Certain issues relating to motor insurance

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The Committee on the Internal Market and Consumer Protection adopted the own initiative report by Nickolay **MLADENOV** (EPP-ED, BG) welcoming the European Commission's report on certain issues relating to motor insurance. It highlights the importance of including, fully and effectively, all stakeholders, in particular consumers, in the process of consultation in the development of EU policy in this field. It calls for the systematic involvement of consumer organisations representing in particular victims in the process of evaluation of the effectiveness of the systems in place in the Member States.

The report underlines the importance **of increasing consumer confidence** in motor insurance policies as regards cross-border motor vehicle travel within the EU, especially for motorists from the old Member States travelling to destinations in the new Member States and vice versa. The Commission is invited to continue to closely monitor the effective functioning of market mechanisms and to report periodically to Parliament on this issue.

MEPs consider, in line with the generally established EU approach **on sanctions, that the principle of subsidiarity should be applied** and that there is no need for the harmonisation of national penalty provisions. They recommend, with reference to the reasoned offer/reply procedure, leaving to the discretion of Member States the imposition of sanctions and the choice of which types and levels of provision are appropriate. Member States are called upon to ensure that in the event of non-compliance with the three-month deadline for submitting a reasoned reply to the claim for compensation or a reasoned offer of compensation, the penalties introduced are effective. MEPs reiterate the importance of boosting citizens' confidence in the functioning of the **claims representative system** by promoting it through public campaigns and by other appropriate measures.

Insurers are required to include the contact details of the information centre in the Member State in question in their contractual information package. They are also, as part of the pre-contractual information package, to provide comprehensive information to consumers on how the claims representative system works and what are its uses and benefits to the insured party.

MEPs consider that, in relation to Motor Third Party Liability insurance, the negative effects of introducing a system of **compulsory cover of legal costs** in Motor Third Party Liability insurance would outweigh the potential benefits. The Commission is invited to take, in partnership with Member States, the further steps necessary to raise awareness of **legal protection insurance** particularly in the new Member States, focussing on informing consumers of the advantages of being offered and holding one or another type of insurance cover. The committee considers in this context the role of national regulatory bodies to be crucial for the implementation of best practices from other Member States.

The committee calls on those Member States that do not have established alternative dispute resolution systems for settling claims to consider introducing such systems based on best practice from other Member States.