

FINAL REPORT

Topic Group XI on tackling uninsured driving





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1. Executive Summary

Uninsured driving is a growing problem in Europe. In 2011, the total value of uninsured claims was around 1 billion Euro. This places a financial burden on the honest motorist who buys and pays for his obligatory vehicle insurance. If the problem of uninsured driving is not effectively dealt with, the financial burden on the honest motorist will increase significantly. This demands robust and joint action to be taken by the registration authorities, the national bureaux, the guarantee funds and the insurance industry.

In the EReg Topic Group XI ‘tackling uninsured driving’, these organizations analyzed and discussed the problem and suggested improvements in various fields. It should, however, be highlighted that not all of the ‘possible’ solutions presented in this report are feasible in all Member States due to existing legal barriers. Such obstacles should also be kept in mind when assessing the suggested improvements proposed in this report.

Tackling uninsured driving requires intensive and close cooperation between the insurance industry and the vehicle registration authorities. Together, it is possible to take appropriate measures to reduce the number of uninsured vehicles significantly. Throughout Europe, activities in various Member States show that this close cooperation is effective. This kind of cooperation should be seen as best practice and every Member State should investigate its suitability for their own situation.

The most important aspect of Motor Third Party Liability (MTPL) insurance is the protection it offers to a victim who is confronted with damage and needs to be compensated for the financial loss. Every owner of a motor vehicle is obliged to have MTPL insurance. Tackling uninsured driving is not an issue of who must pay for the damage but more an issue of vehicle owners’ obligations, such as proper vehicle registration, paying road tax and the Periodical Technical Inspection (PTI). The responsible authorities closely monitor these vehicle owners’ obligations. The failure of vehicle owners to have MTPL insurance must also be closely monitored and penalized.

The free movement of people, goods and services is one of the fundamental freedoms of European cooperation, but it contains a paradox. Everyone must be free to move around Europe as he/she likes, but must respect the obligations associated with owning and using a motor vehicle. At the national level, every Member State is obliged to put in place measures to ensure the fulfillment of the MTPL insurance obligation. At the European level, the possibilities to take measures to ensure fulfillment are very limited and in most cases almost impossible. There must be a balance between the citizens’ freedom of movement and the enforcement of legal obligations. Improvement in this field is highly recommended.

Why do people not fulfill their obligation to take out MTPL insurance? Some people do not care if they are insured or not. However, are they aware of the consequences of their ignorance? In most cases they are not. They say: ‘I can pay for the damage to my own vehicle’. Being confronted with the financial consequences of the cost of injuries or worse the disability of a driver or passenger of the other motor vehicle can be a severe shock to these careless motorists. Therefore, awareness and knowledge is important.

In other cases, a driver may determine that he/she does not have the financial ability to purchase MTPL insurance and thereby opts to take the risk of getting caught uninsured rather than to pay the required premium. However, the price of insurance reflects not only a driver’s risk level, it must also factor in the costs of uninsured vehicle accidents that the motor insurance bureaux and guarantee funds



are ultimately required to compensate. Consequently, uninsured vehicles on public roads drive up the cost of insurance, a problem that is compounded by the impact the economic crisis has had on the finances of the European citizen.

The suggestions and recommendations made in this report do not constitute a 'magic bullet', but by acting concertedly and ensuring the fulfillment of the MTPL obligation for every European motorist, the number of uninsured vehicles on the roads will reduce, driving down the financial burden on the honest and dutiful motorist.

2. Aspects of uninsured driving

As this chapter describes, tackling uninsured driving has various aspects. It is not only a matter of having the right information at the right moment, but also the attitude of the driver to knowing the risk of uninsured driving. The Topic Group XI identified numerous possible improvements. These improvements are not all simple to implement but every improvement will in itself contribute to lowering the number of uninsured drivers.

The following aspects were identified by the Topic Group:

- Effectiveness of checks at the national level
- Effectiveness of checks at the European level
- Insurance as a precondition for registration/alternative systems
- Despatched vehicles
- Awareness
- Enforcement

2.1 Effectiveness of checks at the national level

Introduction

Uninsured driving is not allowed in any European Union country. The Codified Directive¹ only stipulates that the Member States shall take effective action to ensure that civil liability is covered by insurance. The exact definition of “effective action” is left to the discretion of the Member States. This has led to each Member State implementing the systems related to registration, enforcement and provision of insurance- and/or vehicle-related data differently. The result is very different systems for registration and MTPL checks. Some Member States have a very tight and rigid system, others have a less tight control on the MTPL checks. Having good national systems for tackling uninsured driving will also help to prevent uninsured driving at the European level, however, a robust and effective minimum set of requirements for everyone to adhere to would be most effective.

Analysis

- The quality of the registered vehicle data could be improved. The situation varies from Member State to Member State, for example, some Member States do not have a system for ending a registration. This makes it very difficult to compare the data in the vehicle database and the MTPL database.
- The quality of the data concerning MTPL insurance cover should be enhanced in some cases. Every Member State has the obligation to register MTPL insurance cover in a register at the national level or to coordinate the compilation and dissemination of that information. The level of data quality is very important for tackling uninsured driving. Cooperation between the

¹ Directive 2009/103/EC of the European Parliament and of the Council of 16 September 2009 relating to insurance against civil liability in respect of the use of motor vehicles, and the enforcement of the obligation to insure against such liability (Codified Version); OJ, L 263, 07.10.2009, p. 11.



insurance industry and the registering body and proper supervision are necessary in order to improve the detection of uninsured vehicles.

