguranja, Broj 4/2012, Kompanija Dunav osiguranje A.D.O, Beograd, 2012, str. 40.

<sup>7</sup> Pak, J, Jeremić, Lj, Barjaktarović, L. *Osnovi osiguranja*, Univerzitet Singidunum, Beograd, 2012, str. 53.

<sup>8</sup> "Lekari, finansijski savetnici i javni beležnici prvi su na udaru sudskih tužbi", *Svet osiguranja*, 2016, Godina 6, Broj 3/2016, str. 42.

<sup>9</sup> Pak, J, Jeremić, Lj, Barjaktarović, L. *Osnovi osiguranja*, Univerzitet Singidunum, Beograd, 2012, str. 53.

## 1. Characteristics of Compulsory Insurance

Characteristics of compulsory insurance are (a) universality (comprehensiveness); (b) standardization; (c) minimalism; (d) automaticity; (e) continuity of effects (no time limits); (f) independence of the effect of the insurance from the payment of premium; (g) possibility of forcible collection of premium.<sup>10</sup>

Specificity of compulsory property insurance contracts is that they do not relate to the insured who concluded the contract, but to the property, that is, "interests protected by compulsory insurance require continuity of risk coverage."<sup>11</sup> In modern times, introduction of compulsory insurance is "the result of evaluating the arguments in favour or against such insurance that arise from the needs of a company over a certain period of its development."<sup>12</sup>

Today, compulsory insurance exists in the most developed markets, and their number is constantly increasing. For example, in France in the beginning of the 21<sup>st</sup> century, there were about 60 types of compulsory insurance,<sup>13</sup> and by the end of the first decade of the 21<sup>st</sup> century, there were already about 90 types of compulsory insurance on this market.<sup>14</sup>

Table 1 shows arguments in favour of and against compulsory insurance according to Šulejić,<sup>15</sup> a renowned domestic insurance expert and scientist. Arguments against compulsory insurance types is that they are a form of coercion against conscientious persons who are obliged to pay due to careless and unconscientious persons, so that the premium takes on the character of a tax.<sup>16</sup> On the other hand, there are opinions that these insurance types are a benefit for insureds, since premiums are lower due to the expansion of the risk community.<sup>17</sup> Specifically, the risk is shared by a larger number of persons, who are also payers of insurance, which enables a smaller monetary obligation for each member of that community. The literature states the obligation of each member of the community to take care of the safety of others, that is, to ensure their liability.<sup>18</sup>

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<sup>10</sup> *Priručnik za praksu u osiguranju i reosiguranju* DDOR Novi Sad Financing centar, Novi Sad, 1996, str. 74.

<sup>11</sup> Šulejić, P. *Pravo osiguranja*, Dosije, Beograd, 2005, str.73.

<sup>12</sup> Šulejić, P. *Pravo osiguranja*, Dosije, Beograd, 2005, str. 69.

<sup>13</sup> Šulejić, P. *Pravo osiguranja*, Dosije, Beograd, 2005, str. 72.

<sup>14</sup> Ilijić, S. "Oblici obaveznog osiguranja na početku 2008. godine (1)", *Tokovi osiguranja*, Br. 3-4/2008, Beograd, 2008, str. 3.

<sup>15</sup> Šulejić, P. *Pravo osiguranja*, Dosije, Beograd, 2005, str. 69-73.

<sup>16</sup> Šulejić, P. *Pravo osiguranja*, Dosije, Beograd, 2005, str. 69.

<sup>17</sup> Šulejić, P. *Pravo osiguranja*, Dosije, Beograd, 2005, str. 70.

<sup>18</sup> Šulejić, P. *Pravo osiguranja*, Dosije, Beograd, 2005, str. 70.

