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**Facilitation of international road transport:**

**International Motor Insurance System (Green Card)**

**Facilitation of international road transport**

**Submitted by COB**

This is the report submitted by COB for the 118th session of SC.1.



# **118<sup>th</sup> Session of the Working Party on Road Transport of the Economic Commission for Europe**

*17-19 October 2023 – Geneva*

## **UNECE - Report of COB**

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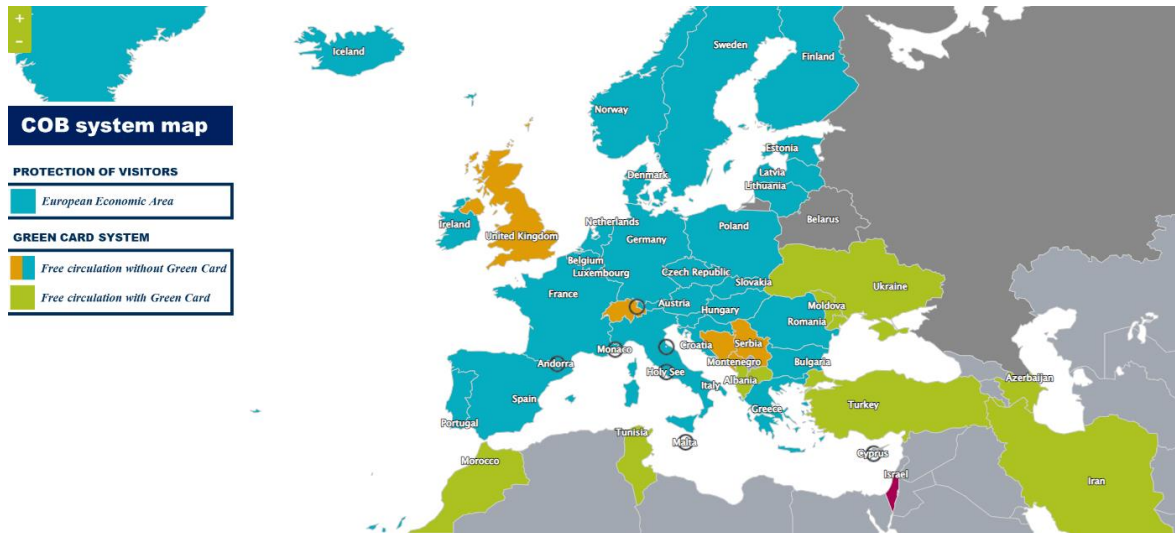
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# UNECE - Report of COB

## 1. Some Key Figures



The system covers 48 countries and has 44 active Member Green Card Bureaux.

Over 397 million vehicle fleet (source: UNECE statistical database and COB Member Bureaux, 2013-2019).

On average, around 417.000 cross-border accidents annually are reported (source: COB Member Bureaux, estimate, 2017-2021). It should be noted that a significant drop was observed in both 2020 and 2021 which was most likely due to the pandemic situation and its impact on the cross-border traffic flows.

Cash flow turn-over: circa 1.5 billion EUR (rough estimate, based on the number of Green Card accidents reported by Member Bureaux and estimates of average claim cost).

Approximatively 1.500 MTPL insurers are active throughout the whole system (source: COB, 2023). In addition, several hundreds of other (non-insurance) entities are active in the system playing key roles in the cross-border claims handling process, such as Correspondents or Claims Representatives.

## 2. New organigram at COB Secretariat

Since January 2023, significant changes have been made to the Secretariat's organisational chart.

The management of the Secretariat has been split into 2 functions, Mr Luk DE BAERE has taken up the position of 'Legal Managing Director' whereby he steers the legal team and bears ultimate responsibility for a series of committees and working groups, as well as for mediation requests. From

this position, he will also become the main contact person from COB in relation to UNECE in the coming years. Ms Greet FLORÉ will, in her Managing Director's function, mainly oversee the Monitoring Committee, the IT Committee and the e-IMIC Working Group. As for these committees and working group, she will still provide the necessary reporting to UNECE. Furthermore, she remains in charge of the general organisation of the Secretariat, with a particular focus on HR and finances. With a view to imminent retirement (within 3 years), her work regime was reduced to 80%. The two managing directors will act as each other's back-up, ensuring better continuity.

