EXPLANATORY MEMORANDUM TO

THE MOTOR VEHICLES (INTERNATIONAL MOTOR INSURANCE CARD) (AMENDMENT) REGULATIONS 2020

2020 No. 735

1. Introduction

1.1 This explanatory memorandum has been prepared by the Department for Transport and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 This instrument amends the Motor Vehicles (International Motor Insurance Card) Regulations 1971 (the 1971 Regulations), to prescribe a new format of international motor insurance card, otherwise known as the Green Card; to permit Green Cards to be either green or white in colour; and, from IP completion day (11 pm on 31st December 2020), to permit Green Cards to be presented in Great Britain in electronic as well as paper format. The changes apply in relation to Green Cards carried by motorists visiting Great Britain, and are made to bring Great Britain's legislation in line with the Green Card formatting requirements set out by the Council of Bureaux[1], the organisation that oversees the Green Card system.

2.2 This instrument also updates the Motor Vehicles (Third Party Risks) Regulations 1972 (the 1972 Regulations), so that Andorra and Serbia are treated in the same way under these Regulations as the other countries forming part of the Green Card Free Circulation Zone (the Free Circulation Zone); and allows, from IP completion day, the insurance document that can, under the 1972 Regulations, be produced for vehicles visiting from these countries, to be in electronic form.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

Matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business (English Votes for English Laws)

3.2 As the instrument is subject to negative resolution procedure there are no matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business at this stage.

4. Extent and Territorial Application

4.1 The territorial extent of this instrument is Great Britain.

4.2 The territorial application of this instrument is Great Britain.

[1] These formatting requirements are set out in the Council of Bureaux's Internal Regulations which can be accessed via the Council of Bureaux website: https://www.cobx.org/. A paper copy of the Internal Regulations can also be obtained upon request from the Department for Transport, Great Minster House, 33 Horseferry Road, Westminster, London, SW1P 4DR.

5. European Convention on Human Rights

5.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

6. Legislative Context

6.1 This instrument is made to implement a decision taken by the Council of Bureaux in June 2019. From 4th August in Great Britain, Green Cards may be either green or white in colour.

6.2 It also prescribes a new format of Green Card, in terms of the layout and the information which it must contain (and that this information must be set out in black typescript), for use by visiting motorists. This is the format of Green Card which national motor insurers' bureaux (a national bureau is established in each country which participates in the Green Card system) were, as of 1st July 2020, and in accordance with the format prescribed by the Council of Bureaux, able to issue to visiting motorists.

6.3 This instrument also allows, from IP completion day, (the end of the implementation period which followed the UK's exit from the EU) Green Cards to be presented in Great Britain in electronic as well as paper format.

6.4 This instrument also amends the 1971 Regulations so that the option for a Green Card to be in an older format is no longer available, because it is understood that none of these Green Cards remain in circulation.

6.5 The 1971 Regulations were, so far as relevant for the purposes of the amendments made by this instrument, made under the powers contained in section 215 of the Road Traffic Act 1960. Section 215 of the Road Traffic Act 1960 has been repealed but has been re-enacted, in substance, by section 160 of the Road Traffic Act 1988.

6.6 This instrument also updates the 1972 Regulations so that, for a motor vehicle normally based in the territory of Andorra or Serbia, a document issued by the insurer of the vehicle, which includes the vehicle particulars and the duration of insurance cover, may be produced as evidence of the vehicle being insured for use in Great Britain. These changes are in order to put Andorra and Serbia in the same position as all other countries forming part of the Free Circulation Zone (see paragraph 7.8).

6.7 The amendments also mean that such a document may, for all Free Circulation Zone vehicles, be in either printed or electronic form from IP completion day.

6.8 The 1972 Regulations were, so far as relevant for the purposes of the amendments made by this instrument, made under the powers contained in sections 157 and 162 of the Road Traffic Act 1972. Sections 157 and 162 of the Road Traffic Act 1972 have been repealed but have been re-enacted, in substance, by sections 160 and 165 of the Road Traffic Act 1988.

7. Policy background

What is being done and why?

The Green Card System

7.1 48 countries participate in the Green Card system. A Green Card enables a visiting motorist to demonstrate that they have in place the requisite minimum third party liability motor insurance required under the law of the country visited, and therefore to avoid having to take out national motor insurance at the border. So, a Green card

which is valid for use in the UK, certifies that the visiting motorist has at least the minimum cover required under UK legislation; and provides a guarantee that third party claims will be reimbursed by the insurer in accordance with UK legislation.

7.2 The 1971 Regulations implement in part, and in respect of Great Britain, the UK's commitments as part of the Green Card Area (the collection of countries across which the Green Card system operates). The effect of the 1971 Regulations is that a visiting motorist to Great Britain can evidence motor insurance for use of their vehicle in Great Britain, by way of a valid Green Card.

7.3 International Motor Insurance Cards are more commonly referred to as "Green Cards" because they have, up until now, been required to be green in colour. This requirement is reflected in the 1971 Regulations. This instrument therefore amends the 1971 Regulations so that Green Cards carried by visiting motorists to Great Britain may be either green or white in colour, with the particulars they are required to contain set out in black typescript. This change in colour of Green Card was agreed by the Council of Bureaux.

7.4 The change in colour of Green Card is intended to facilitate a further change agreed by the Council of Bureaux: that motorists can receive Green Cards electronically to print at home (up until now, motorists were issued with a printed Green Card). No change to Great Britain legislation is needed to implement this further change.