Table 1. Advantages and disadvantages of compulsory insurance

<b>Arguments in favour of compulsory insurance</b>	<b>Arguments against compulsory insurance</b>
– the need to take care of others, that is, to ensure liability	– a special form of coercion, a huge and an expensive administrative mechanism
– wider risk community - lower insurance premiums	– economic burden for an insured
– better and cheaper insurance organization	– despite coercion, there is always the avoidance of compulsory insurance
– it is necessary that a proportion of a damage is borne by an insured, if the insured caused it intentionally or negligently	– reduced attention and caution of insureds due to the existence of insurance
– insurers' competitiveness is constantly present due to the abolition of the territorial monopoly of insurance companies	– reduction of an insurer's tendency to take care about cost-effectiveness

Source: Author's review according to Šulejić, P: *Pravo osiguranja, Dosije, Beograd, 2005, str. 69-73.*

Opponents of compulsory insurance believe that it leads to a reduced insured's attention and insufficient appreciation of costs by the insurer. However, advocates believe that "it is necessary that a proportion of a damage is borne by an insured", and that any insured can choose a reliable, efficient and fair insurer.<sup>19</sup> Arguments in favour of compulsory insurance are a better and cheaper insurance organization. On the other hand, there are opposite opinions that the system of control and administration is very expensive due to the wider insurance acquisition.<sup>20</sup>

## 2. Current Types of Compulsory Insurance in Serbia

Insurance in Serbia today is mostly voluntary and the law may establish compulsory insurance against risks that endanger third parties and risks that present a general peril. According to data from the National Bank of Serbia, including February 2019, there are 34 types of compulsory insurance in Serbia stipulated by individual laws.

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<sup>19</sup> Šulejić, P. *Pravo osiguranja, Dosije, Beograd, 2005, str. 72.*

<sup>20</sup> Šulejić, P. *Pravo osiguranja, Dosije, Beograd, 2005, str. 69-73.*

The following laws stipulate types of compulsory insurance in the Republic of Serbia:<sup>21</sup>

(1) Article 2 of the *Law on Compulsory Traffic Insurance*<sup>22</sup> stipulates the types of compulsory traffic insurance: (a) insurance of passengers in public transport against accident; (b) motor third party liability insurance; (c) aircraft passenger and third-party liability insurance for aircraft owners; (d) third-party liability insurance of boat owners.

(2) Article 89 of the *Insurance Law*<sup>23</sup> stipulates compulsory insurance for insurance brokerage activities. In the process of obtaining a licence to perform insurance brokerage activities, the founders of an insurance brokerage company shall submit a Professional Liability Insurance for damages arising during the performance of their activities or an unconditional bank guarantee accepted by the National Bank of Serbia.

(3) Article 106 of the *Law on Environmental Protection*,<sup>24</sup> stipulates that a pollutant whose plant or activity presents a high degree of threat to human health and the environment shall be obliged to take liability insurance for damage caused to third parties due to an accident.

(4) Article 45 of the *Law on Tourism*<sup>25</sup> stipulates that a travel agency as the organizer of a travel, i.e. a contracted tourist travel, is obliged to provide a guarantee of travel for each passenger, in the prescribed manner, and issue a confirmation thereof.

A travel agency must have a travel guarantee for the duration of the licence. Pursuant to Article 53, Paragraphs 1 to 6 of the said law: travel guarantee in case of the insolvency of a travel agency shall ensure the costs of necessary accommodation, meals and return of passengers to the place of departure in the country and abroad, as well as any resulting claims of passengers.”

(5) Chapter IV, i.e. Articles 115 to 127 of the *Law on Obligations and the Basics of Property Relations in Air Transport*<sup>26</sup> stipulates elements of the compulsory insurance contracts in air transport.

