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Working Party on Road Traffic Safety

**REPORT OF THE WORKING PARTY ON ROAD TRAFFIC SAFETY
ON ITS FIFTY-SIXTH SESSION**

(Geneva, 18-21 November 2008)

Addendum

REVISION OF THE CONSOLIDATED RESOLUTION ON ROAD TRAFFIC (R.E.1)

Compulsory motor third-party liability insurance

Note by the secretariat

1. The members of the WP.1 will find hereafter the text relating to compulsory motor third-party liability insurance (background document: ECE/TRANS/WP.1/2008/2/rev.1) in the form adopted by the Working Party at its fifty-sixth session (see ECE/TRANS/WP.1/120, paragraph 32).
2. The contents of this text will be included in the Chapter 2 of the revised R.E.1 as section 2.5.

Revision of the Consolidated Resolution on Road Traffic (R.E.1)

Chapter 2 Methods of influencing behaviour on the road

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2.5 Compulsory motor third-party liability insurance

2.5.1 Context

Experiences in a number of countries show that following a many-sided approach is the most effective way of influencing the behaviour of participants in road traffic. More specifically, in the case of road traffic offenders it appears that the best results are obtained by combining criminal and administrative sanctions with economic measures.

Third- party liability insurance of vehicle owner is rather often employed to exert economic pressure. The use of insurance allows, first of all, guaranteeing compensation for harm caused to the lives, health or property of road traffic accident victims; and, secondly, to exert economic pressure on the responsible(s) for the harm be they owners and/or drivers of the vehicles.

In many countries the legislation foresees for the third-party liability insurance as an obligation of the vehicle's owner and as a mandatory requirement to be fulfilled prior to the vehicle's registration for admission in road traffic.

Guaranteeing payment of indemnity to road traffic accident victims is becoming more and more important notably at international level, considering the increase in the volume of cross-border traffic (international transport of passengers and goods by road as well as private journeys). An example of successful solution to this problem is the international motor third-party liability insurance system (Green Card system).¹

There are several types of incentives/penalties for the subjects insured. One of the important ways of using the economic element as a means to influence behaviour of the insured (the vehicle owner) within the third-party liability schemes is the system of bonus-malus coefficients used by insurance companies in calculating the cost of the insurance premium i.e. the amount which the insured (vehicle owner) is obliged to pay on concluding an insurance contract.

The *bonus-malus* coefficients reduce or increase the premium: the reduction coefficient (bonus=good, in Latin) is applied if, for a number of years, to be determined by the insurer, there was no insurance claim for damages produced by the subject insured. In the opposite case, the increase coefficient (malus=bad, in Latin) is applied.

¹ For this issue, see Annex 1 of the Consolidated Resolution on the facilitation of international road transport, of 30 April 2004 (TRANS/SC.1/2002/4/Rev.4).

Another way of using the economic element as a means to influence the behaviour of the insured is to give the insurer the right of filing a regress suit against the driver and/or owner of a motor vehicle (the insured) when a road traffic accident occurs following a proved serious road traffic offence (driving while intoxicated or without a license for the given vehicle, and other offences). This means that after compensating the harm caused to the victim, the insurer has a right to file a claim against the person responsible for the road traffic accident, to recover the expenses incurred.

The economic measures mentioned above, combined with other measures, have a positive effect on drivers behaviour, resulting in a more careful driving and enhanced compliance with the road traffic rules. This helps to reduce the number of motor vehicle accidents and the quantity of persons injured or killed in accidents.

2.5.2 Recommendations

In the light of the facts stated above, the following measures are recommended:

- (a) Countries should include possession of valid third party liability insurance in the list of mandatory requirements for vehicle's admission in road traffic. In many countries, the issuing of the registration certificate/plate is subordinated to the subscription of an insurance contract. To facilitate the check on the roadside, in countries where a proof of valid insurance is required, the proof should be readily available and/or affixed on the vehicle, in a visible place for example on the front window.
- (b) Countries should encourage the introduction of "*bonus-malus*" system as described in paragraph 2.5.1 above.
- (c) National legislation should provide that upon provision of this type of insurance, the insurer is entitled to require from the insured responsible for road traffic accidents, which were caused by certain major violations of road traffic rules, the compensation of the expenses incurred with regard to the indemnification of the harm caused to the victims.