7.5 This instrument also prescribes a new format of Green Card. This is the format of Green Card which national motor insurers' bureaux were, as of 1st July 2020, and in accordance with the format prescribed by the Council of Bureaux, able to issue to visiting motorists travelling abroad. Green cards used by visiting motorists to Great Britain will, therefore, be in this new format.

7.6 The amendments also mean that Green Cards will be accepted from motorists visiting Great Britain in electronic as well as printed form. This will make it easier for visiting motorists to produce their Green Card when required to do so. This change is being made unilaterally by Great Britain and will, to avoid any conflict with EU law which continues to apply during the implementation period agreed between the UK and the EU, come into effect on IP completion day.

7.7 The instrument also amends from the 1971 Regulations so that the option for a Green Card to be in an older format is no longer available. No Green Cards in these formats have been printed since 2010 and, since Green Cards are generally issued with a validity period of one year or less (or exceptionally five years for some vehicles based in Switzerland), it is understood that none remain in circulation.

Green Card Free Circulation Zone

7.8 As well as participating in the Green Card system, the UK is also a member of the Free Circulation Zone. The Free Circulation Zone is made up of 34 of the 48 countries which make up the Green Card Area, being the 31 countries of the European Economic Area (EEA), Andorra, Serbia and Switzerland. It operates under a multilateral agreement[2], which works on the basis that the signatories accept that vehicles normally based within the Free Circulation Zone have in place at least the minimum compulsory third party liability motor insurance required under the law of each of the member countries. The national insurers' bureau for the country in which

[2] The multilateral agreement can be accessed via the Council of Bureaux website; or a copy can be obtained upon request from the Department for Transport (see footnote 1 for contact details).

the vehicle is normally based also guarantees to reimburse in respect of any damage caused in the visited country, whether or not a valid policy of insurance is actually in place.

7.9 In light of the multilateral agreement, signatory countries do not carry out border checks of Green Cards for vehicles normally based in the Free Circulation Zone.

7.10 Because of the UK's membership of the Free Circulation Zone, it is accepted that all Great Britain motor insurance policies will provide cover for third party liabilities incurred in the EEA, Andorra, Serbia and Switzerland; and that there is equivalent cover for third party liabilities incurred by visiting motorists in Great Britain, under the insurance policies issued by the EEA, Andorra, Serbia and Switzerland.

7.11 As a result of this, under the 1972 Regulations, for cars based in the EEA and Switzerland and visiting Great Britain, an insurance document issued by the insurer of the vehicle may be produced when the driver is asked to provide evidence of insurance.

7.12 Despite Andorra and Serbia also forming part of the Free Circulation Zone, insurance for their vehicles cannot currently be evidenced in this way. This instrument therefore amends the 1972 Regulations, to allow insurance for vehicles normally based in Andorra and Serbia to be evidenced by way of an insurance document, as it already can be for vehicles from the other Free Circulation Zone countries.

7.13 The amendments to the 1972 Regulations also mean that this document can, for all Free Circulation Zone vehicles, from IP completion day, be in either printed or electronic form.

8. European Union (Withdrawal) Act/Withdrawal of the United Kingdom from the European Union

8.1 This instrument is not being made under the European Union (Withdrawal) Act.

9. Consolidation

9.1 There are no plans to consolidate the legislation amended by this instrument.

10. Consultation outcome

10.1 A targeted consultation, given the limited impact of the instrument and that any impact will be on the public sector bodies who check insurance documents, took place between 13/05/2020 and 10/06/2020.

10.2 The following organisations were consulted:

- British Insurance Brokers' Association;
- National Police Chiefs' Council;
- Border Force;
- Association of British Insurers;
- Motor Insurers' Bureau.

10.3 The consultation was carried out through a letter which presented the five proposed legislative changes.

10.4 Of the three responses received, two welcomed all proposals; one made no comment on updating the green card format and allowing insurance policy documents for vehicles visiting from Andorra and Serbia, but welcomed the other three proposals.

11. Guidance

11.1 Guidance will not be published in relation to this instrument, but information on the Green Card System, and the Free Circulation Zone more generally, is published by the Council of Bureaux and the UK's Motor Insurers' Bureau[3].

12. Impact

12.1 There is no, or no significant, impact on business, charities or voluntary bodies.

12.2 There is no, or no significant, impact on the public sector.

12.3 An Impact Assessment has not been prepared for this instrument because the costs and benefits to business are expected to fall below £5m net in any one year. Any impact, which is expected to be minimal, will fall to the public sector bodies who check insurance documents from visiting motorists.

13. Regulating small business

13.1 The legislation does not apply to activities that are undertaken by small businesses.

14. Monitoring & review

14.1 There are no plans to monitor or review this instrument because it will have no measurable outcomes.

15. Contact

15.1 Nuzhat Fatima at the Department for Transport, telephone: 07971 110189, email: Nuzhat.Fatima@dft.gov.uk, can be contacted with any queries regarding the instrument.

15.2 Samantha Collins-Hill, Deputy Director for Future EU Roads Relationship Policy and Negotiations at the Department for Transport, can confirm that this Explanatory Memorandum meets the required standard.

15.3 Baroness Vere, Parliamentary Under Secretary of State at the Department for Transport, can confirm that this Explanatory Memorandum meets the required standard.

[3] Information published by the Motor Insurers' Bureau can be accessed at https://www.mib.org.uk/.