### **3. Financial Stability**

Overseeing and ensuring the financial stability of the Green Card system remained an important part of COB activities in the past year. In our last report to the 117<sup>th</sup> Session of the Working Party on Road Transport of the ECE, we had highlighted the importance for COB, in this sense, of the challenges faced in two member markets: this continued to be the case for this year.

In response to the accumulation of unpaid overdue debts on account of the Bulgarian Green Card Bureau (originating from the failure of their member insurer(s) to reimburse in time their obligations related to accidents caused by Bulgarian insured vehicles in other countries), COB has since 2021 drawn on the bank guarantee provided by that Bureau several times, in order to reimburse the unpaid debts towards other Bureaux. At the time of writing this report, four draw-downs have been completed and a fifth one is in progress. At least one more draw-down will be required to clear up the backlog of these unpaid and overdue liabilities. While in parallel the reimbursement dynamics from the Bulgarian market (and by extension of the Bulgarian Bureau) to their foreign counterparts, in relation to newly generated claims, seems to have improved, COB remains cautiously optimistic and continues to monitor the performance of the Bureau very closely.

In the second market mentioned – that of Romania – events continued to challenge the financial stability of the Green Card system as a whole and putting the finances of the Romanian Bureau to a serious test. This time it was the insolvency of EUROINS Romania, a fourth one in the last eight years and just like the previous instances a disruptive one due to EUROINS's important market share. The response of the Romanian Bureau to this latest insolvency has however been reassuring, in the sense that the Bureau were efficient in assessing the potential financial consequences of the insolvency on Green Card related liabilities of the Bureau for the future several years, as well as ensuring that appropriate sources of funding to provide for these outlays in a timely manner are secured.

The smooth functioning of the system – more specifically its financial component – was also challenged in the course of the past year by the difficulties in cross-border monetary transfers necessary to ensure the continuous timely compensation of victims, which was caused by the changing geopolitical situation. COB worked closely with impacted Bureaux to ensure that workable solutions are negotiated and implemented, in order to avoid 'paralysing' cross-border cash flows to the detriment of the Green Card system and victims' rights. In addition, COB continued to work on

the usual mechanisms (reinsurance facilitation, continuous risk monitoring and early warning systems, etc.) to maintain the high standard of financial stability throughout the entire system.

## **4. Membership issues**

### **4.1. *Suspension of the Russian Green Card Bureau's membership***

Since the start of the war in Ukraine, COB had considered the Russian Green Card Bureau's continued participation in the system on several occasions, also in light of the EU sanctions imposed on Russia. COB is obliged to comply with EU sanctions because its seat is registered in Belgium, and it functions and operates under the laws of Belgium. The EU sanctions imposed on Russia include an important number of directly and indirectly sanctioned entities and individuals, including banks, the majority of which has also been imposed a SWIFT ban. Moreover, the EU has imposed a prohibition to provide, amongst others, IT and legal advisory services to all Russian government entities and legal persons registered in Russia. In these circumstances, the Supervisory Board, making use of their extraordinary powers, decided to suspend the membership of the Russian Bureau, with effect as of 30 June 2023, and for an undetermined period. This decision was confirmed by the 2023 General Assembly. Moreover, the General Assembly granted the Supervisory Board a mandate to withdraw the decision if the circumstances which justify the suspension cease to exist.

### **4.2. *Suspension of the Belarusian Green Card Bureau's membership***

The EU sanctions following the war in Ukraine, have also extended to Belarus, and have added new prohibitions to the existing ones dating before 2022. The newly introduced sanctions also directly or indirectly target certain Belarusian legal entities and individuals. The screening of the Belarusian Green Card Bureau produced reasonable doubt to consider the Belarusian Bureau as potentially controlled by directly or indirectly targeted entities or persons. Moreover, it was considered that the Belarusian Bureau's decision-making processes are strongly affected by the Belarusian government. On this basis, the 2023 General Assembly decided to suspend the membership of the Belarusian Bureau, with effect as of 30 June 2023, and for an undetermined period. The 2023 General Assembly granted the Supervisory Board a mandate to withdraw the decision if the circumstances which justify the suspension cease to exist.