(6) Article 10 of the *Law on Railways*<sup>27</sup> stipulates that a license for the management of railway infrastructure, incorporated in the Republic of Serbia, is issued to an infrastructure manager that provides evidence of fulfilment of conditions relating to good reputation, financial capacity and expertise. The law also stipulates a condition relating to civil liability coverage. It is “fulfilled if the claimant is adequately insured or otherwise, in accordance with applicable legal

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<sup>21</sup> Source: the National Bank of Serbia, [https://www.nbs.rs/internet/latinica/60/rlinks/obavezna\\_osiguranja.pdf](https://www.nbs.rs/internet/latinica/60/rlinks/obavezna_osiguranja.pdf), (website was visited on November 15, 2019)

<sup>22</sup> Službeni glasnik RS br. 51/2009, 78/2011, 101/2011, 93/2012, 7/2013, Odluka US.

<sup>23</sup> Službeni glasnik RS br. 139/2014.

<sup>24</sup> Službeni glasnik RS br. 135/2004, 36/2009 i dr. zakoni, 72/2009 i dr. zakoni, 43/2011 – odluka US 14/2016, 76/2018 i 95/2018 – dr. zakon).

<sup>25</sup> Službeni glasnik RS br. 36/2009, 88/2010, 99/2011 – dr. zakon, 93/2012, 84/2015 i 83/2018 – dr. zakon).

<sup>26</sup> Službeni glasnik RS br. 87/2011 i 66/2015.

<sup>27</sup> Službeni glasnik RS br. 45/2013, 91/2015 i 41/2018.

regulations and confirmed international treaties, ensured a coverage of his/her liabilities based on compensation of a loss inflicted to the train track user or third parties.”

(7) Article 433 of the *Merchant Shipping Law*<sup>28</sup> stipulates compulsion of this insurance type when passengers are carried on a seafaring ship licensed to carry more than 12 passengers. The carrier is obliged to maintain insurance or other financial guarantee in force, such as a bank guarantee or similar financial instruments to cover liability under the provisions of this law for any damage due to death or personal injury to passengers.

(8) Article 67a of the *Law on Maritime Navigation*<sup>29</sup> stipulates the obligation of legal entities performing brokerage activities in the employment of seamen, which in order to obtain the licence of the competent Ministry for carrying out these activities, must, in addition to the conditions stipulated by the law governing employment, have a valid professional liability insurance for monetary damages suffered by a seaman as a result of a failure in the work of a broker in the amount of at least 5.000 Euros in Dinar counter value, per occurrence.

In accordance with Article 67e of the law, when signing the employment contract (for the seaman), the broker is obliged to check whether the carrier had concluded insurance against liability in case of death or personal injury of the seaman to the amount determined by the applicable law or collective agreement, and whether a seaman’s repatriation system is in place, and to notify the seaman thereof.

Article 89 of the said law stipulates that a carrier is obliged to take insurance or other financial guarantee in order to cover the return expenses of the ship’s crew.

(9) Article 53 of the *Law on Safety and Health at Work*<sup>30</sup> stipulates that an employer is obliged to insure employees against workplace injuries, occupational diseases and diseases related to business activities in order to provide loss indemnity.

(10) Article 25 of the *Law on Patients’ Rights*<sup>31</sup> stipulates that a healthcare institution is obliged to insure a patient participating in a medical research prior to the commencement of such research, in case of damage to the health of that person caused by a medical research, in accordance with the relevant law.

(11) Article 72 of the *Medicines and Medical Devices Law*<sup>32</sup> stipulates that prior to the commencement of a clinical trial, the sponsor of clinical trials must insure persons subjected to clinical trials in case of damage to the health of those persons, where the damage is caused by the clinical trial of medicinal product, pursuant to the law, as well as define by a contract the amount of required costs pertaining to persons participating in a clinical trial. Article 178, Paragraph 4 of the said law stipulates that the proposer of the entry (medical device) is liable for

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<sup>28</sup> Službeni glasnik RS br. 96/2015 i 113/2017- dr. zakon.

<sup>29</sup> Službeni glasnik RS br. 87/2011, 104/2013, 18/2015 i 83/2018.

<sup>30</sup> Službeni glasnik RS br. 101/2005, 91/2015 i 113/2017.

<sup>31</sup> Službeni glasnik RS br. 45/2013.