- The communication between the vehicle and MTPL databases and the cooperation between the registering bodies are not optimal. In some Member States, the databases are held by different registering bodies or departments. For example, different Ministries hold the databases or a public body holds the vehicle database while a private company holds the MTPL database. An effective system to monitor the MTPL obligation to prevent uninsured driving requires the different organizations to cooperate at a significant level and work on the technical communication between the databases.
- There are obstructions to using the information from the vehicle database and the MTPL database. There can be legal objections related to national data protection legislation. The legal possibilities for cooperation between the different official bodies that are engaged in the registration of vehicles and MPTL cover need to be investigated in more depth. This can be done by looking at the best practice from Member States that have solved this legal obstacle and where the results clearly demonstrate a resultant significant benefit.

Possible solutions

- Improve the quality of the data concerning registered vehicles. The registration authorities in the Member State concerned can do this. The main issues are how to obtain up-to-date data on the (provisional) deregistration of vehicles that are not allowed to be used on public roads and the correct data concerning registered vehicles.
- The insurance industry should consider potential measures to enhance its ability to collect data and share it more quickly with registration authorities and vice versa.
- Link together the vehicle and the MTPL databases and solve problems that obstruct free communication, such as IT-related problems, data protection issues and public versus private issues. Cooperation of the government and the insurance industry is required.
- Improve the availability of the vehicle and MTPL databases to enforcers so there can be proper checks on vehicles and their obligatory insurance cover.
- Improve the availability of MTPL data (the database) to the registration authorities to allow digital checks to ensure the vehicle is covered by valid insurance at the moment it is registered and at other official moments (e.g. Periodical Technical Inspection, etc.)
- Crosscheck the insurance and vehicle databases on a systematic or non-systematic basis. By regularly crosschecking, uninsured vehicles can be effectively identified as a precondition for significantly reducing the number or percentage of uninsured vehicles.
- Establish severe penalties for uninsured vehicle owners for use by those Member States that use administrative penalties as a main tool to combat uninsured driving.
- Establish more roadside checks, especially for those Member States that do not have other means of checking the insurance obligation, and incorporate more effective penalties (such as the seizure of the vehicle) rather than financial penalties alone.

2.2 Effectiveness of checks at the European level

Introduction

Uninsured driving is not only a problem at a national level but also at the European level (EEA countries). The differences between national registration systems, for both MTPL registration and vehicle registration, make detecting uninsured vehicles/drivers complicated. The Codified Directive stipulates that the Member States shall take effective action to ensure that civil liability is covered by insurance. Unfortunately, the same Directive prohibits the effective checking of the MTPL cover of cross-border traffic within the single market. Therefore, uninsured vehicles normally based in EEA countries can freely circulate throughout the EEA unnoticed. Road traffic within the EU/EEA is increasing rapidly and so is the number of claims (for compensation). International or cross-border traffic in Europe concerns traffic within the EEA and traffic out of the EEA where “green card checks” are carried out (except Croatia, Switzerland, Serbia and Andorra). The check on green cards within the EEA has been abolished, which makes it more difficult to check whether a certain vehicle is covered by insurance.

Analysis

- The Codified Directive limits the possible actions that can be taken to detect and penalize the uninsured vehicles/drivers. This limits the opportunities for improvement. For example, systematic checks are not allowed. However, even if spot-checks are made, it is very difficult to check whether a certain vehicle is covered by MTPL insurance. This is in part because the policing depends on documents of which the origin or validity is unclear. Additionally, vehicle and insurance information is not always available at the international level. More information about this can be found in Appendix 2.
- There are European systems that can possibly contribute to information exchange within Europe. EUCARIS (Appendix 8), which allows vehicle and insurance information to be exchanged between (not all) member states, has been implemented. A legal framework is required to use the EUCARIS system. The Prüm treaty² only allows the police to use the system to combat serious crime and terrorism. Its use, for example, during roadside checks is prohibited. Furthermore, it can only be used by governmental bodies.
- The Directive stipulates that all Member States should take appropriate action to prevent uninsured driving. Because it does not describe minimum requirements, each Member State has implemented its own system based on its own interpretation. As a consequence, the results of combatting uninsured driving vary from Member State to Member State. Moreover, it is difficult for Member States to cooperate because there is no harmonized system.
- The use of temporary registration plates presents an additional problem at the European level. There is an obligation for temporary registration plates to be covered by MTPL insurance, however, not every Member State registers the fact in the national insurance register. This makes European or even national checks of the MTPL obligation for temporary registration plates very complicated.

² Prüm Treaty and EU Council Decisions 2008/615/JHA and 2008/616/JHA on cross-border co-operation in combating terrorism and cross-border crime

- Recognize that a vehicle bearing vehicle registration plates from a Member State only ensures that an innocent victim can receive appropriate compensation for their loss (physical or financial) and does not suggest that the vehicle is insured. Recognize also that the authorities do not therefore have the right to seek evidence of valid insurance.
- The situation with uninsured vehicles could be considerably worsened by the present draft of the European Regulation concerning the Transfer of motor vehicles within the EU. The current draft does not allow the “receiving” Member State to deny re-registration if the vehicle is not covered by MTPL insurance. Another problem that could arise is the maximum length of the “grace” period before re-registration. The “receiving” Member State is unable to monitor the expiration or deadline of this “grace” period. Discussions regarding this were still being held in the EU when this report was drafted.

