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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 on 29-30 May 2003 in Lyon, France. The main issues addressed by the Council over the last 12 months are discussed below:

1. Internal Regulations

The Internal Regulations, the agreement replacing both the bilateral inter-bureaux Uniform Agreement and the Multilateral Guarantee Agreement, entered into force on 1 July 2003.

An updated table of the bilateral and multilateral agreements signed between the member bureaux of the Council of Bureaux is sent each year to the Secretariat of the Working Party on Road Transport. The table of the new agreements signed under the Internal Regulations revised as at 1 July 2003 is made available as an informal document.

2. Accession of the 10 New EU Members

The 10 new countries joining the European Union (EU) in 2004 will have a significant impact on the Green Card System. All EU bureaux must be Signatories of the Multilateral Agreement (Section III of the Internal Regulations) under which TPML insurance is deemed to exist on the basis of the national registration plate of the vehicle, rather than on the existence of a 'Green Card' certificate of insurance. At present there are 24 Signatory members of the Multilateral Agreement including the present 15 members of the EU.

Of the 10 prospective new EU members, five bureaux (Cyprus, Czech Republic, Hungary, Slovakia and Slovenia) are already Signatories of the Multilateral Agreement, four bureaux (Estonia Latvia, Malta and Poland are already members of the Green Card System but not Signatories and one bureau, Lithuania, must become both an active member of the Green Card System and a Signatory. All five countries that are not currently Signatories are expected to join the Multilateral Agreement on 1 May 2004. On that date the number of Signatory bureaux will increase to 29 countries of the present total of 44 CoB member countries.

From 1 May 2004 all Green Cards valid for EU countries issued by non-EU member bureaux will provide cover for all 25 EU countries which are treated as a single indivisible territory for the provision of compulsory TPML insurance.

3. Proposal for a 5th EU Motor Insurance Directive

One proposal for the 5th EU Motor insurance directive is of specific concern for the Green Card System. The proposed increase in the minimum amounts insured could cause serious problems for the 10 European Union accession countries as they are significantly higher than the existing minimum amounts insured in most of those countries. The Council of Bureaux has therefore written to the insurance associations of the accession countries, recommending that they ask their respective Governments to intervene with the EU to obtain a transitional period for their countries in respect of the introduction of the new minimum amounts insured.

4. Provision of Reinsurance

CoB members have been significantly affected by the increased reinsurance premiums and reduced coverage offered by the small number of leading reinsurers who are prepared to provide reinsurance cover to Green Card bureaux. The market has significantly hardened over the last eighteen months. Reinsurance premiums have more than doubled while at the same time cover has been reduced. Reinsurance priorities have more than doubled, fewer reinstatements are offered, exclusions have increased and where not required by law unlimited MTPL cover has been reduced to a maximum €50 million.

This development has created increased 'gaps' in the cover required by member bureaux which offer an 'unlimited' guarantee. In the near future a number of bureaux could be confronted with serious problems with regard to reinsurance cover, which might have a significant impact on the Green Card System. Major structural changes to the Green Card System could be required if the situation persists. The CoB is participating with the Comité Européen des Assurances in a joint working group with reinsurers to seek a route forward on this difficult issue.

5. Membership News

Belarus

The bureau of Belarus joined the Council of Bureaux as a Transitional member on 1 July 2002 and having provided satisfactory financial guarantees was activated on 1 March 2003 as the 44th member of the Green Card System.

Kosovo

The provision of Green Cards for Kosovo motorists continues to be delayed as some European Governments have not recognised the international identification letters and the UNMIK registration plates for Kosovo vehicles. Until this problem has been resolved it will not be possible to implement the CoB solution for Kosovo to supply, with the approval of the responsible bureaux, the Green Cards of foreign bureaux to Kosovo motorists travelling abroad.

Lithuania

Lithuania was accepted as a Transitional member of the Council of Bureaux from 1 July 2003 by the General Assembly in Lyon. As it is on a fast track as a prospective member of the EU it must become a Signatory of the Multilateral Agreement by 1 May 2004. To maximise its experience of the system before becoming a Signatory it will be activated as a member of the Green Card system on 1 October 2003 provided that the required financial guarantees have been provided. It will then become the first Signatory member that is also a Transitional member when it joins the EU on 1 May 2004.

Russian Federation

The Russian Federation formally applied for membership of the Council of Bureaux in October 2002. A first meeting with CoB was held in London in December 2002 and a further meeting is scheduled in Moscow in October 2003. The Russian MTPL law passed into law in May 2002 and came into force on 1 July 2003.

While the timing of the membership of the bureau of the Russian Federation will depend on the outcome of the negotiations, it is possible that a concrete proposal will be presented at the Council of Bureaux General Assembly in 2004.

7. Affiliate Members

The 2003 General Assembly decided to abolish the status of Affiliate membership for non-European members of the Council of Bureaux. In consequence Iran, Israel, Morocco and Tunisia became Full members from 1 July 2003.

8. Membership Reinstatement

The 2003 General Assembly decided that any bureau that had been suspended for more than five years should have its membership cancelled and should rejoin the system as a Transitional member so that it could re-establish itself as a member under carefully controlled conditions. This will affect Iraq, which became a member of the Council of Bureaux in 1982

and was suspended in 1992 as a result of UN sanctions. It has remained suspended and without contact with CoB for over 10 years.

9. Outlook

The Green Card system is continuously evolving and the medium-term outlook for the system is presently being considered. Five key questions have been identified:

- ?? Will the continuous integration of member countries in the context of the EU result in consequences for the activities of bureaux? Are individual national bureaux in each EU country still necessary or is a single European Union bureau sufficient? It is expected that the national bureaux will remain necessary at least as long as there is no EU-wide harmonised insurance compensation law.
- ?? What kind of new tasks and functions might emerge for the Green Card System? Already the new functions resulting from the 4th EU Motor Insurance Directive have been added to the responsibilities of bureaux. These responsibilities could be expanded with other new tasks and functions.
- ?? Does the Green Card System correspond to political expectations?
- ?? Does the activity of the national bureaux comply with the expectations of the member companies?
- ?? Does the current organisation of the secretariat meet the requirements of the future?

Discussions have started with the aim of presenting initial results to the 2004 General Assembly.