### **4.3. *Suspension of the Iranian Green Card Bureau's membership***

During the two past reporting years, COB and its members have noted payment issues and communication issues in relation to the Iranian Green Card Bureau. The lack of communication by the Iranian Bureau has hindered the process of addressing and improving these issues. Taking into account these circumstances, the Supervisory Board, through a mandate granted by the 2022

General Assembly, decided to suspend the membership of the Iranian Bureau. The 2023 General Assembly confirmed the decision of the Supervisory Board to suspend the membership of the Iranian Bureau, with effect as of 1 January 2024, and for an undetermined period. The 2023 General Assembly granted the Supervisory Board a mandate to withdraw the decision if the circumstances which justify the suspension cease to exist, until 31 December 2023.

#### **4.4. Application for membership of Georgia**

Georgia has expressed their interest to join the Green Card system. The Georgian Bureau, together with the Georgian government, is in the process of drafting the legislation "On Compulsory Civil Liability Insurance of Motor Vehicle Owners". COB has undertaken to review the draft legislation in the Application Committee and provided the Georgian Bureau with COB's observations regarding the draft law.

## **5. COB Collaboration Platform developments**

Since several years now, COB has been actively working on a Collaboration Platform ("extranet") for its Members, which serves as a central hub to support our member organisations' needs for information, to organise the work of COB (committee / working group meetings, events, communications, etc.), as well as to provide the necessary communication and collaboration tools needed for Members' day-to-day activity and cooperation.

This Collaboration Platform had a birthright simply by virtue of the times we live in, when the life of any organisation - and more so of an international organisation - could hardly be imagined without an information system supporting the day-to-day collaboration between these members. COB's ambition is to make this Platform "the Google of cross-border claims handling", meaning a one-stop-shop for our members where they will find all the information and tools they need to organise and support their (and their markets') cross-border claim handling activities.

With this view, we've already deployed a whole host of information resources and tools necessary for Members to support their day-to-day activity and to organise the activities at COB level, as well as a series of applications and workflows whereby Members exchange the requisite data and collaborate on the necessary procedures at different stages of cross-border claims handling (checks of Green Card validity or normally based status of a vehicle, demands for reimbursement, guarantee calls in relation to unpaid and overdue demands for reimbursement, nomination of correspondents, etc.). Some of the key data contained in the Platform is also made available to the general public via our web site, such as MTPL insurers' correspondents or claims representatives in foreign countries to which victims would need to turn to in order to obtain compensation after a cross-border road traffic accident.

COB continues to enhance the Platform by continuously improving the existing tools and expanding the range of such tools, as well as offering more (and better) data to all stakeholders aiming for a smoother, more efficient cross-border claims handling experience for our Members (their markets) and a quicker, more frictionless compensation for cross-border road traffic victims.

## **6. e-IMIC digitalisation**

### **6.1. Implementation of last year's SC.1 decision**

COB welcomed the recent approval of UNECE's Working Party on Road Transport (SC.1) of the proposed amendments to Annex 1 of TRANS/SC.1/2002/4/Rev.4. during its 117<sup>th</sup> session.

Further to the foregoing decision, COB had considered a number of technological options similar to PDF (e.g. JPG, JPEG etc.) regarding the presentation of International Motor Insurance Certificates (IMICs), also known as "Green Cards", subsequently to the flexibility granted by UNECE.

The risk of a possible scenario whereby visiting motorists could take photos of an electronic or printed IMIC and later show it on a mobile device was considered. The foregoing scenario shall be avoided as IMICs shall be presented in the format authorised by the issuing organisation, i.e. the National Insurers' Bureaux or its member insurers.

Therefore, COB decided to move forward with the original proposal that was submitted to UNECE in 2022, *i.e. IMICs presented in PDF by visiting motorists as the only option allowed for the time being*. Nevertheless, COB will continue to further explore other formats to be used in the near future apart from PDF.

#### **6.1.1. Decision of COB's 2023 General Assembly**

The 2023 General Assembly of COB had therefore decided that the National Insurers' Bureaux are authorised, on a voluntary basis to establish the rules on the issuance and delivery of the format in which the IMIC is delivered to the policyholder either:

- in paper version;
- or electronic form (i.e. PDF) independent of the software, hardware or operating system that it is displayed on.

If an IMIC is delivered in electronic form, the obligation for the policyholder / insured to present the IMICs on paper no longer exists. The policyholder / insured shall have the option to decide whether the IMIC is presented to the competent authorities on paper or in PDF independent of the software, hardware or operating system that it is displayed on.