Possible solutions

- Ensure that enforcement bodies have access to vehicle and MTPL insurance data. A first step in European data exchange could be to connect the Information Centers to the EUCARIS system. This option needs to be investigated to be able to establish the legal framework required to establish the connection to EUCARIS. The basis for the legal framework can possibly be found in Article 6 of the Codified Directive 2009/103, which states that the national bureaux must exchange information about the vehicle and the MTPL cover in the event of an accident. The intended information is also printed on the green card. A second step could be to try to extend the legal framework in a way that would allow enforcers to use the information in roadside spot-checks.
- Improve the registration rules concerning temporary registration plates. This can be done by defining the following for temporary registration plates used for traffic between Member States:
 - MTPL cover must be compulsory for temporary registration plates.
 - MTPL cover must be registered in the national central MTPL database.
 - A short period of validity must be selected; 14 days will be adequate for the transport of a vehicle from one Member State to another. After consideration, EReg TG II re-registration (which was merged with the former Topic Group IV temporary and commercial plates) stated that a 14-day period would be sufficient for temporary plates.
 - The validity of the temporary registration plate must be visible on the plate itself.
- The new draft Regulation on transferring motor vehicles to another Member State should include the possibility for the “receiving” Member State to deny a re-registration if the vehicle is not covered by valid MTPL insurance. The “grace” period before re-registration must also be as short as possible to prevent motor vehicles circulating freely within the EU. This to ensure that it is possible to address the problem of uninsured motor vehicles.
- In October 2011, the European parliament agreed Directive 2011/82/EU to facilitate the cross-border exchange of information on road-safety-related traffic offences. This Directive must be written into the national legislation by 7 November 2013. This Directive mentions eight road-safety-related traffic offences for which the exchange of information is legally possible. (a) speeding; (b) non-use of a seat-belt; (c) failing to stop at a red traffic light; (d) drink-driving; (e) driving under the influence of drugs; (f) failing to wear a safety helmet; (g) use of



a forbidden lane; (h) illegally using a mobile telephone or any other communication devices while driving.

Driving without MTPL insurance could, or better should, be added to this list. Uninsured drivers do not pose a direct threat to road safety, but their behaviour shows no respect for road safety and other motorists.

- The above is important for Member State registration authorities when reviewing and commenting on the proposal regarding the re-registration Directive.
- Establish more roadside checks. This is one of the most effective means of catching uninsured drivers that operate internationally, because the Codified Directive prohibits systematic border checks and the systematic checking of foreign vehicles.
- Establish an EU solution that includes a common set of minimum requirements for the system of checks and measures. The lack of a common set of requirements means there is no standard that a Member State must meet with respect to the obligation regarding international checks.
- Encourage police forces to cooperate with Information Centers and harmonize the approach taken by police forces. Uninsured drivers are suspected of being involved in a greater proportion of other criminal activities than could be expected.

2.3 Insurance as precondition for registration/ alternative systems

Introduction

Some Member States (e.g. Austria, Belgium, Czech Republic, Denmark, Finland, Germany, Norway and Sweden.) make MTPL insurance a prerequisite for the registration of a vehicle. It seems that refusing to register a vehicle if it has no MTPL cover, leads to low rates of uninsured driving. Other Member States do not make MTPL cover a prerequisite, meaning that uninsured driving could rise to high levels. Between these extremes, some Member States do not prescribe MTPL cover as a precondition for registering a vehicle, but operate a proper alternative system, e.g. recurring database comparisons or extensive roadside checks using high quality data on vehicle registration and MTPL cover.

Analysis

- Member States where MTPL cover is a precondition for the registration of a vehicle have inherently quite low rates of uninsured vehicles. In several countries where the system is used, less than 1% of the vehicles are uninsured. The MTPL cover as a prerequisite for registration is often accompanied by a system that requires the registration plate to be returned when the vehicle is no longer insured.
- An alternative system is to repeatedly compare 100% of the databases. This happens in the Netherlands, where since the 100% comparisons were introduced, the rate of uninsured driving fell from approximately 4% to less than 1%.

Possible solutions

- Every Member State should prescribe MTPL cover as a prerequisite for the registration of a vehicle or specify an alternative system that will deliver approximately the same results (such as a crosscheck of insurance databases or extensive roadside enforcement). An investigation of best practice in Member States with a very low rate of uninsured driving is recommended.
- The responsible authority (e.g. registration authority or police) should confiscate the registration plates if there is no valid MTPL insurance for a certain vehicle. This could be an additional aspect of a system where MTPL cover is a precondition for registering a vehicle. Having an MTPL cover as a precondition for the first registration is good, but a vehicle owner can cancel his/her insurance cover without direct consequences for the registration of the vehicle. Removing the registration plates is an appropriate addition to the system of having MTPL cover as a precondition for registering a vehicle.
- Automatic renewal of MTPL insurance policies. This protects vehicle owners from being uninsured if they fail to notice the expiry of the MTPL insurance policy. However, some member states' regulatory frameworks ban the use of such renewal. Therefore, this is only a limited solution that currently would not work for all Member States.
- Deregistration of a vehicle as a precondition for terminating an insurance policy.

2.4 Despatched vehicles

Introduction

- One of the major aims of the European Union is to increase commerce, trade and cross-border traffic between its Member States. Arising from this, there has been a huge increase in cross-border traffic and in vehicles that are moved from one Member State to another in order to be registered in the destination Member State. If a vehicle owner moves from one Member State to another, he/she is obliged to register in the peoples register within 185 days. EReg Topic Group XI investigated the detection obligations related to vehicles, such as the MTPL cover. It did not investigate the problem of which Member State is responsible for recovering which claims. The introduction of the 5th Motor Insurance Directive seems to make it even more difficult to get insurance on a despatched vehicle, since a despatched vehicle remains registered in the Member State of origin, however, the MTPL cover must be bought in the Member State of destination.

