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Facilitation of international road transport

International Motor Insurance System (Green Card)

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Report from the President of the Council of Bureaux (COB)*

This year, the forty-eighth General Assembly of the Council of Bureaux (CoB) was held on 5th June in Minsk, in Belarus. The main issues addressed over the last 12 months are presented below.

* The COB has submitted the present document after the official document deadline.

I. Financial Stability of the members

1. It has been repeatedly underlined that 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 a continued effort of the Council of Bureaux (CoB).
2. The Monitoring Committee is, based on the Constitution of the CoB, in charge to monitor the overall financial stability of the whole Green Card system and more in particular to identify potentially weak Bureaux. In this respect they advised the Management Committee, which received a mandate from the 2013 General Assembly to undertake further action, to take sanctions at any time following the 2013 General Assembly if the performance of some Bureaux so warrants, to bring one of our full members under Monitoring status. That member had to subscribe to a reinsurance treaty for the whole MTPL market including the National Bureau and to provide a Bank Guarantee in favour of the CoB.
3. The Monitoring Committee is currently working on fine-tuning the monitoring procedures and to expand the range of sanctions with only one aim to discipline the members and their corresponding MTPL market.
4. Last year we informed you about the CoB Excess of Loss reinsurance cover offered to the CoB members – since last year another 2 members decided to join the treaty, which brings the members that joined to 12 Bureaux and/or Guarantee Funds from 8 different countries. The programme provides coverage against risks of individual large claims arising from uninsured vehicles/drivers and/or false Green Cards, as well as bankruptcies of insurance members. The protection basically covers the risks for which the Bureaux or/and the Guarantee funds are the ultimate debtors and offers the benefit of an unlimited protection, after a retained deductible depending on the capacity of the MTPL market.

II. Information Technology

5. 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.
6. The new website was launched at 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 concentrates on the usability and interactivity. The extranet will provide functionalities such as document management, forums, business intelligence, search engines, delivery of database extracts, full text search and others.

III. Membership Issues

A. Armenia

7. In 2013 a formal application of Armenia was received and the Council of Bureaux started immediately with the examination of the technical conditions for the accession. After the first exchanges and the agreed timing, it was expected that Armenia would fulfil the conditions by the end of 2014 and would become member of the Council of Bureaux by the General Assembly of 2015. However, after this promising start of the negotiation process, we are currently without any news since more than 8 months. For the moment we have no idea for what reason all our correspondence remains unanswered but with the current state of affairs an accession to the Green Card system at the General Assembly 2015 becomes very unlikely.

B. Azerbaijan

8. In 2013 a formal application of Azerbaijan was received and the Council of Bureaux started to examine the technical conditions for the accession. The expectation of Azerbaijan to become member of the CoB was set at the General Assembly 2014. Unfortunately we are currently still waiting for the confirmation that the necessary changes to the MTPL law are implemented. Because of this important delay it is even uncertain that Azerbaijan will become member in 2015.

C. Kosovo

9. Over the last years, the situation of Kosovo did not significantly change as the major problems remain, namely the international recognition of Kosovo by the United Nations and the international recognition of Kosovo number plates . However, the Council of Bureaux continued its efforts to find a practical solution to facilitate the movement of the incoming and outgoing motorists from and to Kosovo. At the beginning of 2014 the CoB, as technical organisation, has been approached by the European Union to act as a witness in the negotiation process between Serbia and Kosovo. In the framework of the accession of Serbia to the European Union, Serbia has to find a solution for the cross-border traffic with Kosovo. Both countries, with the help of the European Union and the technical assistance of the CoB, are trying to conclude a Memorandum of Understanding

D. White Card System (ECO)

10. ECO is a ten-member organization (comprised of Afghanistan, Azerbaijan, Iran, Kazakhstan, Kyrgyz Republic, Pakistan, Tajikistan, Turkey, Turkmenistan, and Uzbekistan), out of which two members are also members of the Council of Bureaux (Iran & 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).

11. The COB will continue its efforts to assist the ECO secretariat with the implementation of the ECO White Card System in the ECO Region without however formalising this cooperation via a Memorandum of Understanding.

IV. COB Academy

12. 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 the staff of CoB members and can prove crucial for the future of the Bureaux and for the entire System.

13. The CoB Academy will be organised into two main 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 regarding the particularities of claims handling of cross-border accidents. It is specifically conceived for newcomers, people taking over new positions or participants who need to enhance their experience with workshops and simulations. This year the first session has taken place during the first week of July. The experience for both, students and trainers, was very positive. The students showed great interest when they had to work together on case studies in which particularities of cross-border claims handling were hidden. The first year the 'summer school' was only open to personnel of the national Bureaux but it is not excluded that the access be extended to other partners in the cross-border claims handling in the future.

(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. The first session will take place shortly and concentrate on judicial decisions of the European Court of Justice. The court decisions, relevant for our field will be presented during a morning session, followed in the afternoon by workshops allowing the participants to participate in an interactive and in-depth discussion on the case law presented during the morning.

V. Uninsured driving

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

15. The level of uninsured vehicles lies between 0,01% and 20% 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 of the national Bureaux.

16. The CoB is continuing its activities by analysing the reasons and consequences of this problem, in particular also by suggesting certain measures to minimise 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.

17. In our opinion all these actions will help alleviate the problem of uninsured driving.

VI. Fraud

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

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

Probably the most important hindrance to an effective fight against (insurance) fraud are the rules on data protection on the European level, which are perceived as too rigid and often totally unrealistic.

20. The cooperation in this area should start with a structured exchange of information.
21. CoB created a specific working group to analyse the problem and to propose effective measures to the insurers and the national Bureaux.
22. During the last General Assembly the working group presented an action plan which is composed of the following:
 - (a) To encourage the Green Card Bureaux to implement a policy for the fight against fraud, to develop external and internal management directions and to raise the awareness of service providers;
 - (b) To examine how information for the detection of fraud can be made available for entities involved in claims handling, and in particular for correspondents;
 - (c) To improve the flow of information and the exchange of knowledge on fraud by:
 - (i) The organisation of meetings with correspondents at national level;
 - (ii) The setting up of international agreements in order to make the exchange of cross-border information on fraudsters possible;
 - (iii) The organisation of a CoB Academy seminar on fraud;
 - (iv) The collation of fraud statistics in a common structure at CoB level;
 - (d) To integrate the Fraud Risk Assessment Form (FRAF) in the claims handling;
 - (e) To examine how to implement a central CoB platform on proven fraudulent claims data ("Hot-List").
23. Some of the above mentioned recommendations can be introduced without further preparation (1.1) while others deserve further investigation on national level such as (1.2 and 1.3;a). For points 1.3 c and d and 1.5 further preparation within the COB will be necessary. For point 1.5 possible external advice about data protection may even be foreseen.