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## **TWO CURRENT FORMS OF MANDATORY PROFESSIONAL LIABILITY INSURANCE IN THE REPUBLIC OF SERBIA**

REVIEW ARTICLE

### **Abstract**

The paper highlights two current forms of mandatory professional liability insurance in Serbia. Hence, the paper comprises two parts and a conclusion. The first part considers the form of short-term mandatory professional liability insurance of the bankruptcy trustee and the basic elements of the procedure for concluding supplementary insurance against the professional liability of the bankruptcy trustee under the Law on Agency for Licensing of Bankruptcy Trustees and the Law on Bankruptcy. The second part first outlines the legal position of a licensed real estate appraiser as a new freelance profession, followed by considerations of a form of long-term mandatory professional liability insurance of the real estate appraisers under the Law on Real Estate Appraisers. In conclusion, the author recommends a few amendments, first to the Bankruptcy Law and then to the Law on Real Estate Appraisers.

**Key words:** *the form of short-term mandatory insurance; the form of long-term mandatory insurance; bankruptcy trustee; real-estate appraiser.*

### **1. Introductory Note**

The subject of the paper includes two forms of compulsory professional liability insurance, which are prescribed under the applicable laws of the Republic of Serbia. The basis for consideration are the regulatory shapes or forms of mandatory liability insurance. Such shapes or forms of the mandatory insurance rely upon the classical division into voluntary and mandatory insurance, according to the manner of insurance creation<sup>2</sup>. In the past, the legal and unconditionally prescribed forms of mandatory liability insurance have dominated the legal theory

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<sup>2</sup> Prof. Predrag Šulejić, PhD, *Insurance Law*, Fifth Amended Edition, Dosije, Belgrade, 2005, p. 69–73.

of the RS<sup>3</sup> but there were also a few conditionally prescribed forms of this type of insurance. We can classify all previous legal forms of mandatory liability insurance in the RS as short-term mandatory liability insurance.

Serbian insurance law prescribes the short-term insurance form as a contractual insurance with a term of one year or less<sup>4</sup>, considering which, the contractual insurance with a term of validity of more than one year was deemed a long-term insurance. At the beginning of the second decade of the 21<sup>st</sup> century, a novelty appeared in the RS legislature - a form of long-term compulsory insurance against the professional liability of real estate appraisers. This novelty, in addition to the existing numerous forms of legal and short-term mandatory liability insurance, completed the current picture of the compulsory liability insurance in the RS.

## **2. Applicable Laws Stipulating Forms of Mandatory Insurance**

### **2.1. Law on Bankruptcy**

**2.1.1.** The Law on Bankruptcy<sup>5</sup> was adopted in 2009, but started to apply as of 1<sup>st</sup> July 2010. Prior to its adoption, the Serbian<sup>6</sup> theory of insurance law proposed to include into the bankruptcy legislature a mandatory professional liability insurance for bankruptcy trustees. The law in general accepted this proposal. However, other proposals coming from the insurance law<sup>7</sup> science in relation to the mandatory bankruptcy trustee insurance await one of the next Law amendments.

**2.1.2.** The law has applied for more than a decade. During this time, an Article including four highly developed paragraphs<sup>8</sup> stipulated a form of mandatory professional liability insurance of the bankruptcy trustee. The subtitle above the article is mandatory insurance. Given the focus of this paper is on forms of mandatory professional liability insurance and the cited Article touches upon a supplementary insurance, it is necessary to dwell upon all paragraphs of the mentioned Article. Already in the first paragraph, the Law provided that an active bankruptcy trustee<sup>9</sup> was obliged to conclude a contract on mandatory professional

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<sup>3</sup> Slobodan Ilijić, LL.M., Forms of Compulsory Insurance at the Beginning of 2008 (I), *Insurance Trends*, no. 3–4 / 2008, p. 3–17; Slobodan Ilijić, MA, Forms of Compulsory Insurance at the Beginning of 2008 (II), *Insurance Trends* no. 1–2, 2009, p. 26–40.

<sup>4</sup> Prof. Boris Marović, Ph.D., Asst. Nebojša Žarković, PhD, *Leksikon osiguranja*, DDOR “Novi Sad”, AD and DP *Budućnost*, Novi Sad, 2002, p. 124.

<sup>5</sup> Law on Bankruptcy – Law, *Official Gazette of the RS*, no. 104/2009, 99/2011-other law, 71/2012-US, 83/2014, 113/2017, 44/2018 and 95/2018).