Insurance markets wishing to keep the issuance of the IMICs on green or white ground-colour paper will not be prevented in doing so. However, the countries of the markets wishing to keep their green or white coloured IMICs, should accept IMICs displayed in PDF from visiting motorists.

The National Bureaux of those insurance markets wishing to adhere to this voluntary system of issuing IMICs in electronic form are now able to provide an update internally on the COB Collaboration Platform. Consequently, COB's Membership will be informed as of when this solution will be used in each country.

This decision will come into effect on 1 January 2025 at the latest. However, the foregoing timeline may be reduced to a shorter period. This decision depends on the pending legislative changes that are still necessary in some countries in order for the national competent authorities to accept IMICs presented by visiting motorists on an electronic device in PDF.

#### **6.1.2. Abolishment of IMICs filled in / completed with hand-writing**

Some countries are still filling in / completing IMICs in handwriting. COB acknowledged that this practice is not in line with the current digitalisation endeavours. Therefore, it was also agreed by COB's 2023 General Assembly that this practice should end by 1 January 2025.

#### **6.1.3. FAQ**

Further to the recent 2023 decision of COB's General Assembly, a Frequently Asked Questions (FAQ) document will be released in the second part of 2023 and published for the attention of COB Members and general public.

The aim of the document is to clarify any potential discrepancies that may arise in view of the upcoming changes.

#### **6.2. *Real time consultation of the MTPL insurance cover***

The digitalisation of the Green Card remains a priority for COB. The following strategic decisions have been decided by COB in relation to this topic:

- The final goal of the digitalisation project is to verify electronically the validity of MTPL insurance cover, eliminating the need for paper documents, and enabling real-time access to secure information.
- The project shall be voluntary with no fixed deadlines at this point in time.
- The project shall establish a harmonised approach for all countries, i.e. both signatories to the Multilateral Agreement and non-signatory countries to the foregoing agreement.
- EUCARIS was acknowledged as a reliable partner as the latter has a vast experience in relation to the information exchange in transborder traffic. The cooperation between

COB and EUCARIS should be further enquired as both organisations have a common point of interest. Consequently, a Proof-of-Concept documentation and pilot project will be initiated by the two organisations.

- Further discussions and reflections regarding the digitalisation project shall take place in dedicated workshops at next occasion(s).

It is clear that a number of questions still remain and particular attention and analysis is subsequently required from COB and EUCARIS. Nevertheless, COB's e-IMIC Working Group is looking forward to finding solutions to the current open questions raised during COB's Strategy Day together with EUCARIS and/or other related COB committees and working groups.

### **6.3. Next steps towards digitalisation**

The members of both organisations (i.e. COB and EUCARIS) were invited to establish a direct contact at national level to facilitate effective communication and engagement between the two organisations. The establishment of a direct contact at national level is expected to reveal potential areas of collaboration or potential obstacles, share insights and expertise, and contribute to the success of this important initiative. Even though certain countries may not be able to step in immediately in this digitalisation endeavour, it remains important to set up this relation at national level to identify the appropriate way to reach the final goal of the digitalisation project.

Further to this invitation, an open invitation to volunteer to a pilot project was also launched during the summer of 2023. Further to the development of the Proof-of-Concept documentation and envisaged meetings at national level, the goal is to set up a pilot project between the two organisations during 2023-2024. The aim of the pilot project for the digitalisation project on electronic verification of insurance cover is to test and validate the feasibility and effectiveness of the proposed solution on a smaller scale before implementing it on a larger, more comprehensive level.

In parallel, COB's Working Group on Data Protection is currently analysing the implications and possible obstacles regarding the envisaged exchange of information, while defining the conditions for this project in line with the privacy by default and by design principles.

## **7. Data protection**

### **7.1. EU Standard Contractual Clauses and UK addendum**

The Members of COB exchange personal data on a regular basis. These transfers of personal data also take place between EEA and non-EEA National Insurers' Bureaux. Since not all non-EEA National Bureaux are from countries that benefit from an adequacy decision issued by the European Commission, the transfers of personal data must rely on additional safeguards, e.g. Standard Contractual Clauses (SCCs) as issued by the European Commission. COB and its Members are

aware that before sending personal data to a non-EEA country which does not benefit from an adequacy decision issued by the European Commission, a data exporter must adequately evaluate and document any international data transfer in order to address the related risks and take supplementary measures in this respect, if necessary.

