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## Economic Commission for Europe

### Inland Transport Committee

#### Working Party on Road Transport

##### 108<sup>th</sup> session

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Item 8 (a) of the provisional agenda

#### Facilitation of International Road Transport:

#### International Motor Insurance System (Green Card)

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

1. This year, the 47th General Assembly of the Council of Bureaux (CoB) was held on 23 and 24 May in Istanbul, Turkey. The main issues addressed over the last 12 months are presented below.

#### I. Financial stability of the members

2. The smooth running of the Green Card system mainly depends on each Bureau's capacity to guarantee the reimbursement of claims caused abroad by vehicles that are subject to a Green Card issued on their behalf or that are normally based in their territory in case of applicability of the so-called Multilateral Agreement. The financial stability of the Green Card System remains the focus of continued effort by the Council of Bureaux.

3. In the framework of this task the Council of Bureaux achieved a significant progress in 2012 by presenting a new security system in the form of a CoB Excess of Loss reinsurance cover to the members. The role of the Council of Bureaux consists in facilitating the initiative and rendering the negotiation and signing process easier by providing the renewal information and negotiating the terms on behalf of the national bodies. The reinsurance contract is in force since January 2013 and gathers 10 bodies — being National Insurer's Bureaux or Guarantee Funds — from 7 different countries. This cover aims to protect the Motor Insurance Bureaux against the financial consequences of large and catastrophic claims.

4. In 2013 the Monitoring Committee had to ascertain that some members presented an exceptional high number of delayed payments. Certain of these Bureaux have taken fundamental measures and have been able to rectify a precarious financial situation. Others

will still have to improve the situation and will be followed-up closer. The Management Committee received a mandate from the 2013 General Assembly to undertake further action, sanctions at any time following the 2013 General Assembly if the performance of some Bureaux so warrants.

5. The Monitoring Committee is observing and checking on a daily basis the financial situation of all the countries being in the scope of the Green Card System especially related to the insurance industry. This is one of the warning tools to avoid unexpected financial problems and to have the possibility to react in time in the event of a potential default of the markets or insurers.

## **II. Review of the Internal Regulations**

6. Two committees are in charge of the daily application of the Internal Regulations and deal with questions of interpretation and application in practice of these Internal Regulations. In order to solve certain recurring problems, a rewording of some articles of the Internal Regulations has become necessary.

7. The Internal Regulations is the set of basic rules organising the mutual relationship between the National Bureaux and correspondents. It is for the first time in 10 years, that the Internal Regulations have been changed in a relatively fundamental way.

8. The most important modification of the Internal Regulations relates to the financial guarantee offered by the National Bureaux towards the correspondents. Correspondents play an important role in the Green Card System since they handle claims to compensate victims of road traffic accidents on behalf of the foreign insurer and in the name of the Motor Insurance Bureau concerned. Over the last years the following issues figured on a regular basis on the agenda of the above mentioned committees:

- the transfer of entrepreneurial risks from commercial entities (correspondents) to Bureaux;
- the compensation in time of victims by the correspondents;
- Insurers not reimbursing in time the correspondents, being a permanent threat to the overall financial stability of the Green Card System.

9. In order to remedy these concerns, strict conditions have been introduced before a correspondent can invoke the guarantee offered by the (handling) Bureaus towards this correspondent.

10. Another important modification of the Internal Regulations relates to the shortening of the time period within which a (guaranteeing) Bureau has to confirm the validity of a Green Card or the territory in which a vehicle is normally based. This reduction of time limit will result in a quicker compensation of the victim.

11. The rewording of the articles 4 and 6 of the Internal Regulations received the support of the 2013 General Assembly.

12. All the above mentioned changes should improve the financial discipline of the Bureaux, insurers and correspondents. At the same time it should give a higher level of protection to the victims of transborder road traffic.

## **III. Data protection**

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

14. The 2012 General Assembly decided the setting up of a mandatory Online Guarantee Call System (OGCS) for the CoB. The progress in the development of this online system raised the necessity of rules on the protection of personal data. Therefore, the Working Group on Data was reactivated in spring 2013.

15. The Data Protection Working Group searches for a solution to the questions of data protection related to the introduction of the OGCS and, more in general, to other issues of data protection whenever information is exchanged between Bureaux.

16. The Working Group considered that for data protection purposes, the following agreements are needed between the operators of the OGCS (in order of urgency):

- a multilateral agreement between the CoB as a processor on the one hand and the bureaux as controllers on the other;
- controller-to-controller agreements between the individual bureaux;
- data transfer agreements between countries belonging to the European Economic Area (EEA) and countries outside the EEA, securing a sufficient level of data protection in all countries participating to the Green Card System.

17. It is to be expected that the agreements will be submitted for signature to the Members before the 1st January 2014.

#### **IV. IT project**

18. IT being a field of continuous developments, the CoB decided to set up a Technology Working Group in 2010 in order to develop new tools for the members with the aim to render the daily work of the Bureaux easier and to offer victims better knowledge about the appropriate body they can address a claim to. The new developed tools also take into consideration the Data Protection related requirements.