<sup>6</sup> Prof. Vladimir Čolović, PhD, “Compulsory Liability of the Bankruptcy Trustee”, *Proceedings of the Conference* by Privredni savetnik a.d. from Belgrade, held in Vrsac, on March 2007.

<sup>7</sup> Slobodan Ilijić, LL.M., “New Form of Liability Insurance”, *Osiguranje*, Dunav Insurance Company a. d. about. no. 347 (March 2008), p. 64–65.

<sup>8</sup> The Law, Art. 30.

<sup>9</sup> Law, Art. 30, para. 1.

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liability insurance with the Insurer to the amount of at least EUR 30,000 in RSD equivalent at the date of conclusion of the contract. Moreover, the first paragraph of the cited Article stipulates that the active bankruptcy trustee shall conclude the said contract on his own behalf and for his own account; by the end of the first paragraph, it is emphasized that the mandatory insurance of the bankruptcy trustee shall cover all the risks associated with the performance of the bankruptcy trustee activities. As per the second paragraph<sup>10</sup> of the same Article, the creditors committee is entitled to demand, at any time, that the bankruptcy trustee conclude a supplementary professional liability insurance contract for a specific bankruptcy proceedings the amount of which exceeds EUR 30,000, whereas the trustee is obliged to effect such insurance, unless he can prove that no such cover was available on the market. The third paragraph<sup>11</sup> of the same Article authorizes the creditors committee to determine an amount of the supplementary insurance in view of the amount of the bankruptcy estate and particular circumstances, as well as the existing and pending risks, whereby the bankruptcy judge, acting ex officio or upon request of the interested party, may order the amount reduction or ban the assumption of supplementary insurance if the judge assesses that the cost of the supplementary insurance premium is unreasonably high. Finally, according to the fourth paragraph<sup>12</sup> of the same Article, the supplementary insurance premium is the obligation of the bankruptcy estate. The foregoing first resulted in the legal rules regulating the conclusion of bankruptcy trustee's mandatory insurance and then in the basic elements for concluding the bankruptcy trustee's supplementary professional liability insurance.

**2.1.3.** Unlike the legal rules regulating the conclusion of the mandatory insurance contract, the bankruptcy trustees' mandatory professional liability insurance in practice is effected based on the Law on the Agency for Licensing of Bankruptcy Trustees<sup>13</sup>. Namely, the entire procedure for obtaining the bankruptcy trustee license (examination of theoretical and practical knowledge of candidates) is carried out in accordance with the Law on the Agency, so in case of a positive outcome of this part of the procedure, the candidate obtains the bankruptcy trustee license. When an individual candidate obtains a bankruptcy trustee license under the Law on Agency, he is still a practically inactive bankruptcy trustee, that is, he cannot, in such a capacity, be appointed a bankruptcy trustee for a particular bankruptcy case. The status of an active bankruptcy trustee under the Law on Agency is only acquired when the new licensee has concluded a contract on mandatory professional liability insurance, in accordance with the legal rules. It is only after the conclusion of the mandatory insurance that an active bankruptcy trustee shall become eligible to be appointed by a bankruptcy judge

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<sup>10</sup> The Law, Art. 30 para. 2.

<sup>11</sup> The Law, Article 30, Paragraph 3

<sup>12</sup> Law, Article 30, Paragraph 4

<sup>13</sup> Law on Agency for Licensing of Bankruptcy Administrators - Law on Agency, *Official Gazette of RS*, No. 84/2004, 104/2009 and 89/2015.

for a particular bankruptcy case. We conclude that the legal rules on concluding a contract on mandatory insurance of a bankruptcy trustee are legally regulated but the status of an active bankruptcy trustee who qualifies for the appointment by a bankruptcy judge for a particular bankruptcy case is regulated under the Law on Agency. This procedure includes the writing of the mandatory insurance contract for a bankruptcy trustee professional liability.