The preferred tool for COB for implementing additional safeguards is the Standard Contractual Clauses (SCCs) issued by the European Commission. Further to the update of the SCCs in June 2021, a number of steps had been undertaken by COB in the course of 2021 and 2022 as follows:

- A transfer impact assessment (TIA) was conducted by all data exporters (i.e. National Insurers' Bureaux from EEA countries) with the assistance of all data importers (i.e. National Insurers' Bureaux from non-EEA countries who do not benefit from an adequacy decision issued by the European Commission) in line with Clauses 8 and 14 of the SCCs;
- Review of the technical and organisational measures to ensure the security of the personal data processed within the system;
- Update of the Personal Data Processing Agreement signed between all National Insurers' Bureaux in their capacity of independent controllers as defined by Article 4(7) of the GDPR and COB in the capacity of a processor as defined by Article 4(8) of the GDPR.
- Preparation of supporting documentation, which describes the available safeguards for international transfers of personal data and obligations arising out of these safeguards.

The updated version of the Personal Data Processing Agreement and SCCs was disseminated for signature in the course of December 2022.

Data exporters shall continue, in cooperation with the data importers, to perform TIAs pursuant to Clauses 8 and 14 of the SCCs on an ongoing basis. The COB will keep monitoring the relevant developments and take any necessary action when needed or requested by the Members of COB.

With reference to Restricted Transfers (i.e. non-EEA countries) as defined under UK's Data Protection Act, an International Data Transfer Addendum to the EU SCCs issued by the UK's Commissioner under S119A(1) of the Data Protection Act was annexed to the main Personal Data Processing Agreement mentioned above.

## **7.2. Next priorities**

Data protection and compliance with the applicable data protection legislation remains a priority for COB. Therefore, the COB Working Group on Data Protection intends to continue working on the following topics:

- Improvement of the current measures to minimise the personal data exchanged within the system. The minimisation of data is expected to reduce the risks associated to these transborder exchanges of information.
- Reduce the retention of the personal data that is processed by COB.
- Continuous dissemination of relevant information regarding personal data and promotion of cooperation within the Membership in this field will be encouraged via:
  - Dissemination of a newsletter dedicated to data protection.
  - Organisation of an event dedicated to Data Protection Officers (DPOs) active in the system in the beginning of 2024.
- Revise the COB's Data Protection Tool Kit and other related guidelines prepared by COB in the course of 2024.

## **8. Insolvency Agreements**

As reported on last year, a new European Motor Insurance Directive (MID) was adopted on 24 November 2021, which has an important impact on COB and its Members. This Directive concerns insurance against civil liability in respect of the use of motor vehicles and establishes -amongst others- a protection scheme for injured parties in case the insurance undertaking covering the vehicle which caused the accident is subject to bankruptcy or winding up proceedings.

Pursuant to The Directive's new Articles 10a and 25a, Member States have to set up or authorise 'Insolvency Bodies' and 'Protection of Visitors Insolvency Bodies' providing compensation for accidents occurring, respectively, in and outside the Member State of residence of the injured party. Reimbursement obligations will exist in case of cross-border accidents or in case of insurers operating in other Member States by way of Freedom of Establishment or Freedom to provide Services. The deadline for the appointment of these (Protection of Visitors) Insolvency Bodies by Member States was on 23 June 2023.

In addition, the Directive provides that (Protection of Visitors) Insolvency Bodies have to conclude agreements by 23 December 2023, containing provisions relating to their functions and obligations and the procedures for reimbursement resulting from those articles. COB has taken a proactive approach and drafted two agreements in accordance with the provisions of the Directive, as well as voluntary Protocols regarding the possibility to delay reimbursements.

The Agreements and their Protocols were submitted to COB's Supervisory Board during their meeting on 28 and 29 March 2023, which endorsed the texts. They were subsequently circulated to COB's Membership as well as communicated to the European Commission. They were also presented during the 2023 General Assembly of COB. The first signatures of the Agreements have

already been collected. COB will continue liaising with (Protection of Visitors) Insolvency Bodies in order to receive the necessary signatures on time.

Greet FLORÉ, Managing Director                      &                      Luk DE BAERE, Legal Managing Director

18<sup>th</sup> September 2023