<sup>32</sup> Službeni glasnik RS br. 30/2010, 107/2012, 113/2017 – dr. zakon i 105/2017 – dr. zakon.

any damage that may occur by using a medical device and is obliged to submit to the competent Agency evidence of insurance against the consequences of using a medical device.

(12) Article 18 of the *Law on Audit*<sup>33</sup> stipulates that the auditing company is obliged to conclude liability insurance for any damage incurred to a legal entity that is subjected to the audit, i.e. to a third party in case of violation of the audit contract or violation of the rules for performing the audit.

(13) Article 34 of the *Law on Financial Leasing*<sup>34</sup> stipulates that the lessee is obliged to insure the lease asset from risks specified in the contract, unless otherwise provided in the contract.

(14) Article 62 of the *Law on Public Ski Resorts*<sup>35</sup> stipulates that training in skiing at ski resorts may be provided by a legal entity, an entrepreneur, or a ski school, with the consent of the ski centre, which must conclude a contract for insurance of users of training services against accident.

(15) Article 17 of the *Mortgage Law*<sup>36</sup> stipulates that the owner of mortgaged real estate shall insure the subject of mortgage against all of the usual risks prior to conclusion of the mortgage agreement.

(16) Article 1 of the *Deposit Insurance Law*<sup>37</sup> stipulates that the law regulates the statutory insurance of deposits of natural persons, entrepreneurs, and micro, small and medium-sized legal entities in banks for the purpose of protection of deposits of these persons and entities in case of bankruptcy or liquidation of banks and maintaining financial stability of the financial system.

(17) Article 25 of the *Law on Bankruptcy*<sup>38</sup> stipulates that persons having submitted the evidence of having the compulsory professional liability insurance for the current year, in addition to the licence to practise as a bankruptcy administrator, and registered as sole traders or partners in a partnership, shall be entered into the list of bankruptcy administrators as active bankruptcy administrators.

(18) Article 37 of the *Law on Advocacy*<sup>39</sup> stipulates that an attorney at law is obliged to conclude a professional liability insurance with an organization registered for this insurance type, whereby it is possible for the Bar Association to conclude a collective liability insurance for all attorneys at law in its directory. The said law defines that the Bar Association of Serbia shall define the minimum sum insured for professional liability insurance.

(19) Article 59 of the *Law on Public Notaries*<sup>40</sup> stipulates that the public notary is obliged to conclude, prior to the commencement of work, an insurance

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<sup>33</sup> Službeni glasnik RS br. 62/2013 i 30/2018.

<sup>34</sup> Službeni glasnik RS br. 55/2003, 61/2005, 31/2011, 99/2011 – dr. zakon.

<sup>35</sup> Službeni glasnik RS br. 46/2006.

<sup>36</sup> Službeni glasnik RS br. 115/2005, 60/2015, 63/2015 – odluka US i 83/2015.

<sup>37</sup> Službeni glasnik RS br. 14/2015 i 51/2017.

<sup>38</sup> Službeni glasnik RS br. 104/2009, 99/2011 – dr. zakon, 71/2012 – odluka US i 83/2014 i 44/2018.

<sup>39</sup> Službeni glasnik RS br. 31/2011, 24/2012 – odluka US.

<sup>40</sup> Službeni glasnik RS br. 31/2011, 85/2012, 19/2013, 55/2014 – dr. zakon, 93/2014 – dr. zakon, 121/2014, 6/2015 i 106/2015.



contract for any damage he/she could cause while performing his/her activity. The said law also stipulates that this insurance includes liability insurance for deputies, assistants, trainees and other persons working with the public notary. The competent Bar with the consent of the Ministry of Justice shall determine the minimum sum insured.