**2.1.4.** Upon conclusion of the mandatory insurance contract, the bankruptcy judge of the active bankruptcy trustee may bring a Decision to appoint a bankruptcy trustee for a specific bankruptcy case. The Bankruptcy Trustee has since become the body of the specific bankruptcy proceedings. Substantially and temporally much later, when the creditors' assembly elects the creditors' committee in an open bankruptcy proceedings, the procedural assumptions set out in the law require that the board of trustees require the bankruptcy trustee to additionally insure against professional liability for an insurance amount of more than EUR 30,000 in RSD equivalent. Undoubtedly, at the moment of submission of the request of the creditors committee, the bankruptcy trustee is obliged to have possessed the insurance cover for EUR 30,000 in RSD equivalent. As for the procedure for acquiring supplementary insurance, the required sum insured depends on the actual and estimated risks that the bankruptcy estate is exposed to and the interests and rights of creditors in the particular bankruptcy proceedings. Depending on such risks, the creditors committee shall determine the sum insured to which the supplementary insurance may be contracted. The following fact is important in the procedure of acquiring a supplementary insurance cover: namely, the trustee is obliged to contract the required insurance unless he can prove that there was no available market offer for such insurance. Finally, the bankruptcy judge may reduce the sum insured or, in general, ban the conclusion of the bankruptcy trustee's supplementary insurance contract if he considers the cost of the supplementary insurance premium to be unreasonably high. Within the described legal procedure on the elements of concluding supplementary insurance, the bankruptcy judge's right should relate to two legal facts. The first is that, in the case of mandatory insurance contract, bankruptcy trustee pays the premium out of his own pocket. On the contrary, when contracting the supplementary insurance, the premium is paid from the assets of the bankruptcy estate. For this reason, the bankruptcy judge has a final word as regards the basic elements of concluding a supplementary insurance contract. The form of mandatory insurance against the professional liability of bankruptcy trustee is regulated under the provisions of the Law and the Law on the Agency and is known in insurance practice as statutory mandatory insurance. The basic elements of supplementary insurance against the professional liability of the bankruptcy trustee are regulated by the Law and are characterised according to the acquisition procedure for this kind of contract.

**2.1.5.** The regulation of the mandatory professional liability insurance form has inspired the legislator to define the basic elements of the procedure for entering into supplementary insurance contracts. The first element used in the Law was a type of insurance business. By stipulating the form of mandatory

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insurance, the Law<sup>14</sup> started from the type of insurance when determining the basic elements. The liability insurance, in particular, is a type of insurance business usually considered as property line. The legislator treats the Policyholder as the same and the type of insurance is the same. The second used element is a short-term insurance. Starting from the insurance practice in Serbia, the Lawmakers considered that professional liability insurance is usually contracted as short-term. In other words, the bankruptcy trustee's insurance contract for the primary and supplementary insurance is concluded to the period of one year. The third item used in the Law expresses in the manner of determining the sum insured. Namely, the Law denominates the sum insured in euros, but its level is stated in dinar equivalent as of the date of conclusion of the mandatory insurance contract and/or the date of the conclusion of the supplementary voluntary insurance contract. According to a few attitudes<sup>15</sup>, the legislator used this method of determining the sum insured to solve the problem of executing the insurance contract in a period of high inflation. Such a method of determining the sum insured has for some time persisted in a number of laws, so, in this respect, the adoption of this law in 2009 was nothing new. The fourth element used in the Law proposes to define the insurance coverage. The definition of insurance coverage in the Law covered all the risks associated with performing the activities of a bankruptcy trustee<sup>16</sup>. According to the author of this paper, the legal definition of insurance coverage is not clear, since it requires a preliminary determination, in each particular case, whether an activity, act or omission is related or unrelated to the bankruptcy trustee industry and whether the exclusions and limitations under the general insurance terms and conditions apply to it. Namely, the bankruptcy trustee can cause damage to the participant of the procedure if, for example, in the case of a blocked account of the bankruptcy debtor he favours one creditor to the detriment of another (pays out one, fails to pay another). A bankruptcy trustee can cause damage to a third party if, when drafting a list of creditors, for example, he includes one creditor and fails to include another. In this situation, the creditor that is not listed becomes a third party as compared to other creditors listed within a particular bankruptcy case. Such third party creditor is so damaged by the bankruptcy trustee (though the damage could have been caused directly by an employee of the bankruptcy trustee). The described practical examples are among a few clear situations for the insurer or the court, but due to the given legal definition, many more situations remain unclear and will need to be resolved in the court of law. The author recommends that one of the following amendments to the Law should cast out the specified definition of insurance coverage as unclear. The proposed definition should express the scope of insurance coverage, so that coverage in a specific bankruptcy proceeding

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<sup>14</sup> The Law, Article 30

<sup>15</sup> Prof. Predrag Šulejić, PhD, "Legal Issues in Insurance in Serbia", *Law and Economy*, no. 5–6 / 2001, pp. 644–645.