19. A new website will be launched by the end of 2013. The new CoB website is composed of an extranet (communication with the members) and a public website. The new design focuses on sobriety whereas the architecture will concentrate on the usability and interactivity. The extranet will provide functionalities as document management, forums, business intelligence, search engines, delivery of database extracts, full text search and others.

20. In 2013 a Conference Call facility has been implemented successfully at the CoB Secretariat as a cost effective and time saving tool for short international meetings.

#### **V. Membership issues**

##### **A. Armenia**

21. Recently a formal application of Armenia was received and the Council of Bureaux will start soon with the examination of the technical conditions for the accession. It is expected that the Bureau of Armenia will fulfil the conditions by the end of 2014 and will become member of the Council of Bureaux by the General Assembly of 2015.

## **B. Azerbaijan**

22. In 2013 a formal application of Azerbaijan was received and the Council of Bureaux started to examine the technical conditions for the accession. It is expected that the Bureau of Azerbaijan will fulfil the conditions by the end of this year and will become member of the Council of Bureaux by the General Assembly of 2014.

## **C. Kosovo**

23. Since last year, the situation of Kosovo did not significantly change as the major problems remain, namely the international recognition of Kosovo number plates and the international recognition of Kosovo by the United Nations. However, the Council of Bureaux continues its efforts to find a practical solution to facilitate the movement of the incoming and outgoing motorists from and to Kosovo.

## **D. White Card System (ECO)**

24. ECO is a ten-member organization (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 (Iran (Islamic Republic of) 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).

25. The CoB will continue its efforts to assist the ECO secretariat with the implementation of the Eco White system in the ECO Region without however formalising this cooperation via a Memorandum of Understanding.

## **VI. CoB Academy**

26. The CoB Academy has originated from the idea to create an educational institution within the Council of Bureaux, in order to respond to a need which is felt. Such an institution can be very effective to train and retrain staff of the CoB members and can prove crucial for the future of the Bureaux and for the entire System.

27. The aim is to create a platform where motivated people working for the national Bureaux/Candidate Bureaux/Member companies of Bureaux can meet, receive training, exchange ideas and spend some valuable time together. It is aimed both to newcomers and to people with more experience within the CoB but wishing to learn more about specific topics.

28. The CoB Academy will be organized into two main different training sessions.

(a) CoB Academy Basic: aimed to giving a general introduction of the main topics regarding the system and the Bureaux as well as to the particularities of claims handling of cross border accidents. It is specifically conceived for newcomers, people taking over new positions or participants needing to enhance their experience with workshops and simulations. It will be held once a year as a "Summer School". The first session will take place in July 2014.

(b) CoB Academy Advanced: aimed to a more experienced audience of specialists. It will be the opportunity to receive training about some specific topics and regulations and to keep up to date with novelties and changes. Topics can vary according to the most recent events and to the specific needs of the audience.

## **VII. Protection of visitors**

29. In the year 2012, the General Assembly adopted a recommendation regarding the introduction of the Protection of Visitors Agreement. One year later, in 2013, an Explanatory Memorandum to the Agreement was prepared and presented to the General Assembly. Currently, the signing procedure of the bilateral agreements is taking place.

30. In the opinion of CoB this Agreement will reinforce the victims' rights within the Green Card System, independently from their place of residence, either in or outside a Member State of the European Economic Area.

## **VIII. Uninsured driving**

31. One of the most serious problems within all the countries in the scope of the Green Card System is the phenomenon of uninsured driving.

32. The level of uninsured vehicles lies between 0.01 per cent and 20 per cent within the member countries. This problem generates certain difficulties for several markets. The majority of these difficulties are connected to the solvability of the insurance markets, Guarantee Funds and the National Bureaux.

33. The CoB is continuing its activities by analysing the reasons and consequences of this problem, in particular also by suggesting certain measures to minimize the risk in this area. In this case CoB is cooperating very closely with Insurance Europe, the association of European insurers, and EReg, the association of European registration authorities. A report on uninsured driving was also presented to the European Commission.

34. In our opinion all these actions will lead to minimize the problem of uninsured driving.

## **IX. Road safety**

35. This year, the CoB participated for the first time in the Road Safety Week, organized by UNECE and presented the experience of the insurance sector in this matter.

36. Road safety is one of the areas where close cooperation between the insurance markets and public authorities is highly needed. The practical situation is different in particular countries but higher awareness of the common prevention on this topic is necessary.

37. The CoB intends to participate in the future initiatives relating to the minimization of road accidents and/or the consequences of accidents.

## **X. Fraud**

38. Fraud is one of the serious problems of the insurance industry. According to estimated data the level of this phenomenon is between 10 per cent to 20 per cent of the premium income on the particular markets.

39. For a cross-border activity as the Green Card System there are many difficulties to identify fraudulent claims, to find proofs and to fight against the criminals.

40. The cooperation in this area should start with a structured information exchange.

41. CoB created a specific working group to analyse the problem and to propose effective measures to the insurers and the National Bureaux.