(20) Article 478 of the *Law on Enforcement and Security Interest*<sup>41</sup> stipulates that prior to taking the oath, the public enforcement officer shall conclude an insurance contract for potential damage to third parties in the course of his/her activities, and an insurance contract for premises and items taken in deposit, for the occurrence of their damaging, destruction or loss. Article 487, Paragraph 1, Item 5 stipulates that the public enforcement officer shall be dismissed if he/she failed to pay the insurance premium for the damage that he/she might cause to a third party by his activity, as well as the premium for insurance of the premises and items taken in deposit for the occurrence of their damaging, destruction or loss.

(21) Article 5 of the *Law on Brokerage and Lease of Real Estate*<sup>42</sup> stipulates that the condition for entry in the Register of Brokers is a valid insurance contract concluded in accordance with Article 13 of this law.

(22) Article 62 of the *Waste Management Act*<sup>43</sup> stipulates that in addition to the application for a license for storage, treatment and disposal of waste, the operator shall also submit financial and other guarantees or appropriate insurance in the event of accident or damage to third parties. Article 72, Paragraph 3 of the said law stipulates that the applicant provides for each cross-border movement of waste the appropriate financial guarantee and insurance policy or some other form of insurance depending on the request by the state of import or transit, in the amount necessary to cover the costs of the waste treatment, as well as the costs of decontamination in the event of accident.

(23) Article 129a of the *Law on Planning and Construction*<sup>44</sup> stipulates that a company, i.e. other legal entity or an entrepreneur carrying the activities of preparation and control of technical documentation, i.e. that is a contractor, an entity conducting professional supervision or technical control, shall be insured against liability for damage they may cause to the other party or a third party.

(24) Article 25 of the *Law on Mining and Geological Explorations*<sup>45</sup> stipulates that a legal entity performing the engineering control is responsible for the quality of engineering control of the geological explorations. Therefore, a legal entity or an entrepreneur preparing the technical documentation shall be insured against liability for any damage that an entity may cause to the other party, i.e. the third party.

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<sup>41</sup> Službeni glasnik RS br. 106/2015 i 106/2016 – autentično tumačenje.

<sup>42</sup> Službeni glasnik RS br. 95/2013 i 41/2018.

<sup>43</sup> Službeni glasnik RS br. 36/2009, 88/2010, 14/2016 i 95/2018 – dr. zakon

<sup>44</sup> Službeni glasnik RS br. 72/2009, 81/2009 – ispr, 64/2010 – odluka US, 24/2011, 121/2012, 42/2013 – odluka US, 50/2013 – odluka US, 98/2013 – odluka US, 132/2014, 145/2014 i 83/2018.

<sup>45</sup> Službeni glasnik RS br. 101/2015 i 95/2018 – dr. zakon.



(25) Article 21 of the *Law on Sport*<sup>46</sup> stipulates that a sports organization is obliged to conclude accident insurance for its top athletes and top sports professionals while performing sports activities, i.e. professional work in sports, based on the determined ranking of athletes and sports experts.

(26) Article 9 of the *Law on Metrology*<sup>47</sup> stipulates that business entities and other legal entities may engage in verification of measuring instruments if they meet the requirements, in particular regarding liability insurance for damages caused to third parties in connection with the verification of measuring instruments.

(27) Article 52 of the *Law on Housing and Building Maintenance*<sup>48</sup> stipulates that prior to issuing a licence, or applying for a renewal of a licence, a licensed professional manager shall conclude a professional liability insurance valid for at least three years and submit a copy of the said contract to the Chamber of Commerce and Industry of Serbia with the documentation required for obtaining or renewing the licence in accordance with this law.

(28) Article 12 of the *Law on Real Estate Appraisers*<sup>49</sup> stipulates that prior to issuing a licence or applying for a renewal of a licence, a licensed appraiser shall conclude a professional liability insurance valid for at least three years and submit a copy of the said contract to the Ministry with the documentation required for obtaining or renewing the licence in accordance with this law.

(29) Article 12 of the *Law on Technical Requirements for Products and Conformity Assessment*<sup>50</sup> stipulates that when the technical regulation specifies that conformity assessment is conducted by the appointed conformity assessment body, such regulation shall also specify the requirements to be met by such body, particularly with respect to liability insurance.

