



**Economic and Social
Council**

Distr.
GENERAL

TRANS/SC.1/2005/7
29 July 2005

ENGLISH
Original: ENGLISH and
FRENCH

ECONOMIC COMMISSION FOR EUROPE

INLAND TRANSPORT COMMITTEE

Working Party on Road Transport
(Ninety-ninth session, 17-19 October 2005,
agenda item 7 (c) (i))

**HARMONIZATION OF REQUIREMENTS CONCERNING INTERNATIONAL ROAD
TRANSPORT AND FACILITATION OF ITS OPERATION**

International Motor Insurance System (Green Card)

Report of the President of the Council of Bureaux

This year the 39th General Assembly of the Council of Bureaux was held on May 26th and 27th, 2005 in Warsaw. The main issues addressed by the Council over the last 12 months are discussed below.

1. Formal CoB recognition by the United Nations

The Council of Bureaux was founded in 1949 on the basis of a recommendation of the United Nations Economic Commission for Europe in Geneva and has benefited significantly from the relationship. At the time of the 50th Anniversary of its foundation the Council decided to seek to formalise the relationship with UNECE and at its meeting in February 2005 the Economic and Social Council of the United Nations decided to grant special consultative status to the Council of Bureaux. The long-term working relationship between CoB and the UN Economic Commission for Europe is expected to continue unchanged.

2. Election of Mr. Ulf Blomgren as CoB President

The General Assembly in Warsaw changed the rules for the election of the CoB President who is now entitled to serve a single term of five years, possibly followed by a second non-consecutive term. The 2005 General Assembly unanimously elected Mr. Ulf Blomgren,

Managing Director of the Swedish Bureau to serve as its President from 2005 to 2010. As the seventh President of the Council of Bureaux, he succeeds Mr. Ulf D. Lemor, Chief Executive of the German Bureau who served as President from 1997-2005.

3. Relocation of the Secretariat to Brussels

The Secretariat of the Council of Bureaux is scheduled to relocate from London to Brussels in the first half of 2006. Work is ongoing to formalise the legal and tax basis for the establishment of the association in Brussels. The Secretariat management team will re-establish the Secretariat in Brussels. Offices will be found and staff will be recruited in Brussels during the first quarter of 2006 and the London office will be closed at the termination of its lease in June 2006.

4. Offer of services to bodies external to the Council of Bureaux

The Council of Bureaux is exploring the feasibility of offering services to related organisations such as the Guarantee Funds, Compensation Bodies and Information Centres. The services would initially involve the organisation of an annual meeting for the external bodies involved to enable the discussion and resolution of issues of common interest. The issue is important to member bureaux of the Council of Bureaux because many bureaux are also responsible for the Guarantee Funds, Compensation Bodies and Information Centres established in their countries under the Motor Insurance Directives of the European Union.

The General Assembly supported the proposal in Warsaw but the interest of other participating bodies in the Guarantee Funds, Compensation Bodies and Information Centres has yet to be established.

5. Candidate members

Russia

The Council of Bureaux has been in negotiation with the Russian Association of Motor Insurers (RAMI) since December 2002 and has dealt with three different Russian negotiating teams over the period. The last major meeting was held in Gdansk in October 2004 where the requirements for the financial guarantees, the territory covered and the statutes of the bureau were agreed. The bureau was informed that unless completed documentation was received by January 2005 its acceptance for membership at the May 2005 General Assembly would not be possible. The deadline passed without the requirements being completed.

Georgia

The Council of Bureaux has been in contact with the bureau of Georgia since the mid-1990s but the bureau was only formally recognised by the Government of Georgia in October 2003. Since that time there has been a significant exchange of information and the first formal meeting occurred in May 2005. At this time four major issues remain to be resolved: financial guarantees, territorial coverage, the motor third party liability (MTPL) law and the statutes of the bureau. Discussions are continuing.

Azerbaijan

Azerbaijan was accepted by the 1998 General Assembly as a future member subject to finalisation of issues relating to its membership, which were never resolved. Contact was re-established in 2002. Because of the long delays, the governmental authorities of Azerbaijan were requested to provide a letter formally recognising the bureau. To date no such undertaking has been received.

6. Technical issues

Uninsured vehicles

The issue of uninsured driving has been highlighted by the accession negotiations of Romania and Bulgaria who are expected to join the European Union at the beginning of 2007. The Council of Bureaux has been informed of very high levels of uninsured driving estimated at between 25% and 40% in both countries. Upon EU accession the cost of accidents abroad caused by uninsured drivers from Romania and Bulgaria will fall on their national Guarantee Funds and the cost will be passed on to insured motorists in the form of higher premiums or financed out of general taxation. To address the issue the Council of Bureaux has informed the European Commission and government authorities in both countries of the scale and seriousness of the problem.

The problem is not limited to Bulgaria and Romania. The CoB is aware of extremely high levels of uninsured driving that exist in other European countries, which will cause significant long term problems if they remain unresolved. The Council held a well-attended half-day workshop at the Warsaw General Assembly to inform members about the general problem of uninsured driving and to exchange information about possible solutions.

Frontier insurance

The current system of frontier insurance in EEA countries is based on a solution created by the Comité Européen des Assurances (CEA) in 1996. This permitted a Green Card to be issued in conjunction with a frontier insurance policy to a motorist of a country, which is not a member of the Green Card system. The settlement of accidents caused by vehicles insured with frontier insurance benefited from the existing bureaux infrastructure and solvency of the Green Card system.

The change from the Uniform Agreement to the Internal Regulations in 2003 and the expansion of the European Economic Area by the addition of 10 new EU members in 2004 created a changed situation which led to the creation of a CEA/CoB Working Group to review the position. The issue will be further studied over the next 12 months.

Green Card security

A CoB Working Group has been established to look at Green Card security in the light of the improved technology available to produce more secure Green Cards and to report how this could be used to improve the fight against fraud. The problem is particularly significant in some Eastern European countries and their experience has been co-opted for the discussions.

Presently two types of Green Card are under consideration: the normal Green Card as used by most Western European insurers and a smart card which could be used by those bureaux that require enhanced security features. The Working Group is considering the problems and feasibility of more than one model of a Green Card co-existing in the system. Technological improvements to the card include a smart card with a chip as well as cards with holograms which are already used by some Eastern European bureaux. The work will continue in 2005/6.