Analysis

- The first major problem is that the Member State of destination has little or no idea about the fulfillment of the MTPL obligations in the Member State of origin during the 185-day period. This is even more relevant during the first 30 days after despatch. If this period elapses, responsibility transfers to the Member State of origin.
- The second problem is that insurers in Member States of destination are often unable to comply with the obligations required in Member States of origin with respect to the registration of vehicles so that registration authorities in Member States of origin do not always accept the insurance documents issued in Member States of destination.
 - Pursuant to the 5th Motor Insurance Directive, a citizen intending to buy a motor vehicle in another Member State may bring to the Member State of destination a certificate showing MTPL insurance cover. This amendment in the 5th Motor Insurance Directive was intended to make the purchase of a motor vehicle in another Member State easier, however, instead it resulted in more difficulties. In the majority of cases, the insurer of the Member State of destination will only provide his/her customer with an MTPL insurance certificate if the customer is able to concretely provide the data concerning the vehicle to be purchased. If the vehicle has not yet been determined, the citizen will often be forced to buy insurance cover in the Member State of despatch. It seems even more difficult to get insurance on a despatched vehicle in cases where the despatched vehicle remains registered in the Member State of origin, but the MTPL cover must be bought in the Member State of destination. One of the crucial points is that the Member State of destination (and other Member States) is not aware of the MTPL obligations in the Member State of origin during the 185-day period.
 - The second problem is the transportation of exported vehicles, if temporary registration plates are used on public roads (see 2.2). Thus, it is possible for vehicles to be used throughout Europe without them having the compulsory MTPL cover.



Possible solutions

- Allow registration authorities more grounds to refuse an application for the re-registration of a vehicle, for example not presenting proper proof of insurance at the moment of application.
- Establish sanctions for failing to re-register a vehicle within the set deadline. There must be an incentive for the vehicle owner to re-register in time.
- Shorten the time allowed to request a re-registration. The 185-day period risks allowing uninsured vehicles to be used on public roads.
- A citizen who intends to buy a motor vehicle that is no longer registered in the Member State of purchase should be able to either hand over a short-term registration certificate from his Member State or to obtain such a certificate from the Member State of purchase.
- Allow enforcement bodies to access vehicle and MTPL insurance data (see 2.2).
- Improve the rules for temporary registration certificates and plates. In April 2012, the European Commission issued a proposal for a Regulation simplifying the transfer of motor vehicles registered in other Member States. The objectives of this initiative are to harmonize, streamline, and simplify the procedures for the re-registration of motor vehicles registered in another Member State and to reduce the administrative burden on all the actors involved. However, this proposal raises several concerns related to uninsured driving. It appears that the Proposal³ introduces a requirement to request a temporary registration certificate from the registration authority in the country of destination of a despatched vehicle. This will lead to practical problems as buyers buy their vehicle “on the spot” in another Member State. The purchaser is not in possession of information concerning the vehicle until the moment he buys the vehicle. A solution is to oblige the purchase of the temporary license certificate and plates in the country of despatch.
- Make re-registration after using a temporary registration plate compulsory. If a vehicle is moved from one Member State to another after being traded, there is no monitoring of the registration of the vehicle after the temporary license certificate and plates expire.

³ European Commission: Proposal for a Regulation of the European Parliament and of the Council simplifying the transfer of motor vehicles registered in another Member State within the Single Market. The proposal can be found via this link: http://ec.europa.eu/enterprise/policies/single-market-goods/files/car_registration/fewer_registration_formalities_2012/regulation_com_2012_164_en.pdf

2.5 Awareness

Introduction

One of the major issues concerning uninsured driving is that people are unaware of all of the associated consequences. Some drivers do not even know that MTPL cover is compulsory when a vehicle is driven on the road. Others do not have any idea of the risks they run or the possible extent of the damage they are liable for if an accident happens. This lack of awareness and taking the simple view that they believe the authorities will only catch them at the roadside or following an accident are important reasons for vehicle owners not to buy insurance and to take the enormous risks associated with uninsured driving for granted. As result of the future adoption of (part of) the proposal on re-registration to simplify the transfer of vehicles between Member States, the risk of an increase in the number of drivers driving uninsured vehicles is obvious.

Analysis

- Creating the right level of awareness and increasing the likelihood of the vehicle owner being identified and suffering the consequences could help to solve the problem of not having MTPL cover. Awareness can be raised without changing laws and IT systems and could be effective in combatting uninsured driving. The EReg Topic group XI exchanged numerous examples. Some Members States have very effective campaigns that show good results. This is achieved using a mix of traditional (press, TV and radio) and modern (Twitter, social media and online) targeting of key audiences.

Possible solutions

- Press campaigns are a good way to present facts & figures (casualties, injured, etc. related to uninsured driving). Best practice is available in some Member States.
- Targeted initiatives for certain high-risk groups e.g. young drivers who have lower risk awareness.
- Cooperation with driving schools. Incorporating the MTPL obligation and the risk of not having MTPL cover in the theoretical education of drivers could prove successful.
- Mention the obligation to insure a vehicle in official government documents related to vehicles e.g. PTI (Periodical Technical Inspection) reminders, vehicle registration documents, registration authorities' websites, etc.
- If a vehicle owner terminates or suspends his/her insurance policy, the insurance companies will acknowledge this by sending him/her a letter or electronic communication. This communication should refer to the insurance obligation if the vehicle is still being used. However, legal barriers to electronic transmissions in Member States may pose difficulties.
- Explain that a large number of roadside checks are carried out by the police or another enforcement body. However, if (some of) the improvements mentioned above are implemented, the changes in legislation and prevention techniques can be used to support an awareness campaign. It is in the interests of every Government to support road safety initiatives, therefore, it cannot be assumed that the insurance industry must pay for public awareness campaigns.



