

Motor vehicles insurance

2018/0168(COD) - 24/05/2018 - Legislative proposal

PURPOSE: to strengthen EU rules on motor insurance to better protect victims of motor vehicle accidents.

PROPOSED ACT: Directive of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the first EU Directive on motor insurance was adopted in 1972, with the dual objectives of protecting victims of motor vehicle accidents (with or without a cross-border element), and facilitating the free movement of motor vehicles between Member States. Five motor insurance Directives since 1972 progressively strengthened the Directive and enhanced its provisions; they were consolidated into [Directive 2009/103/EC](#) of the European Parliament and the Council. Motor insurance also has an impact on the free movement of persons, goods and vehicles. It should therefore be a key objective of the Union action in the field of **financial services** to reinforce and consolidate the internal market for motor insurance.

The evaluation of the functioning of Directive 2009/103/EC concluded that the Directive was working well overall. However, **four areas** have been identified where targeted amendments would be appropriate: (i) compensation of victims of accidents in cases of insolvency of an insurance undertaking, (ii) minimum obligatory amounts of insurance cover, (iii) checks by Member States on vehicle insurance and (iv) the use of policyholders' claims history statements by a new insurance undertaking.

IMPACT ASSESSMENT: the impact assessment examined several options for each of the problems identified. The proposed amendments aim at reducing uninsured driving, potentially reducing motor insurance premiums, and at improving the level of protection of victims of motor accidents, potentially benefitting all citizens in the EU. The proposal avoids risking large potential increases of premiums of motor insurance.

CONTENT: the proposed amendment to Directive 2009/103/EC on motor insurance introduces the following changes:

- **Scope:** the proposal clarifies the scope of the Directive in the light of recent **judgments of the Court of Justice of the European Union**. The Court of Justice of the European Union has clarified that motor vehicles are intended normally to serve as means of transport, irrespective of such vehicle's characteristics, and it has clarified that the use of such vehicles covers any use of a vehicle consistent with its normal function as a means of transport, irrespective of the terrain on which the motor vehicle is used and of whether it is stationary or in motion.
- **Uninsured driving:** Member States shall be authorised to carry out insurance checks of vehicles normally based in the territory of another Member State and of vehicles normally based in the territory of a third country entering their territory from the territory of another Member state only if, they are non-discriminatory necessary and proportionate, form part of a general system of checks on the national territory and do not require stopping of the vehicle for the purpose of such a check. Those checks have to be conducted in accordance with the protection of natural persons with regard to the processing of personal data and on the free movement of such data.
- **Minimum level of protection:** in order to ensure the same minimum level of protection at EU level for victims of motor vehicle accidents, the proposal harmonises at EU level the minimum levels of compulsory cover for personal injury and material damage, without prejudice to any higher amounts

of cover prescribed by the Member States. The Commission may adopt delegated acts to update, every five years, the harmonised minimum amounts of cover for victims in line with inflation.

- **Insolvency of the insurer:** each Member State should entrust a body set up for this purpose with the task of providing compensation for material or personal injuries caused by a vehicle insured by an undertaking which is insolvent or where, after a period of **three months** from the date on which the injured party submitted a claim for compensation, the insurer has not provided a reasoned reply. The injured parties would be compensated by the body in their Member State of residence. That body would be entitled to claim reimbursement from the body in the Member State where the insurance undertaking which produced the contract is established, with the latter assuming ultimate responsibility.
- **Claims history statements:** the proposal harmonises the statements relating to successful third party liability claims against the policyholder in the last five years. It ensures non-discriminatory treatment of the claims history by insurance undertakings, irrespective of nationality or previous Member State of residence of a citizen.