<sup>16</sup> Slobodan Ilijic, MSc, "Positive Legal Aspects of Compulsory Insurance for Bankruptcy Trustees and Lawyers in Serbian Insurance Law", *Insurance Trends* no. 1/2019, p. 10.

includes the following: “any omissions and errors that have caused damage to the party to the proceedings or to a third party.” The fifth element used in the Law relates to the liability of the trustee. Namely, the insurance practice considers that the bankruptcy trustee is liable only for property (financial) damage, which he may cause by his omission or error in the bankruptcy proceedings. The Law, as we see, used the five elements that helped define the mandatory insurance to lay down the basic elements for negotiating the supplementary insurance, being one of the specifics of this Law.

### **3. Law on Real Estate Appraisers**

**3.1.** The Law on Real Estate Appraisers<sup>17</sup> entered into force on 6 January 2017, but started to apply as of the 150th day following the date of its entry into force. This means that the Law began to apply on May 26, 2017. The Law introduced a new profession, as a concept of real estate appraiser. The comparative law used the same or similar title for the subject new profession<sup>18</sup>. In addition to the real estate appraiser, the comparative law also included the following titles<sup>19</sup>: authorized real estate appraiser, certified appraiser, permanent court expert for real estate appraisal (in Croatian law). The law regulated a number of issues related to the liability of real estate appraisers, introducing, on such a basis, a long-term mandatory liability insurance of real estate appraisers. The law and regulations in comparative European law were inspired by the Directive 2014/17/EU<sup>20</sup>. This Directive regulated many aspects of consumer credits for real estate covered by a mortgage or other similar collateral. It introduced standards in the appraisal of real estate by independent appraisers. In the implementation of the Directive, a number of countries (in addition to EU member states) have introduced independent appraisers and many also a compulsory professional liability insurance for the real estate appraisers. The specificity of the Law of the Republic of Serbia is a form of long-term mandatory insurance against professional liability of real estate appraisers.

**3.2.** The provisions of the Law of the Republic of Serbia on the liability of the real estate appraiser proposed an answer to the question what constitutes the subject of work of this new profession, that is, what includes the real estate appraised by the real estate appraiser? According to the Law, the real estate<sup>21</sup> includes land

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<sup>17</sup> Law on Real Estate Appraisers - Law, *Official Gazette of RS*, no. 108/2016 and 113/2016-other law

<sup>18</sup> Goran Blagojevic, Denis Pačarić, “Legal Status of Appraisers in Particular European Countries, Research Paper (Comparative Review)”, Research Center of the Parliamentary Institute of the Republic of Montenegro, Podgorica, June 2019, 1-19, [www.skupština.me / images / dokument/biblioteka + istraživanje/ 2019/](http://www.skupština.me/images/dokument/biblioteka+istraživanje/2019/)

<sup>19</sup> G. Blagojević, D. Pačarić, pp. 11

<sup>20</sup> Directive 2014/17 / EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48 / EC and 2013/36 / EU and Regulation (EU) No 1093/2010 Text with EEA relevance - Directive 2014/17 / EU

<sup>21</sup> The Law, Article 2, Item 1.

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(agricultural, construction, forests and forest land), facilities (business, residential, commercial and any combination of these etc.) and other facilities as well as special parts of the building (apartments, business premises, garages and garage locations etc.) that may be subject to a separate right of ownership. However, the comparative law defines some other cases that the appraiser evaluates. Under the Slovenian law<sup>22</sup>, certified real estate appraisers evaluate enterprises, plants and equipment, as well as other assets of an entity. According to Croatian law<sup>23</sup>, this Law applies in appraising the real estate, their parts, parcels and other real property rights, such as actual value. The appraisal in Croatian law is a multidisciplinary procedure of assessing the actual value as per requirements of the Ordering Party, carried out by permanent court experts for property appraisals and permanent court appraisers, whose authority derives from special regulations governing the work of courts and enforcement procedures. In contrast to the comparative law examples cited above, the Law of the Republic of Serbia defines a real estate appraiser only for the purpose of appraising the accurately pre-defined real estate.

