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## Economic Commission for Europe

### Inland Transport Committee

#### Working Party on Road Transport

##### 105th session

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Item 7(c) (i) of the provisional agenda

**Harmonization of requirements concerning international road transport and facilitation of its operation – Review of questions concerning the facilitation of international road transport: International motor insurance system (Green Card)**

### International motor insurance system (Green Card)

#### Report of the President of the Council of Bureaux

1. In 2010, the forty-fourth General Assembly of the Council of Bureaux (CoB) was held on 27–28 May 2010 in Stockholm. The main issues addressed over the last 12 months are presented below.

#### I. Election of the new CoB President

2. During the forty-fourth General Assembly, the 45 Members of the Green Card system elected their new President to guide the organization into the next five years. The successful vote went to Mariusz W. Wichtowski, the Chairman of the Polish Motor Insurers' Bureau since September 2000.

3. Its predecessor, Mr. Ulf Blomgren terminated his five year mandate: during his presidency, Mr. Ulf Blomgren successfully paved the way for the hub of the international Motorists Third Party Liability (MTPL) claims handling, steered the relocation of the Council of Bureaux from London to Brussels and established a single administration for the Green Card system and the national bodies set up under the fourth European Motor Insurance Directive (Guarantee Fund, Compensation Bodies and Information Centres).

4. Coming from a country which entered the European Union (EU) in 2004, Mr. Mariusz W. Wichtowski expressed his wish to evaluate the past achievements as a good basis for setting up future goals. In his programme, he highlighted that the ever-changing environment should be the driving force of the Council of Bureaux. This would encompass among others the establishment of a list of arbitrators for smooth cooperation between the

Members and a strengthened cooperation towards the protection of visitors with regard to non European Economic Area (EEA) Members thanks to the benefit of the experience gained with the European Motor Insurance Directive.

## **II. Value Added Tax**

5. Directive 2008/8/EC has modified Directive 2006/112/EC as regards the place of supply of services. Due to this new directive, cross-border intra-EU services to Value Added Tax (VAT) taxable persons are, as from 1st January 2010, subject to VAT in the Member State of the recipient of the service.

6. This new legislation has a wide range of implications for the Green Card system since it may impact on claim handling fees, lawyers' fees, medical costs, external costs for claims handling, correspondents, etc. In some situations it might even lead to double taxation of these costs or to no VAT at all. Due to the importance of the matter, the Management Committee has decided to set up a Working Group on VAT to work further on this matter and to elaborate appropriate recommendations for the Council of Bureaux by the end of 2010.

## **III. Financial Stability**

7. The financial stability of the Green Card System remains the focus of continued effort by the Council of Bureaux to ensure that large or catastrophic claims will be met by all Motor Insurance Bureaux. This work, which is aimed at strengthening the financial basis of the system, will continue over the coming year.

8. An adjusted questionnaire with regard to Financial Stability Risk matrix will be launched in early October 2010. The aim of the Working Group on Financial Stability which is working on the matter is to thoroughly analyse the replies, to report the risk assessment to the forty-fifth General Assembly after having discussed the findings with the Management Committee.

## **IV. Data Protection**

9. Although, swift claims handling requires a smooth transfer of data on a daily basis, the victim's integrity and personal rights have to be fully ensured.

10. The Council of Bureaux will continue with the help of an Ad hoc Working Group to enhance data protection within the Green Card System. After having reported useful recommendations on data protection to the Membership during the forty-fourth General Assembly, the Ad hoc Working Group will now focus on encryption to ensure a secured and compatible transfer of data.

## **V. Membership Issues**

### **A. Moldova**

11. The Moldovan Bureau terminated its transitional membership as from 1<sup>st</sup> August 2009. The Moldovan Bureau is now a full CoB member under the precondition of retaining

for another period of five years its financial guarantees (bank guarantee and reinsurance program) under the supervision of the Monitoring Committee.

## **B. Armenia**

12. The Armenian Parliament has recently adopted the Law on Compulsory Motor Third Party Liability. The Representative of the Armenian Central Bank contacted the CoB and showed interest into the Green Card system by asking some support for trainings. The Application Committee will closely follow the developments occurring in this field.

## **C. Georgia**

13. No further development occurred this year with regard to the possible application of Georgia to the Green Card system. The question of Georgia entering the Green Card system depends on the traffic development in the neighbouring countries and on a new and sufficient MTPPL insurance law. Nevertheless, the conditions for this accession seem not to be met for the time being (uninsured driving, low premium, most payments made in cash, poor economic conditions, etc.). The Application Committee will continue to follow-up developments occurring with Georgia

## **D. Kosovo**

14. The Insurance Association of Kosovo contacted the CoB to ask for an interim solution for the movement of Kosovar motorists following Kosovo's declaration of independence and until it would become a member of the United Nations and be entitled to initiate an application for its membership to the CoB.

15. CoB informed the Insurance Association of Kosovo that in light of the CoB rules, it was not possible to offer such an interim solution: the facility offered by Article 7.3 of the Internal Regulations allowing for selling Green Cards outside the system to "any country where no Bureau exists" could not be applied since the CoB Constitution stipulated that this facility could only be applicable if the country concerned was accepted as a member of the United Nations.

## **E. White Card System–Economic Cooperation Organization**

16. Economic Cooperation Organization (ECO) is a ten-member organisation (comprised of Afghanistan, Azerbaijan, Iran (Islamic Republic of), Kazakhstan, Kyrgyz Republic, Pakistan, Tajikistan, Turkey, Turkmenistan, and Uzbekistan), out of which two members are also members of the Council of Bureaux (the Islamic Republic of Iran and Turkey). ECO has adopted initiatives to set up a regional motor vehicle third party liability scheme (known as the White Card System with a Secretariat in Teheran).

17. A request for the CoB's assistance to set up an interim operative White Card system as well as a demand for the signature of a memorandum of understanding with the CoB institutionalizing a bilateral cooperation were also put forward by ECO. ECO also appointed Mr. U. Lemor (who was the CoB President from 1997 to 2005) as a consultant to help them to establish an operative White Card system.

18. The Management Committee discussed the possible cooperation with ECO. It was recalled that most of the ECO countries were outside the geographical scope of the Green Card system: in light of the decision taken by the 1996 General Assembly in Casablanca, the CoB membership has been limited to the European countries lying to the west of the Ural Mountains (Georgia) and the Caspian Sea as well as to Armenia and Azerbaijan and to the non-European countries bordering the Mediterranean Sea (Algeria, Egypt, Lebanon, Libya and Syria). Although possible cooperation could be envisaged in the future, it would be difficult for the time being for those countries to enter into the Green Card system.

19. The Management Committee will continue following up any possible development occurring in that matter.

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