



**Economic and Social
Council**

Distr.
GENERAL

ECE/TRANS/SC.1/2007/7
10 August 2007

Original: ENGLISH

ECONOMIC COMMISSION FOR EUROPE

INLAND TRANSPORT COMMITTEE

Working Party on Road Transport

One-hundred-and-first session
Geneva, 16-18 October 2007
Item 7 (b) (i) of the provisional agenda

**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 Bureaux¹

This year the 41st General Assembly of the Council of Bureaux (CoB) was held on 24th and 25th May in Brussels. The main issues addressed by the Council over the last 12 months are discussed below.

¹ This document was submitted late due to delayed inputs from other sources.

I. SUPPORT TO EUROPEAN GUARANTEE FUNDS & COMPENSATION BODIES

1. The Guarantee Funds established in each Member State of the European Union in accordance with 2nd Motor Insurance Directive are responsible for the reimbursement of claims caused by uninsured vehicles or unidentified vehicles. Compensation Bodies were also established by Member States following the entry into force of the 4th Motor Insurance Directive.

2. Compensation Bodies and Guarantee Funds are linked by a joint agreement signed in 2002 and extended in 2004 & 2007 following the latest enlargement of the EU. The Guarantee Funds and the other organisms created by the 4th MID – Compensation Bodies and Information Centres – have co-ordinated and co-operated so far on an ad hoc basis with periodic international general meetings organised by individual Guarantee Funds.

3. At an European meeting of the Guarantee Funds and Compensation Bodies in Rotterdam in November 2006, it was decided that a formal international co-operation between these entities was essential and that the Secretariat of the Council of Bureaux should provide administrative support to them.

4. An Implementation Committee has been established to guide the development of the cooperation between Guarantee Funds and Compensation Bodies and the Secretariat is in the process of recruiting additional staff to enable it to undertake the responsibility. A further European meeting of the Guarantee Funds and Compensation Bodies will take place in November 2007 in Madrid.

II. UNINSURED DRIVING

5. The issue of the high level of uninsured driving in some countries has become increasingly important for the Council of Bureaux as the numbers of vehicles travelling internationally increases each year. The level of uninsured driving is particularly high in some Central and Eastern European countries which have joined the European Union in the last 5 years and whose vehicles are entitled to travel between Member States of the European Economic Area without any control of their insurance documentation. Any resultant accidents are the responsibility of the country where the vehicle is registered but in view of the fact that many vehicles have been in the foreign country for extended periods or have false registration plates it is often difficult to obtain reimbursement for the cost of the accident from the country of origin. In such case the cost is borne by the Guarantee Fund where the accident occurred and eventually by the motorists of that country through an increase in the cost of their insurance policies.

6. The Council of Bureaux is co-operating with the European Commission and the European Federation of National Insurance Associations (CEA) to examine ways by which the problem can be reduced. CoB is using the results of a questionnaire to its members on uninsured driving to produce better statistics and this process will be refined over the coming year. In addition the good practices of some countries which result in low levels of uninsured driving are

being compiled with the objective of helping other countries to adopt the more successful policies.

7. The issue will continue to have high priority over the next year with a forthcoming CoB Management Committee meeting dedicated to the single issue.

III. FINANCIAL STABILITY

8. The financial stability of the Green Card system is the focus of continuing effort by the Council to ensure that large or catastrophic claims will be met by all bureaux. Now in its second year the work is concentrating on the way that individual bureaux are financially structured, audited and organised to pay claims and how in the event of the financial failure of a bureau the reimbursement of the claim is assured.

9. In addition the study is looking to improve the methods of mediating and arbitrating contentious claims so that the speed of claim dispute resolution is improved. In parallel the Council is looking into the provision of a high-level 'umbrella' reinsurance cover so that in the event of a major systemic failure the operational continuity of the system is not impaired.

10. This work which is aimed at strengthening the financial basis of the system will continue over the coming year.

IV. REVISION OF THE GREEN CARD

11. The Green Card has remained almost unchanged for 50 years and the Council of Bureaux is currently working on its first substantial revision. This revision aims at clarifying remaining uncertainties, improving the Green Card as a document for controlling authorities in some cases, improving its contractual aspect and providing practical information to the policyholder, on either the Green Card or the CoB Website.

12. The Working Group which was set up within the Council of Bureaux to work on the Green Card security is currently working on this project and will seek a broad consensus of support among all the Bureaux for the revised format of the Green Card along the above lines. UNECE will be informed about the progress in this matter. As soon as the General Assembly has approved the revised format, it will be submitted to the UNECE for its consideration.

V. MEMBERSHIP ISSUES

A. Bulgaria and Romania

13. Bulgaria and Romania joined the European Union on 1st January 2007. In normal circumstances both countries would have been Signatories of the CoB Multilateral Agreement, before joining the EU. Under the Multilateral Agreement, vehicles carrying registration plates of signatory bureaux are assumed to be insured and not subject to the control of insurance documentation when crossing MA Signatory frontiers. Multilateral Agreement membership was delayed due to the time that it took for both countries to reduce uninsured driving to a level acceptable to other Signatories of no more than 10% of the vehicle fleet.

14. Both countries eventually satisfied the other Signatories that they had achieved the required level and an Addendum to the Multilateral Agreement to admit them as Signatories was signed on 8th March 2007. The European Commission then had to adopt its decision to activate the agreement with Bulgaria and Romania. The EC Decision was adopted on 9th July 2007 and published on 10th July 2007 in the OJEU. The activation finally took place on 1st August 2007 when control of insurance documentation at the frontiers of Bulgaria and Romania with other EEA Member States, Andorra and Croatia was abolished.

B. Serbia and Montenegro

15 The Republic of Montenegro became an independent state recognised by the United Nations following a national referendum in July 2006. The new state is relatively small with approximately 160,000 vehicles and 3 national companies providing MTPL insurance and it was recognised that it would be difficult for Montenegrin insurers to establish a financially viable bureau in the short term. In the interim the Serbian bureau, with the support of the Serbian authorities, has agreed to provide Serbian Green Card services to Montenegrin insurers and vehicles. At the same time the Montenegrin authorities agreed to honour the agreements of the Council of Bureaux for foreign vehicles whilst in Montenegro.

16. The interim agreement between the Council of Bureaux, the Bureau of Serbia and the Association of Montenegrin insurers acting on behalf of the Montenegrin authorities to provide international insurance card cover for vehicles entering and leaving the Republic of Montenegro was put in place in mid July 2007 in time for the summer tourist season.

VI. CoB SECRETARY GENERAL

17. The Council of Bureaux appointed Mr Alain Pire as the Secretary General of the Council of Bureaux from 1st August 2007. Mr Pire was previously Chief Executive of the Belgian bureau. He succeeds Mr. Michael Nicholson who retired after nearly 10 years service as Secretary General.