**3.3.** From the point of view of the topic of this paper, the provisions of the Law that introduce a form of long-term professional liability insurance of appraisers are particularly important. Specifically, it stipulates that a licensed appraiser shall conclude a professional liability insurance to a period of at least three years.<sup>24</sup> According to the Law, the contract shall be submitted by the appraiser to the competent Ministry when applying for the title of a licensed appraiser, as well as the policy of the contract with each application for renewal of the appraiser's license. The mentioned Law provisions introduced, for the first time in the independent state of Serbia, a long-term mandatory liability insurance. There are relatively few provisions on this form of long-term mandatory insurance in the Law, comparing their number with the number of articles treating the administrative and legal regime of the real estate appraiser. Only the implementation of the Law is expected to raise important legal issues regarding this form of long-term mandatory professional liability insurance.

**3.4.** From the provisions of the Law, some features of the long-term mandatory insurance of real estate appraisers can be derived. One of the first features is that such kind of insurance contract is to be concluded before the interested party obtains the real estate appraiser's licence and before the renewal of such licence. This should be understood as the interest of the legislator to make the act of writing an insurance contract as an indispensable and inevitable condition for obtaining and renewing the license of a real estate appraiser. In terms of insurance practice, however, this contract still looks like a pre-contract, because it is effected before the license is acquired and before the insurer can identify and assess the risks of the type of appraisal that a prospective policyholder would opt for. Another feature of this long-term mandatory insurance form refers

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<sup>22</sup> Audit Law, *Official Gazette* no. 65/2008, Article 87

<sup>23</sup> Law on Real Estate Appraisal, *Official Gazette* No.88 / 2015, Article 3

<sup>24</sup> Law, Article 12, Paragraph 1.



to the right of the licensed appraiser and insurer, as contracting parties, to agree on the period for which this mandatory professional liability insurance applies. The shortest stipulated period for which this form of long-term mandatory insurance is agreed is three years, as provided under the Law. This means that the Law allowed the contract to be concluded, in addition to a three-year validity period, to a four-year, five-year, as well as a longer period. The third characteristic of this long-term mandatory insurance relies upon the calendar criteria for determining long-term insurance. Namely, in the introduction of this paper, it is clear that long-term insurance is considered in Serbian industry to be the one that is contracted for a period of more than a year. However, comparative insurance law stipulates different criteria for defining the long-term insurance. One of these different criteria is known in the Alpine insurance tradition<sup>25</sup> (southern Germany, Switzerland, northern Italy, Austria), where long-term insurance is expressed by the fact that the client-insured opts for a long-term period cover by a single insurer, that is, the client does not change insurer every year or even in a shorter period. The fourth feature of this mandatory insurance form is the statement that a licensed appraiser can only cause third parties pure property loss. The current general insurance terms and conditions for real estate appraisers<sup>26</sup> have provided for the term pure financial loss. The said insurance terms and conditions have more closely defined such a loss as direct loss of money that has nothing to do with damage to property or personal injury. Thus, the mandatory long-term professional liability insurance has some features that are not encountered with the short-term mandatory professional liability insurance.

**3.5.** The law stipulates that the annual sum insured under a professional liability insurance contract be at least 50,000 euros in RSD equivalent<sup>27</sup>. From that legal norm, first came the provision on the sum insured determined on an annual basis, then the provision on the minimum sum insured and, finally, the provision on the sum insured calculated in dinars, so logically the premium is paid in dinars. Unlike the short-term mandatory insurance under the Bankruptcy Law (and other laws), this Law did not provide for the sum insured related to the moment of conclusion of the insurance contract. This represents one of the differences with respect to short-term mandatory liability insurance in the legislation of the Republic of Serbia. Moreover, this means that the editor of the Law believes that the sum insured does not pose a problem for the execution of this long-term contract on mandatory long-term liability insurance in the sense that existed at the time of inflation and external sanctions.

**3.6.** The provisions governing the sum insured referred to several features of this form of mandatory professional liability insurance of real estate appraisers.

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<sup>25</sup> Berislav Matijević, "The European Insurance Market through the Prism of the Insurance Tradition", *Proceedings Insurance, Damages and Civil Procedure* (Edited by: Z. Petrović), 2014, pp.94–95.

<sup>26</sup> Professional Liability Insurance Terms and Conditions for professional liability of real estate appraisers, *Bulletin of Dunav Insurance a. d. o.*, applied as of 2 March 2017.

<sup>27</sup> The Law, Article 12, para. 4.