(30) Article 31 of the *Law on Electronic Document, Electronic Identification and Trust Services for Electronic Transactions*<sup>51</sup> stipulates that a provider of qualified trust services must obtain the liability insurance for any damage due to performance of a qualified trust service.

(31) Article 33 of the *Dual Education Law*<sup>52</sup> stipulates that an employer shall provide insurance for a student undertaking work-based learning during work-based learning with the employer in case of an injury.

(32) Article 58 of the *Law on Medical Devices*<sup>53</sup> stipulates that the manufacturer shall provide insurance against damage that may occur when using a medical device, in accordance with the law.

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<sup>46</sup> Službeni glasnik RS br. 10/2016.

<sup>47</sup> Službeni glasnik RS br. 15/2016.

<sup>48</sup> Službeni glasnik RS br. 104/2016.

<sup>49</sup> Službeni glasnik RS br. 108/2016 i 113/2017 – dr. zakon.

<sup>50</sup> Službeni glasnik RS br. 36/2009.

<sup>51</sup> Službeni glasnik RS br. 94/2017.

<sup>52</sup> Službeni glasnik RS br. 101/2017.

<sup>53</sup> Službeni glasnik RS br. 105/2017.

(33) Article 103 of the *Law on Disaster Risk Reduction and Emergency Management*<sup>54</sup> stipulates that persons performing protection and rescue activities in providing international assistance in multinational operations in other countries shall be insured against injuries and loss of life.

(34) Article 208 of the *Law on Radiation and Nuclear Safety and Security*<sup>55</sup> stipulates that the licensee for nuclear activity performance shall conclude and maintain liability insurance for the nuclear damage. The insurer cannot stop or cancel the insurance without previously informing the licensee in writing not later than six months before discontinuing, i.e. cancelling the insurance policy.

### **3. Proposals for Introduction of New Types of Compulsory Insurance**

There are proposals in the domestic professional and scientific literature for introduction of other types of compulsory insurance in Serbia. There are currently proposals for introduction of compulsory fire insurance, compulsory liability insurance of property owners, as well as introduction of partial compulsory agriculture insurance.

Proposal for introduction of compulsory liability insurance of property owners includes liability insurance of property owners and compensation of direct damage to third parties in the event of a sudden and unexpected event. According to proposers Žarković N. and Samardžić S, introduction of the proposed compulsory insurance would “improve protection of persons and property, which is certainly the most important task of a modern insurance industry”.<sup>56</sup>

Having in mind that agricultural production is exposed to numerous risks we believe that it is necessary in future to consider the possibilities and needs to include the agricultural insurance in the group of compulsory insurance in Serbia, i.e. to introduce partial compulsory agricultural insurance.<sup>57</sup> Compulsory insurance should be introduced because of the importance of agriculture for the Serbian economic system.

Analysis of historical data led to the conclusion that there were attempts to introduce compulsory agricultural insurance in Serbia. The first attempt to introduce compulsory agricultural insurance against hail was made at the end of the 19<sup>th</sup> century.<sup>58</sup> After the World War II, under the conditions of an administrative management system, compulsory insurance was dominant in all economic

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<sup>54</sup> Službeni glasnik RS br. 87/2018.

<sup>55</sup> Službeni glasnik RS br. 95/2018.

<sup>56</sup> Žarković, N, Samardžić S. “Predlog za uvođenje obaveznog osiguranja od odgovornosti vlasnika nepokretnosti”, *Evropska revija za pravo osiguranja*, Udruženje za pravo osiguranja Srbije, Godina XVIII, Br. 1/2019, Beograd, 2019, str. 19-31.

<sup>57</sup> Radović, G. “Osiguranje poljoprivrede kao moguće obavezno osiguranje u Srbiji”, *Tokovi osiguranja*, Časopis za teoriju i praksu osiguranja, Godina XXXIII, Broj 1/2017, Kompanija Dunav osiguranje A.D.O, Beograd, 2017, str. 7-23.

