



Economic and Social Council

Distr.: General
7 October 2011
English
Original: English and French

Economic Commission for Europe

Inland Transport Committee

Working Party on Road Transport

106th session

Geneva, 17–19 October, 2011

Item 8 (a) of the provisional agenda

Facilitation of International Road Transport

International Motor Insurance System (Green Card)

International Motor Insurance System (Green Card)

Report from the President of the Council of Bureaux

1. This year, the 45th General Assembly of the Council of Bureaux (CoB) was held on 25th and 26th May 2011 in Dubrovnik. 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. This financial capacity must be implemented within the market of compulsory motor insurance of each country participating in the systems such as provided for by Annex 1 of the Revised Consolidated Resolution on the Facilitation of International Road Transport: "In each country, only insurers authorized for the transaction of third party motor liability insurance can be members of the Bureau. All such insurers shall join the Bureau and all shall share in its financing, so that the Bureau is in a position to meet its financial obligations."

3. The Council of Bureaux constantly makes sure that this obligation is fulfilled and within this context, has adopted, for several years now, different measures among which are mainly included the provisions related to the financial guarantees required from new members and the supervision of the correct payment of reimbursements claimed by different Bureaux.

4. The 2008 financial crisis has pushed the Council of Bureaux to intensify its actions within this field notably by entrusting to an ad hoc working group the analysis of the

structure of the Bureaux and their respective market on the basis of the questionnaire that had been sent out to them.

5. As proposed by the Management Committee, this year the General Assembly decided to modify the Constitution in order to improve the structuring of the Council of Bureaux' action within the framework of the financial stability of its members. This modification consists in entrusting to the Monitoring Committee, composed of five members and a chairman, the following mission:

Functions and Powers:

- (i) The Monitoring Committee will monitor the overall financial stability of the whole Green Card System and thus the mutual trust between Bureaux as one of the principle elements of the system;
- (ii) The Committee shall identify potential financially weak Bureaux and assist them in improving their own situation by consultations or recommendations;
- (iii) The Committee shall serve as an early warning system, which could indicate a future problem;
- (iv) The Committee shall propose to the Management Committee specific measures or sanctions against uncooperative or defaulting Members or those repeatedly in breach of the financial provisions of the Internal Regulations.
- (v) The Committee regularly checks financial standing of the reinsurance market and recommends to the membership adequate level of the reinsurance programs including proper wording of the cover.
- (vi) The Committee analyses the possibility to set up the potential umbrella reinsurance cover protecting all interested membership.

6. This Committee is also in charge of functions and specific powers related to transitional members or full members that are subject to monitoring.

II. Geographical scope of the Green Card system

7. In 1996, the Council of Bureaux decided to only accept Bureaux of countries which geographically belong to Europe and to the Mediterranean border.

8. Given certain developments, more particularly the membership of Russia in 2009 and the expression of a certain interest from Kazakhstan, the Council of Bureaux believed it had to launch a new reflection on this question. The latter is still on-going and will certainly be subject to a new recommendation to next year's General Assembly.

III. Fraud within the framework of international traffic

9. The Green Card system was created to facilitate international road traffic and guarantee the protection of victims of accidents caused by international traffic. Fighting against fraud is apparently not part of the fundamental mission of the Bureaux.

10. From a general point of view, fraud constitutes an essential source of preoccupation for insurance undertakings since it threatens the profitability of their activity. This is why these undertakings have set up structures appropriate to fight against this fraud.

11. Furthermore, we notice that international road traffic offers people committing fraud the opportunity to develop certain illegal practices to the detriment of insurance

undertakings. UNECE considers that these practices hinder the development of international road traffic and invites the Bureaux to pay attention to this question.

12. This is why the Council of Bureaux organised a workshop dedicated to this issue within the framework of the last General Assembly. Lines of enquiry resulting from the presentations and the discussions of the workshop will be subject to a thorough analysis within the Council of Bureaux in cooperation with the professional insurance organisations.

IV. Membership Issues

A. Armenia

13. The Central Bank of Armenia informed the Secretariat of the Council of Bureaux that the legislation regarding compulsory MTPL-insurance, which is in compliance with the principles of Green Card system, came into force on 1st January 2011.

14. Furthermore it has been confirmed that they intend to apply for membership to the Green Card System but not before a few more years.

B. Kazakhstan

15. A request for information from the Kazakhstan Government regarding a possible membership of the country has been communicated to the Council of Bureaux through UNECE.

16. Useful information has been communicated and it is now up to the country's authorities to present a formal application.

C. Kosovo

17. Continuous contacts are taking place between the Central Bank of Kosovo, the insurers and the Council of Bureaux. It has been decided that a formal application be presented by a body which is formally designated by the Government of Kosovo to act independently as a Bureau established, operated and financed by the MTPL insurers of Kosovo.

18. When this application has been received and considered as satisfactory by the Council of Bureaux, the Kosovo Government will be invited to approach UNECE in order to discuss with them the possibility of receiving the authorisation to join the Green Card system, despite the absence of official recognition of Kosovo.

D. Montenegro

19. When Serbia and Montenegro separated, it had been temporarily agreed that the Montenegrin vehicles could be subject to Green Cards issued on behalf of the Serbian Bureau.

20. In compliance with the Government of this country, the insurers of Montenegro decided to present a separate application to the Council of Bureaux. The latter has been examined and accepted under certain financial conditions by the General Assembly.

21. If the conditions are fulfilled, this membership will take effect as of 1st January 2012 and the Bureau of Montenegro will thus become the 46th Member of the Council of Bureaux.

E. Serbia

22. The Serbian Bureau has asked to be accepted as a Signatory of the Multilateral Agreement binding the Bureaux of the European Economic Area and other Bureaux aiming to put an end to the control of the Green Card when crossing the borders of these countries.

23. This request has been accepted by the Signatories who have signed an addendum to the Multilateral Agreement with the Serbian Bureau.

24. The practical implementation of the latter depends on a decision of the European Commission which will establish its date of entry into force. The date of 1st January has been suggested to the Commission.

V. Election of a Vice-President –Renewal of the members of committees – Designation of a new Secretary General

25. During the last General Assembly, Mrs. T. Korbar from the Slovenian Bureau was designated as Vice-President of the Council of Bureau for a three-year period.

26. During the same assembly, the expired mandates of members of different committees have been reassigned in application of the internal election procedure of the Council of Bureaux.

27. Finally, given the retirement at the end of this year of the current Secretary General, Mr. Alain Pire, the General Assembly has accepted the designation of Mrs. Greet Floré as new Secretary General as of 1st January 2012.