- Clarify that Guarantee Funds can have a right of recourse against the uninsured person. The exposure to this risk may be much higher than criminal penalties, so this may give an extra reason to buy insurance.
- It seems that in some countries, the public authorities have no interest in taking a stricter approach to uninsured driving. If this is the case, awareness must be raised at that level before other steps can be introduced.

2.6 Enforcement

Introduction

One of the main aspects of preventing and combatting uninsured driving are the enforcement activities, carried out by the national enforcement bodies. As uninsured driving is illegal and the consequences are detrimental for normal motorists, enforcement is an important issue. The different Member States take various approaches. Database comparisons are made to trace, warn and even fine the owners of uninsured vehicles. The Netherlands takes this approach, where, when identified, the owner of an uninsured vehicle is fined € 400. The fine is repeated every 70 days. Spot checks are also made. These are police checks with or without the help of Automatic Number Plate Recognition (ANPR) technology. One-time actions, including checks during the annual PTI (Periodical Technical Inspection) or recurring checks are performed.

Analysis

- At the national level, the approach taken in the different Member States differs greatly. Systematic, non-systematic, active and passive methods are used. One systematic method is the rolling exchange of data between the MTPL databases and registration databases. Obvious non-systematic methods include checks, roadside checks and recurring checks (Periodical Technical Inspection). Active methods include methods where action is taken immediately. Methods that are used when action is taken after an accident should be identified as passive.
- At the international level, due to Article 4 of the Codified Directive, there is no internationally recognized rule for combatting uninsured vehicles. Since insurance checks, especially at the borders, had to be abolished to facilitate free movement, trade, commerce, etc., uninsured vehicles are no longer checked. The expansion of the European Union has increased the number of uninsured vehicles on the roads.

Possible solutions

- Crosscheck insurance databases.(also see 2.1)
- Solve the issue of “non-systematic checks” as understood in Article 4 of the Codified Directive. This article is a huge obstacle to combatting uninsured international traffic. As stated above, improving the availability of information and the ability to exchange information between Member States would contribute enormously to systematic checks. For the next revision of the Directive, the recommendation to the European Commission is to reconsider Article 4 and the position on the prohibition of non-systematic checks in order to check MTPL cover.
- Check MTPL cover during the annual PTI. The PTI is a recurring inspection that offers a suitable opportunity to check the insurance cover.
- Fine uninsured vehicle owners for not having insurance every day. If the revenue is used to finance the compensating bodies to compensate the outstanding claims, the uninsured driver will be paying part of the bill. This can reduce the financial damage suffered by the honest motorist.
- Use and develop Automatic Number Plate Recognition (ANPR) as a trigger for road checks.



- Sanctions and fines should create a genuine disincentive. Sanction should be at a level that incentivizes people to prefer to purchase insurance.
- Electronic insurance documents to prevent forgery. As long as paperwork is used to prove the validity of MTPL cover for a certain vehicle, there will be the possibility of fraud. Sending a digital message from the insurance industry to the national register would improve this situation. However, the paper version of the green card is the cheapest proof of insurance. Past studies into security features showed that this was too expensive.

Appendix I *Framework and participants of Topic Group XI*

Framework

The Motor Insurance Directives are a fundamental element in the free movement of vehicles in the European Union. With the first three directives, the Community took major steps towards establishing a single market in the field of motor insurance. These directives oblige all motor vehicles in the Community to be covered by compulsory third party insurance and abolish border checks of insurance so that vehicles can be driven as easily between Member States as within a country. They also guarantee the better protection of victims of accidents, including those caused by unidentified or uninsured vehicles.

On 7 June 2002, the Commission adopted a Proposal for a 5th Motor Insurance Directive to modernise the existing Motor Insurance Directives and improve the protection of victims.

Although the Motor Insurance Directives make third-party liability insurance compulsory, the number of uninsured drivers increases daily. In addition, with the introduction of the 5th Motor Insurance Directive it seems even more difficult to get insurance on a despatched vehicle, since a despatched vehicle remains normally based (registered) in the Member State of origin, however, the Motor Third Party Liability (MTPL) cover must be bought in the Member State of destination.

The Codified Motor Insurance Directive took over all advantages and disadvantages of the previous Directives as described above.

The increasing number of uninsured drivers in the EEA creates problems in terms of costs and road safety. Better cooperation between registration authorities, insurance companies and national guarantee funds is necessary to tackle the problem of uninsured driving in Europe. This problem will increase if the EEA expands.

Problems associated with the registration process include:

- Registration authorities do not work in partnership with the insurance industry to identify uninsured vehicles and to enforce measures to curb uninsured driving.
- Registration authorities are unable to record foreign insurance information in their register.
- It is difficult to retrieve information about the insurance covering a foreign vehicle in the event of an accident.
- Not all Member States require proof of insurance as a prerequisite for registering (of re-registering) a vehicle.
- Member States use many different documents as proof of insurance. Registration authorities have difficulty in recognizing these documents and determining their validity.
- A (growing) number of Member States issue an electronic proof of insurance, although other Member States need a paper document to register a vehicle.
- Member States use different ways of establishing if a vehicle is insured.
- The estimated annual costs of uninsured driving are approximately 1 billion euro in EEA countries. (2011)
- Positive discrimination of foreign vehicles because no real time global connected information database is available.



The registration authorities can play an important role in tackling uninsured driving through their vehicle register and by cooperating with insurance companies and/or national guarantee funds. These organisations should work together to enforce insurance on vehicles.

Participants

Since the subject of Topic Group XI is of interest to other stakeholders than just EReg and since the exchange of experiences and best practice can improve the outcome of the Topic Group, the Topic Group cooperated with representatives of the Council of Bureaux and Insurance Europe.