<sup>58</sup> Šulejić, P. *Pravo osiguranja*, Dosije, Beograd, 2005, str. 69.

sectors. At that time, compulsory insurance premiums accounted for 75% of total premiums. With the abolition of the administrative management system, compulsory insurance “has become a hindrance to a system of independent business organizations which had to preserve the freedom to decide for themselves on the integrity of their assets and the possibility to freely choose their insurer and establish business relations with the insurer.”<sup>59</sup>

The need for introduction of compulsory agricultural insurance has been current in recent years in the domestic professional and scientific public. There are certain proposals, but mostly they are not realized due to the unfavourable economic position of agricultural farms with a small property that make up the dominant majority in the overall structure of agricultural farms in Serbia. We believe that in order to ensure economic protection of agricultural production, and given that agricultural insurance premiums are not high, and that there is a significant recovery of premiums from the agricultural budget, the proposal for introduction of partial compulsory agricultural insurance should be considered in the next period, above all, partial compulsory insurance for crop production.

The term selective, i.e. partial compulsory agricultural insurance, means the compulsion of insurance for all agricultural entities that are beneficiaries of a state resource. In particular, these are agricultural entities that are beneficiaries of subsidies from the agricultural, provincial or local self-government budgets, beneficiaries of agricultural loans with subsidized interest, as well as lessees of the state agricultural land.<sup>60</sup> We believe that these agricultural entities, as beneficiaries of a state resource, are especially obliged to take care of the economic protection of their production.

In order to introduce such compulsion, first, it is necessary to pass laws on partial compulsory agricultural insurance, as well as to develop a map of agricultural risks specific to certain areas of the Republic of Serbia, to define risk zones and risk coefficients.<sup>61</sup>

## **4. Conclusion**

Based on the analysis, it can be concluded that currently there are 34 types of compulsory insurance in Serbia. They cover various risks, that is, provide economic protection for work process or responsible persons in different industries. These are compulsory insurance types that exist for many years, such as compulsory traffic insurance, tourism, maritime navigation, etc. Compulsory insurance types were introduced in activities that are more recent and exposed to significant or numerous risks. These are e-commerce, metrology, dual education, etc. Having in mind that compulsory insurance exists in the most developed markets as well as

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<sup>59</sup> Šulejić, P. *Pravo osiguranja*, Dosije, Beograd, 2005, str. 69.

<sup>60</sup> Radović, G. *Poljoprivredno osiguranje kao moguća vrsta obaveznog osiguranja u Republici Srbiji*, Doktorska disertacija, Univerzitet „Džon Nezbit“, Fakultet za poslovne studije, Beograd, 2016, str. 218.

<sup>61</sup> Radović, G. *Poljoprivredno osiguranje kao moguća vrsta obaveznog osiguranja u Republici Srbiji*, Doktorska disertacija, Univerzitet „Džon Nezbit“, Fakultet za poslovne studije, Beograd, 2016, str. 218.

the fact that their number is continuously increasing, we believe that compulsory insurance should not be considered as a “compulsion” but an investment, that is, an investment for the purpose of business security.

Considering the current needs of economic protection of the economy and the population, this paper contains proposals for introducing some new types of compulsory insurance in Serbia, as reasons for their usefulness. Specifically, proposals for introduction of compulsory fire insurance, compulsory liability insurance against of the property owners, as well as introduction of partial compulsory agricultural insurance are current in the professional and scientific literature.

The proposed model of partial compulsory agricultural insurance means a compulsion for only agricultural entities that are beneficiaries of a state resource, as they are the most competent ones to take care of economic protection of their production. According to the proposed model, the compulsion would include insurance against risks that are the most common in the area where agricultural entities are located. Therefore, it is necessary to draw a map of agricultural risks present in certain areas in Serbia, to define risk zones, as well as risk coefficients.

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