

# The current challenges of the Green Card system

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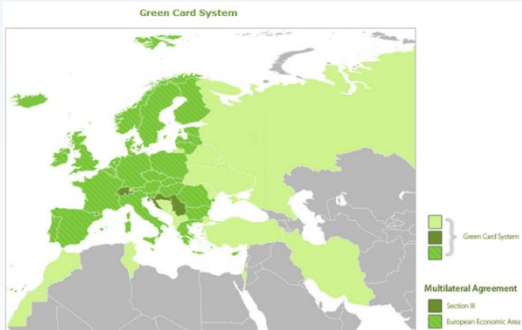
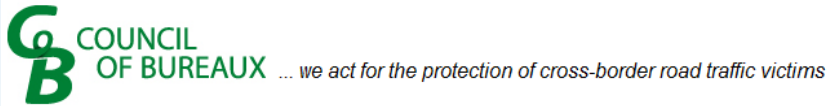
Managing Director NBI & NGF  
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# Significance of the Green Card system

Since 69 years, the Green Card system is successfully:

- Facilitating border crossing for motorists (deemed insurance cover based on Green card/number plate)
- Protecting road traffic victims (system of guaranteeing and handling Bureaux)

# Significance of the Green Card system



47 Insurance Bureaux

1'700 Insurers

Europe-wide **networks** of claims handling companies

400'000 reported new claims

Approx. vol. **EUR 1.7 Billions** paid out p.a. in the Green Card System

# Current challenges

- Financial stability
- Harmonisation of the Green Card and MID pillars
- Brexit
- Review of the codified MID
- Digitalisation and driverless vehicles

# Challenge No. 1: Financial Stability

## What is financial stability?

- **Financial stability** can be defined as a **condition** in which the financial system – comprising of financial intermediaries, markets and market infrastructures – is capable of **withstanding shocks**, thereby reducing the likelihood of disruptions in the financial intermediation process which are severe enough to significantly impair the allocation of savings to profitable investment opportunities. The financial system should be in such a condition that it can comfortably absorb financial and real economic surprises and shocks (Source: ECB).

# Challenge No. 1: Financial Stability

- **Lack of financial discipline** and misuse of the guarantees provided by the Green Card system
- **Solvency and liquidity problems** leading to delays in payments and causing a rise in Guarantee calls and reimbursement demands against the National Insurance Bureaux
- **Insolvencies** leading to high exposures of certain Guarantee Funds and National Insurance Bureaux



# Challenge No. 1: Financial Stability

## Insolvencies:

- **Diverging scope** of intervention of Guarantee Schemes
- **Insolvencies of FOE and FOS** insurers are regularly problematic on a point of view of victims protection
- **Agreements of the CoB**

# Challenge No. 2: Harmonisation

**Harmonisation** - merger of the **Green Card** system and the **MID bodies** system:

- Enhanced **cooperation** between the systems
- More **democracy**
- Enhanced **efficiency** and cost reduction
- Reinforcement of the **position of the CoB** and consequently of the **protection of road traffic victims**



# Challenge No. 3: Brexit

## Multilateral Agreement:

**Commission decision  
on insurance checks  
for non EEA signatories  
(art. 8 of the codified  
MID 2009/103/EC)**

### *Article 8*

#### **Documentation concerning vehicles normally based in the territory of third countries**

1. Every vehicle normally based in the territory of a third country must, before entering the territory in which the Treaty is in force, be provided either with a valid green card or with a certificate of frontier insurance establishing that the vehicle is insured in accordance with Article 7.

However, vehicles normally based in a third country shall be treated as vehicles normally based in the Community if the national bureaux of all the Member States severally guarantee, each in accordance with the provisions of its own national law on compulsory insurance, settlement of claims in respect of accidents occurring in their territory caused by such vehicles.

2. Having ascertained, in close cooperation with the Member States, that the obligations referred to in the second subparagraph of paragraph 1 have been assumed, the Commission shall fix the date from which and the types of vehicles for which Member States shall no longer require production of the documents referred to in the first subparagraph of paragraph 1.

# Challenge No. 3: Brexit

In the absence of a Commission decision:

- Can the Multilateral Agreement **still be applied** between the signatories? Deemed insurance cover based on number plates (section III IR) or on Green Cards (section II IR)
- And if yes, **proof of insurance** based on Green Card or number plates?

# Challenge No. 3: Brexit

Consequence of Brexit on the protection of visitors

- **MID bodies:** Pending compensation body files?
- End of the MID **claims representatives** system for UK?
- New protection of visitors **agreements**

# Challenge No. 3: Brexit

**Who** has to be **informed** (and **when**) before the March 29th 2019 deadline?

- Bureaux
- Border control authorities
- Insurers

# Challenge No. 4: review of the codified MID

## European Commission's Regulatory Fitness and Performance Programme (**REFIT**)

- Public **consultation** on the MID (3Q 2017)
- Commission **proposal** 24th May 2018
- **Observations and proposals for rewording** of the CoB

# Challenge No. 4: review of the codified MID

## Commission proposal:

- Harmonisation of claims history statements
- Automated insurance checks
- Harmonisation of minimum amounts of cover
- Scope of the Directive – definition use of a vehicle
- Intervention of a body in case of insolvency





# Challenge No. 4: review of the codified MID

## Scope of the Directive – definition use of a vehicle

- Vnuk C-162/13
- Rodrigues de Andrade C-514/16
- Núñez Torreiro C-334/16
- **“Normal intention of the use of a vehicle”**: Difficulties of interpretation in case of engines with a double function (i.e. agricultural tractors or forklifts)?
- **Context of traffic?**

# Challenge No. 4: review of the codified MID

## Scope of the Directive – definition use of a vehicle



*We act for the protection of cross-border road traffic victims*

European Commission's proposal for a new  
Motor Insurance Directive:  
observations of the Council of Bureaux

- **Necessity** of a link between MTPL insurance and the use of a vehicle in the **context of traffic**
- Insertion into the definition of the **distinction** made by the CJEU between the **use of a vehicle**, at the time of the accident, as a **mean of transport** and as a **machine for carrying out work**

# Challenge No. 4: review of the codified MID

## Intervention of a body in case of insolvency



*We act for the protection of cross-border road traffic victims*

European Commission's proposal for a new  
Motor Insurance Directive:  
observations of the Council of Bureaux

- **Risk of confusion** in the current Commission proposal
- **Rewording proposal of the CoB:** the new "insolvency bodies" **should not also be competent** to deal with so-called 4th Directive claims. This should be kept separated.

# Challenge No. 5: Digitalisation and driverless vehicles

## Are we heading towards a digital Green Card?

- **Low** tech vs **high** tech?
- Would a digital GC imply a **change of rules** of the current concept of « deemed » insurance?

## Challenge No. 5: Digitalisation and driverless vehicles

### Driverless vehicles and protection of road traffic victims?

- **No major change of rules is necessary:**  
Compulsory MTPL insurance / the Green Card System / the MID protection of visitors system are effectively protecting victims

### On the contrary

- Any change of rules / shift of liability rules **would endanger a well functioning system of protection of victims**



# Current challenges

- Financial stability
- Harmonisation
- Brexit
- Review of the codified MID
- Digitalisation and driverless vehicles

The issues have all been addressed, uncertainties remain.



A background image showing a first-person perspective from inside a car, looking out the windshield at a straight, two-lane road stretching into the distance under a clear blue sky. The road has white dashed lines. In the foreground, the top of the steering wheel and a person's hands are visible, though slightly out of focus. The overall scene is bright and clear.

# Thank you for your attention!

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