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The first feature of the provisions of the Law referring to sum insured indicated that the Insured and the Insurer may contract an annual sum insured exceeding the minimum legally stipulated. In this case, the appraiser-Insured would be required to pay a higher or additional insurance premium. The minimum sum insured defined under the Law has allowed an author to highlight that, from economic point of view<sup>28</sup>, the premium for this type of insurance for the licenced appraiser shall not represent the financial burden and that it shall be near the premium paid by a bankruptcy trustee. Another feature of the provisions of the Law regulating the sum insured indicated that particular contracts can be valid only if the estimated value of real estate in such contracts was appraised and determined by a licensed appraiser from the list kept with the competent Ministry. These are the contracts that set up<sup>29</sup> the value of real estate in bankruptcy proceedings and contracts for the purchase and sale of real estate in out-of-court settlement. If the value appraisal in these two types of contracts (from two different procedures) were performed by a licensed appraiser who is not on the said list, a notary public or another body authorized by law to certify or conclude a real estate purchase contract could refuse the required official action<sup>30</sup>. The third feature of the provisions of the Law on the sum insured referred to the conclusion of a mortgage loan agreement and the conclusion of other transactions of financial institutions secured by a mortgage<sup>31</sup>. In order to conclude the mentioned contracts, it was necessary that the real estate be appraised by a licensed appraiser. Nevertheless, the contract would not be legally void, as in the previous subparagraph, if the appraisal of the real estate were performed by a licensed appraiser who is not included in the list of the competent Ministry. The fourth feature of the provisions of the Law on the sum insured included optional<sup>32</sup> appraisals of real estate, which may or may not be performed by a licensed real estate appraiser. The law considered the appraisals of real property that are subject to execution in an enforcement proceedings. The fifth feature of the provisions of the Law on the sum insured also included the optional appraisals of real estate. The law stipulated that a licensed appraiser make real estate valuations, as well as verification of data from the real estate price register in the process of mass<sup>33</sup> appraisal of real estate in accordance with the Law and by-laws regulating the assessment of the actual value of real estate registered in the real estate cadastre. It is clear from the summary of the provisions of the Law regarding the sum insured that the licensed real estate appraiser has a wide scope of work but also the risk to cause, by his acts or omissions, a property damage to the participant of the said official proceedings or to a third party within the level of the sum insured.

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<sup>28</sup> Mr. Željko Albanze, "Introducing the Profession of the Appraiser into Our Practice", *Radno-pravni savetnik*, no. 1/2017, p. 73–88.

<sup>29</sup> Law, Article 3, Paragraph 1, Item 2 and 3

<sup>30</sup> Law, Article 3, Paragraph 3

<sup>31</sup> Law, Article 3, Paragraph 1, Item 1.

<sup>32</sup> Law, Article 3, Paragraph 4

<sup>33</sup> Law, Article 3, Paragraph 5

**3.7.** Given that licensed real estate appraisers in the RS do not represent a large risk community and that an appraiser licensed under the Law has the right and obligation to be a member of one of the accredited professional associations listed with the competent Ministry, the Law could provide for the possibility of an accredited professional association of appraisers to effect a group contract on the long-term mandatory insurance for all members of the association for a period of at least three years. This legal option would be an alternative to the right and obligation of the appraiser to enter into an individual contract for long-term mandatory professional liability insurance. Through a group long-term insurance contract, an insured licensed appraiser would be paying a lower premium than when contracting individual long-term mandatory liability insurance with a single insurer. Such legal possibility is already foreseen in the legislation of the RS<sup>34</sup> for one of the freelance professions, whereas the real estate appraiser may be deemed a freelance profession. Therefore, one of the future amendments to the Law should provide for the possibility of concluding a group agreement on long-term mandatory insurance against professional liability of the real estate appraiser as the alternative to the conclusion of an individual contract for the same mandatory insurance.

## Conclusions

1) It is recommended that in one of the following amendments to Article 30, paragraph 1 of the Bankruptcy Law, the words “for all risks associated with the performance of activities of a bankruptcy trustee” be replaced by the words “for all omissions or errors which caused property damage to the participant in that bankruptcy proceedings or third parties.”

2) It is recommended that one of the next amendments to the Law on Real Estate Appraisers provide for the conclusion of a group long-term mandatory professional liability insurance contract with a validity period of at least three years, via an accredited association of appraisers for the benefit of members of the association, as an alternative to individual conclusion of long-term mandatory insurance contract with a validity of at least three years. If the proposed amendment is accepted, the Law should not be to the detriment of the right of the real estate appraiser to conclude an individual mandatory long-term professional liability insurance contract for a period of at least three years.

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<sup>34</sup> Law on Practicing Legal Profession

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