Appendix II *Legal aspects*

National level

Uninsured driving is illegal in any country where the MTPL insurance is compulsory. This is probably the only common legal denominator as there is no material harmonization of this aspect in European Union Law.

The only basic harmonization in community law is Article 3 of the Codified *“Directive 2009/103/EC relating to insurance against civil liability in respect of the use of motor vehicles, and the enforcement of the obligation to insure against such liability”* (hereinafter *“Codified Directive”* only), which since 1972 obliges each and every Member State to *“take all appropriate measures to ensure that civil liability in respect of the use of vehicles normally based in its territory is covered by insurance”*.

Thus, the scope of appropriate measures was left to the discretion of Member States with the consequence being they vary from country to country. This applies to all the measures, whether they are control mechanisms concerning vehicles subject to registration or sanctions against defaulting persons in charge of uninsured vehicles.

The non-harmonization of sanctions against defaulting persons in charge of uninsured vehicles applies to both the public area of sanctions (actions to be taken by public authorities) as well as the private area (actions to be taken by those bodies that are obliged to compensate victims of road traffic accidents involving uninsured vehicles).

International level

According to Articles 2 to 6 of the Codified Directive, vehicles normally based in one Member State may circulate within the whole EEA territory without any systematic check of insurance. Article 4 of the Codified Directive allows Member States to *“carry out only non-systematic checks on insurance provided that those checks are not discriminatory and are carried out as a part of a control which is not aimed exclusively at insurance verification”*.

Thus, uninsured vehicles normally based in EEA countries may circulate rather freely throughout the whole EEA territory. The EEA territory has grown substantially since the early 1970’s (when the 72/166/EEC Directive appeared as one of the predecessors of the Codified Directive). Road traffic within the EU/EEA has been constantly growing and thus even uninsured driving received a substantially enlarged space. According to the 2005/14/EC Directive, the modified version of Article 4 on Checks on insurance of the Codified Directive does not change this statement substantially.

Article 10 of the Codified Directive also obliges all Member States to *“set up or authorize a body”* responsible for compensating claims associated with uninsured vehicles. The only substantial concession it allows is the choice between subsidiarity and non-subsidiarity of such body, usually called a Guarantee Fund.

There seems to be some asymmetry between the levels of protection of victims of traffic accidents (being rather high) and of protection of honest motorists paying the MTPL insurance premium vis-à-vis persons in charge of uninsured vehicles.

(Source: position paper CoB)

Appendix III *Economic aspects*

The Guarantee Fund of the Member State where a certain vehicle is registered is (in general) the paying body of last resort. Via the Guarantee Fund, the normal consumer pays the costs of damage done in the event of uninsured driving. The quantitative national exposure (Guarantee Funds) is much more significant than the international exposure (Green Card Bureaux) as reflected by the figures below.

Overall Financial Strain of Uninsured Driving

In 2011, the Working Group on Uninsured Driving of the Council of Bureaux performed a first ad-hoc investigation of all Green Card Bureaux (uninsured claims associated with vehicles registered abroad) and Guarantee Funds (uninsured claims associated with domestic vehicles) to investigate the financial impact of uninsured driving. This first investigation only concentrated on uninsured claims paid out in 2010, which amounted to 820 million Euro throughout the EEA.

This amount seems to be the lowest possible estimate of the total financial strain as this investigation did not consider technical reserves for uninsured claims and uninsured hit-and-run cases.

Therefore, the Council of Bureaux launched more sophisticated data collection in 2012 that required the reporting of paid out claims, the change in the technical claims reserves (RBNS + IBNR) and hit-and-run cases and their potential share of uninsured claims in 2011.

The results of the 2012 survey into uninsured claims can be summarized as follows:

Development of uninsured claims in 2011 reported by the Guarantee Funds:

	EUR			
	Compensation paid for claims arising from traffic accidents caused by uninsured vehicles, irrespective of the year of accident	Overall amount of claims reserves (RBNS + IBNR) at the end of the previous calendar year for claims arising from traffic accidents caused by uninsured vehicles, irrespective of the year of the accident	Overall amount of claims reserves (RBNS + IBNR) at the end of the calendar year for claims arising from traffic accidents caused by uninsured vehicles, irrespective of the year of the accident	Overall liability arising from uninsured claims to Guarantee Funds in the calendar year in EUR
2011	802,259,061	2,180,367,590	2,234,595,011	856,486,482

Development of uninsured claims in 2011 reported by the Green Card Bureaux:

	EUR			
	Compensation paid for claims arising from traffic accidents caused by uninsured vehicles, irrespective of the year of accident	Overall amount of claims reserves (RBNS + IBNR) at the end of the previous calendar year for claims arising from traffic accidents caused by uninsured vehicles, irrespective of the year of the accident	Overall amount of claims reserves (RBNS + IBNR) at the end of the calendar year for claims arising from traffic accidents caused by uninsured vehicles, irrespective of the year of the accident	Overall liability arising from uninsured claims to Green Card Bureaux for the calendar year in EUR
2011	16,369,993	42,552,751	39,814,324	13,631,566

Accumulated development of uninsured claims in 2011:

	EUR			
	Compensation paid for claims arising from traffic accidents caused by uninsured vehicles, irrespective of the year of accident	Overall amount of claims reserves (RBNS + IBNR) at the end of the previous calendar year for claims arising from traffic accidents caused by uninsured vehicles, irrespective of the year of the accident	Overall amount of claims reserves (RBNS + IBNR) at the end of the calendar year for claims arising from traffic accidents caused by uninsured vehicles, irrespective of the year of the accident	Overall liability arising from uninsured claims to Guarantee Funds and Green Card Bureaux for the calendar year in EUR
2011	818,629,053	2,222,920,341	2,274,409,335	870,118,048

As regards the hidden share of uninsured hit-and-run cases, it was possible to collect the total financial exposure of these cases (an amount of € 339 m) but most of the participants did not find themselves able to report an estimated share of uninsured cases within the hit-and-run cases.

