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MOTOR INSURANCE:

Uninsured driving

As a follow-up to the EIOPC meeting of 5 April 2006, this short paper aims at presenting the preferred methodology to calculate the rate of uninsured vehicles in the EEA.

The calculation based on this methodology will allow an objective comparison between Member States of their uninsured driving situation. On the basis of comparable statistics, the Commission will be able to assess the situation at European level and to see what could be done to address efficiently this issue.

Member States are invited on a yearly basis to provide to the Commission Services their rate of uninsured vehicles based on this methodology. This exercise will start as of July 2006 and EIOPC Members are requested to provide their figures by 1 December 2006 at the latest.

The obligation to have valid liability insurance covering the use of motor vehicles is one of the core principles of the Community motor insurance legislation. Member States should do everything in their power to combat uninsured driving.

Recently reported figures (Commission survey of September 2005 as updated in March 2006) show that uninsured driving remains a problematic issue at European level. In order to absorb the cost of uninsured driving, MTPL insurance premiums are often increased, which makes this insurance cover more costly for the citizens. On the basis of estimations made by the Council of Bureaux, the increased cost of average premium for uninsured driving is 11 euros on average in the EEA.

Moreover, road accidents caused by uninsured drivers are compensated by the Guarantee Fund which is often financed by levies from motor insurers. Should the number of these road accidents be high, the financial reserve of this fund should also be increased. This means also that the levies paid by the motor insurers will be higher. Hence, motor insurers will have to increase their premiums to be able to pay these levies.

In order to make MTPL cover accessible to all citizens and to ensure a fair compensation to the victims of road accidents, the Commission would like to tackle uninsured driving in an appropriate manner. This is also to allow the Motor Insurance Directives which are consumer protection oriented to display their full benefit.

However, at this stage it is very difficult to have a clear state of play on uninsured driving in the EEA since there is no common regime to calculate the number of uninsured vehicles. Every Member State applies its own methodology. This means that rates are hardly comparable among each other since most of them were calculated on a different basis. Among the replies received from Member States in September 2005, it was possible to identify +/- 7 methodologies for the calculation of uninsured vehicles.

In that context, it is very difficult to address efficiently the problem of uninsured driving due to a lack of comparable figures. The Commission has investigated with the Council of Bureaux how to address this matter and it turns out that the most reliable way is to use one single calculation method in every Member State. The Council of Bureaux has estimated that the most reliable calculation method is the comparison between the number of insured vehicles and the number of registered vehicles since each Member State has an Information Centre, with a central database of insured vehicles (requirement of the 4th Motor Insurance Directive) and a Motor Vehicle Registration Centre (requirement of the national legislation). According to the Commission survey of September 2005, it seems that this calculation methodology is already largely used in many Member States.

In order to have a clear understanding of the uninsured driving situation in the EEA, the Commission invites all Member States to report every year their rates of uninsured vehicles on the basis of this calculation methodology (ratio insured vehicles to registered vehicles). This exercise will start as of July 2006 and EIOPC Members are requested to provide to the Commission their figures by 1 December 2006 at the latest.