Insurance against civil liability in respect of the use of motor vehicles

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PURPOSE : to present a proposal for a new Motor insurance directive which would modernise and improve the existing EU rules in this field. CONTENT : the directives on insurance against civil liability in respect of the use of motor vehicles (Motor Insurance Directives) date back to 1972 and the First Motor Insurance Directive. The most recent development in this field was in 2000, with the adoption of the Fourth Motor Insurance Directive. With the first three Directives, the Community took fundamental steps towards establishing a single market in the field of motor insurance. The first three directives built on the system of "green cards", which had been introduced to facilitate the settlement of claims in accidents cause by a motorist in a Member States other than in which the vehicle is normally based. This system ensures the payment of compensation to victims of accidents caused by visiting vehicles through a private sector network of green Card Bureaux set up by the insurers and established in all the Member States. However, an important gap still remained : because the original aim was to eliminate border controls on insurance, the green card system covered victims only when they were in their home country. It did not cover the settlement of claims when the accident took place outside the victim's Member States of residence (visiting victims). The gap was filled by the Fourth Motor Directive, which also provides for an efficient mechanism for settling claims in respect of such accidents. However, further work is needed. There is an increasing growth in cross-border traffic and the Commission continues to receive a large number of questions and complaints and petitions from individuals and members of the European Parliament on the operation of the Motor insurance Directives. Therefore, this proposal is the Commission's response to this need. It is clear that the Community system of motor insurance needs to be updated and improved. This need has been confirmed by the consultation conducted with the industry, consumers and victims' associations. In general, this proposal aims to make it easier for people to find car insurance for a temporary stay in another Member State. It will also make it easier to get short-term insurance covering cars bought outside the owner's Member States of residence. That in turn will help people to buy cars whenever in the EU they can find the best value and help stimulate cross-border competition in the vehicle market. The proposal aims to update some existing provisions, for example on the minimum amount of cover motorists must have. It would make it easier for customers to change insurance provider. The proposal also aims to improve protection for pedestrians and cyclists who are involved in traffic accidents. Without an improved set of EU rules, motorists will continue to be frustrated by the insurance obstacles which currently exist. This proposal is part of the Commission's efforts to make EU citizens' rights to live, travel and work in any EU Member State a reality.