The Council of Bureaux will continue to collect data related to uninsured driving on an annual basis and will seek to further improve the quality of the delivered data.



Appendix IV *Meetings and working methods*

Working methods

The Topic Group defined the phenomenon Tackling Uninsured Driving and discussed possible factors behind it. Best practice was exchanged and suggestions discussed on possible improvements in the short and longer term. Based on information contained in the draft Action Plan, which was written before the first meeting, during the first and second meeting, several presentations were organized regarding:

- Uninsured driving in EEA countries by Mr Jakub Hradec
- Despatched Vehicles by Mr Frits Blee
- Provision of information by Mr Jelle Smits
- EUCARIS and uninsured driving by Mr Herman Grooters

During the last two meetings, the Topic Group did work on finalizing the draft-report, for which the participants did put forward their input.

Meetings

The Topic Group participants met four times:

1. The Netherlands (RDW) hosted the first meeting, which was held at Schiphol Airport Amsterdam. The meeting took place on 23 and 24 February 2012.
2. The second meeting was held in Berlin, Germany. The meeting was hosted by GDV (Gesamtverband der Deutschen Versicherungswirtschaft) on 7 and 8 June 2012.
3. The CoB hosted the third meeting on 6 and 7 December 2012 in Brussels, Belgium.
4. The fourth meeting, hosted by the Concil of Bureaux, was also held in Brussels, Belgium, on 11 March 2013.

The results of the Topic Group will be presented at the EReg General Meeting & Annual Conference 2013, which will be held on 16 and 17 May 2013 in Bern, Switzerland.



Appendix V *EReg*

EReg is the Association of European Vehicle and Driver Registration Authorities. It is a European association that deals with subjects concerning registration and documentation of vehicles and drivers. The EReg structure includes a Plenary Board, a Chairman, a Secretariat, an Advisory Group and several Topic Groups. Currently, RDW in the Netherlands holds the chair of EReg for a period of three years.

Currently, the Association has 27 members in Europe: Belgium, Cyprus, Denmark, Estonia, Finland, France, Germany, Gibraltar, Hungary, Iceland, Ireland, Isle of Man, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Northern Ireland, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Sweden, Switzerland and United Kingdom. Members have the legal status of central vehicle registration or driver registration authority in their country.

The main objective of EReg is to bring together the European Registration Authorities to be able to:

1. Share knowledge, experience and good practice
2. Identify, track and influence European developments and regulations
3. Take initiatives aimed at improving the performance of tasks by the members as European partners
4. Establish exchange and cooperation arrangements with relevant other parties
5. Promote effective and efficient data exchange

The members of EReg work together on several important subjects in the EReg Topic Groups. Since autumn 2008, there have been ten Topic Groups. In 2013, there are seven active Topic Groups, namely:

Current active EReg Topic Groups

Topic Group I.	International data exchange
Topic Group II.	Re-registration of vehicles within EU
Topic Group IV.	Harmonization commercial and temporary plates and documents
Topic Group XI.	Tackling uninsured driving
Topic Group XII.	CO2 Data exchange
Topic Group XIII.	Vehicle mileage registration
Topic Group XIV.	Normal residence

EReg member participants in EReg Topic Group XI :

1. Finland, Mikko Helminen, Finnish Transport Safety Agency
2. Lithuania, Vytautas Jasiulevicius, State Enterprise REGITRA
3. Norway, Tonje Kolsrud/ Kristian Magnus Mo Norwegian Public Roads administration
4. Sweden, Leena Sutela Swedish Transport Agency
5. The Netherlands, Frank Niemeijer, RDW Dutch Registration Authority

The Topic Group was chaired by Mr Johan Boxma (RDW, Dutch Registration Authority). Ms Elsbeth Smit (EReg, RDW) was the secretary of the Topic Group.



Appendix VI *Council of Bureaux*

The Council of Bureaux (CoB) is the managing organization of the International Motor Insurance 'Green Card' System. Operating under the United Nations aegis, CoB is closely involved with the EU institutions to improve the free movement of vehicles and the settlement of international motor accident claims, to achieve the satisfactory protection of victims of cross-border road traffic accidents. Its national Member Bureaux represent around 2000 motor insurers in 46 countries in Europe, North Africa and the Middle East.

CoB also offer secretarial services to the Guarantee Funds, Compensation Bodies and Information Centres of the European Economic Area, operating within the framework of the so-called Codified Motor Insurance Directive.

As (both domestic and international) road traffic accidents involving uninsured vehicles have a direct influence on the work of National Insurers' Bureaux, Guarantee Funds, Compensation Bodies and Information Centres, CoB has, within its structure, a permanent working group on uninsured driving. Having regard to the importance of the topic, CoB also participated in the work of the EReg Topic Group XI.

CoB participants in EReg Topic Group XI:

1. Czech Republic, Jakub Hradec, Czech Motor Insurers' Bureau and Guarantee Fund
2. Finland, Vesa Korhonen/Jan Ylitapio, Finnish Motor Insurers' Centre
3. Lithuania, Tomas Rudzkis, Motor Insurers' Bureau Lithuania
4. Norway, Roger Stenseth/Kristoffer Gulsvik, Norwegian Motor Insurers' Bureau
5. Poland, Malgorzata Kopcinska, Polish Motor Insurers' Bureau
6. Sweden, Bengt Ek, Swedish Motor Insurers
7. The Netherlands, Frits Blees, Motor Insurers' Bureau The Netherlands
8. The Netherlands, Jelle Smits, Motor Insurers' Bureau and Guarantee Fund, The Netherlands
9. United Kingdom, Neil Drane, Motor Insurers' Bureau UK

The CoB Secretariat was represented by Kerstin Fabel and Luk De Baere.



