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**ECONOMIC COMMISSION FOR EUROPE**

INLAND TRANSPORT COMMITTEE

Working Party on Road Transport  
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**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 General Assembly of the Council of Bureaux was held from 27-28 May 2004 in Luxembourg. The main issues addressed by the Council over the last 12 months are discussed below:

**1. EU enlargement**

The Multilateral Agreement commits signatory bureaux to reimburse accidents on the basis of 'deemed insurance' according to the national registration plate of the vehicle, rather than on the basis of the existence of a Green Card. All European Union (EU) member bureaux are required to sign the agreement.

Five new EU member bureaux - Estonia, Latvia, Lithuania, Malta and Poland - had to sign the agreement before their countries became EU members on 1 May 2004. This was the largest increase since the original agreement was signed nearly 15 years ago and the expansion caused a number of transitional problems to the operation of the Green Card System.

### **Turkey/Cyprus**

As a result of the abolition of insurance checks at internal European Economic Area (EEA) frontiers in consequence of the 1<sup>st</sup> EU Motor Insurance Directive (1972) Green Cards supplied by bureaux based outside the EEA must be valid for all 28 countries comprising EEA territory (25 EU countries plus Iceland, Norway and Switzerland).

Due to well-known problems, the bureau of Turkey had not bilaterally signed the Internal Regulations with the bureau of the Republic of Cyprus by 1 May 2004 although the bureau of Cyprus was prepared to sign. As a result Turkish vehicles were excluded from entering EEA territory from 1 May causing a significant initial build-up of Turkish vehicles at EEA external frontiers. The issue was resolved following the bilateral signature of the Internal Regulations by the two bureaux on 5 May 2004 and transitional arrangements are in place while the Turkish bureau completes the process of issuing replacement Green Cards to include the Republic of Cyprus.

### **Frontier Insurance**

With the eastward movement of the EU external frontiers the new EU members took over the responsibility to provide frontier insurance valid for the whole EEA territory to incoming vehicles from Eastern Europe without valid insurance. This caused a number of transitional problems, which appear to have been successfully resolved. As a result of the experience CoB decided to re-examine the issues relating to frontier insurance.

### **Lithuania**

Lithuania was activated as a member of the Council of Bureaux on 15 October 2003 and on 1 May 2004 it joined the European Union. Due to its recent membership of the Green Card System, many non-EEA bureaux did not have a box for Lithuania on their Green Cards, although the Cards were valid for all other EEA member countries and Switzerland. As MTPL insurance cover must be valid all EEA countries and Switzerland vehicles carrying such Green Cards were blocked at the EEA frontiers from 1 May 2004.

To resolve the problem while new Green Cards were printed, the Council of Bureaux, with the agreement of the European Commission, introduced an interim procedure permitting existing Green Cards to be used until 31 July 2004. As a result of representations by non-EEA bureaux the Council has extended the period for the interim procedure until 31 December 2004 to permit additional time to update the Green Cards.

## **2. Monitoring and reinsurance**

New "Transitional Members" of the Council of Bureaux are subject to monitoring of their performance as bureaux and financial guarantees to ensure that they fulfil their financial obligations. The original monitoring system as developed in 1998 imposed a considerable workload on both new and existing members. As a result of experience with the old system and the opportunity created by the introduction of the Internal Regulations, a new simplified monitoring system was introduced on 1 January 2004 which appears to be working well.

The reinsurance situation, resulting from the hard reinsurance market has eased somewhat over the last 6 months but difficulties regarding limitations on reinstatements and annual aggregate limits, exclusions, terrorism cover and the withdrawal of unlimited cover remain. To assist in resolving these problems, the Council has recruited a reinsurance specialist to advise members and improvements in the cover obtained have already been achieved.

### **3. Russian membership application**

The Council of Bureaux met with a delegation from the Russian Association of Motor Insurers (RAMI) in December 2002 and again in October 2003 to discuss their application for membership. The full implementation of the First Russian Third Party Liability Law introduced in July 2003 now appears to have been achieved but issues remain including the provision of financial guarantees by the future Russian bureau. The target date for membership has already been delayed from July 2004 until July 2005. A further meeting is scheduled for October 2004 and the bureau has been informed that negotiations should be completed this year or it may be necessary to postpone further membership discussions.

### **4. Motor Insurance Card Systems in Central Asia and the Arab countries**

In 1996 the Council of Bureaux decided to limit the geographical scope of its operations to countries west of the Ural Mountains and the Caspian Sea and to countries bordering the Mediterranean Sea. With increasing road traffic outside the region the Council decided to open discussions with the General Arab Insurance Federation (the Orange Card System) based in Cairo involving 14 Arab countries in the Middle East and North Africa, to assess possible future co-operation. Following a first meeting in February 2004, a further meeting is planned in 2005.

Initial soundings have been made by the Economic Commission for Europe in countries lying to the east of the Caspian Sea to assess interest in developing a regional motor insurance card system for Central Asia. The Council of Bureaux supports the initiative and is prepared to offer advice to governments and insurers in the region to develop a motor insurance card system for Central Asia.

### **5. Membership News**

#### **Lithuania**

Following its admission to membership at the 2003 General Assembly the bureau of Lithuania was activated as a member of the Council of Bureaux on the 15 October 2003 and became a signatory of the Multilateral Agreement on the 1 May 2004, the date of its membership of the European Union.

#### **Ukraine**

The bureau of Ukraine has been a Transitional Member of the Council of Bureaux since 1998. The 2004 General Assembly decided that it should become a Full Member from 1 January 2005 subject to the conditions that it would not permit its members to issue Green Cards in a country where a bureau did not exist and that it would maintain its financial guarantees at the

level recommended by the Council of Bureaux on the same terms as Transitional Members for a period of at least four years.

**6. Relocation of the secretariat to Brussels**

Following preparatory discussion and analysis over the last year, the 2004 General Assembly decided that the offices of the Secretariat should be moved from London to Brussels in 2006. Strategically, with 25 of the 44 CoB members belonging to European Union member countries, it was felt necessary to have a more effective presence in Brussels than could be achieved from London although the financial benefits of the move are expected to be limited.

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