Appendix VII *Insurance Europe*

Insurance Europe is the European insurance and reinsurance federation. Through its 34 member bodies — the national insurance associations — Insurance Europe represents all types of insurance and reinsurance undertakings, e.g. pan-European companies, monoliners, mutuals and SMEs. Insurance Europe, which is based in Brussels, represents undertakings that account for around 95% of total European premium income. Insurance makes a major contribution to European economic growth and development. European insurers generate premium income of almost €1100 billion, employ nearly one million people and invest around €7700 billion in the economy.

Participants in the EReg Topic Group XI, representing Insurance Europe:

1. Carmen Bell, Policy Advisor Insurance Europe;
2. Malene Rasmussen, Policy Advisor Insurance Europe;
3. Thomas Schäfer, GDV (Gesamtverband der Deutschen Versicherungswirtschaft e.V.)

Appendix VIII *EUCARIS*

EUCARIS is short for European CAR and driving licence Information System. It was founded in 1994 on the initiative of five national registration authorities. EUCARIS is a unique system that provides opportunities to countries to share their vehicle and driving licence registration information. EUCARIS is developed by and for governmental authorities.

The original goals of EUCARIS used to be:

- Prevention of fraud and crime related to the import/export of (stolen) vehicles;
- Prevention of insurance fraud;
- Facilitation of the registration process of imported vehicles;
- Facilitation of the exchange of driving licence information;
- Improvement of the quality of the registrations;
- Development and operation of a system for the exchange of vehicle and driving licence information to support the above-mentioned goals.

The original EUCARIS system was upgraded to web service technology in 2005. It became a generic system, since then EUCARIS has evolved rapidly. Currently, 27 participants have signed the EUCARIS treaty/council decision 12 on operational basis, the other 15 must implement it before 2014. This allows them to exchange technical vehicle and driving licence information. EUCARIS further allows bilateral agreements/treaties between individual countries for the cross-border collection of traffic fines. A number of countries have already signed these agreements/treaties. The goal of EUCARIS nowadays is to offer a general exchange mechanism for all transport-related data between all Registration Authorities (of vehicle data and driving licence data) of Europe.

Registration Authorities, the Police and Customs use EUCARIS. Third Parties are also allowed to use the system. Private parties are only allowed to use it if they have a mandate from a public authority. Insurance companies are involved in EUCARIS, but only in an indirect way. Insurers may pass information to the police enabling them to track down vehicles by using EUCARIS. Currently, Prüm already allows for the exchange of insurance data but only a minority of the EU countries provides this information. In some countries, there is no central registration of insurances or Registration Authorities have no access to this information.

(Considerations)

The current exchange of insurance data has limitations:

- Insurance information is only available for crime investigations (Prüm); not for regular enforcement
- Current process-inquiry is based on licence plate number and reference date
- Dataset is limited. Information that is currently being exchanged:
Insurance company: identification number, name, address Insurance number Start date/ end date of the insurance
- No information on insurances on commercial licences is provided via EUCARIS

EUCARIS is based on annual cost sharing between the participants and is non-profit based. Participants pay a basic contribution per connection and each member receives one connection free of charge. Other costs are based on the services used: only services that are actually used must be paid for. EUCARIS countries finance any new functionality in advance and late adopters pay an entrance fee. In general, costs related to EUCARIS are very low and cannot form a barrier to enter the system.

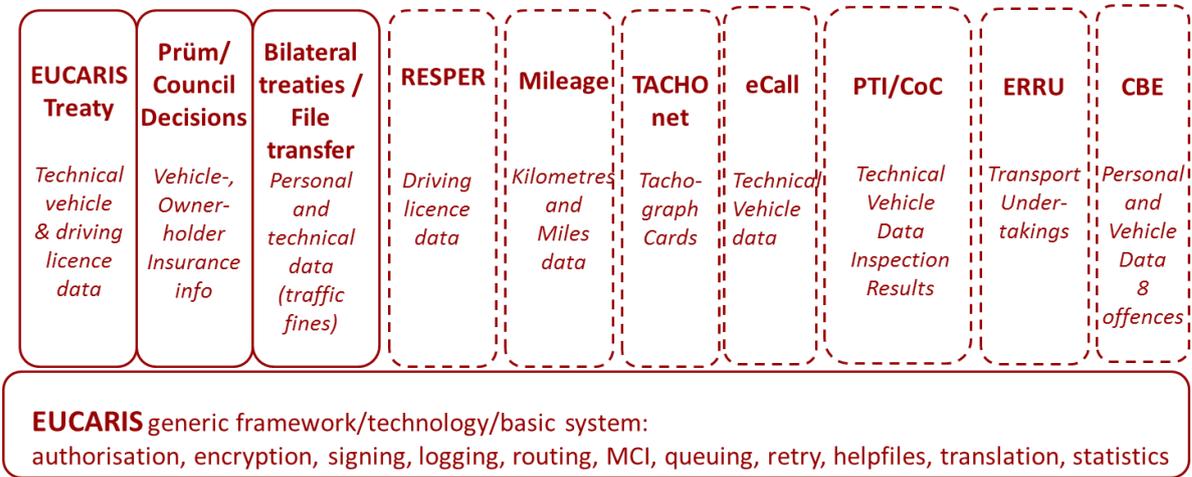


Figure 1: Schematic overview of EUCARIS implementations and developments