**AIDA CLIMATE CHANGE WORKING PARTY and AIDA MOTOR INSURANCE WORKING PARTY**

**Questionnaire on Motor Insurance and Climate Change**

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We have deliberately aimed to keep this questionnaire short. The first three questions are those posed at the end of the “Green Car & Insurance” document posted on the AIDA Motor Insurance Working Party page of the AIDA website <http://www.aida.org.uk/workpart_motorins.asp>. The remainder are designed to update issues reported upon previously or known to concern initiatives in various countries presently.

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**Name: MARCUS FERNANDES and MARCO AURÉLIO MELLO / Section: BRAZIL / Date: 09/11/2013\_**

**In your country, do motor insurers:**

|  |  |
| --- | --- |
| **1. Contribute to eco-projects like reforestation, renewable energy sources and ecological education in everyday life? If so, how? Do they offer customers offsets?** | Basically, not.There are isolated initiatives conducted by certain insurance companies, but there is no coordinated action by the insurance market.We would add that some insurance companies offer their clients’ discounts in car repair facilities in order to allow them regulate their vehicle's motors. |
| **2. Provide incentives to use green cars? If so, what?** | Approximately 50% of the fleet, in Brazil, uses renewable fuel (etanol).On that basis, there are few governmental or private incentives to the use of greencars. Approximately 50% of the fleet, in Brazil, uses on renewable fuel (ethanol).On that basis, there are few governmental or private incentives to the use of green cars. |
| **3. Provide special contractual conditions (such as “pay as you drive” formula) to improve eco-driving habits?** | Basically not.The contractual conditions known as "PAYD" are not offered in the brazilian market.It is widely believed that consumers would reject this kind of condition, mainly because of privacy concerns. |
| **4. What national legal or regulatory measures are in place to oblige auto manufacturers/vehicle users to reduce emissions from vehicle use?**  | We still don't have, in Brazil, any legal measures obliging auto manufacturers or vehicle users to reduce emissions.As far as we know, there are advanced studies to impose a target of 135g/CO2 per km for the vehicles manufactured in 2017; further reductions would be applied until the goal of 95g/CO2 be reached, in 2020 . |
| **5. Has any auto industry trade manufacturer association for your country agreed to any emissions reduction target (gCO2/km) and by what date?**  | No, all industry trade associations are acting to postpone the adoption of any emission reduction target. |
| **6. Which (one or more) lower carbon advances or initiatives appear of greatest significance to vehicle use in your country: vehicle technology, alternative fuels, driver behaviour, infrastructure measures (traffic flow/congestion) or CO2 related taxation?** | Alternative FuelsAlternative FuelsIn Brazil, around 50% of the vehicle fleet has adopted the "flex fuel technology", which allows the cars to be refuelled with ethanol or gasoline, or both.If a vehicle runs on ethanol, this will reduce in about 70% its CO2 emissions.There are estimative that, in 10 years, the usage of ethanol by the brazilian fleet has already spared the emission of more than 100 millions of tons of CO2.Besides that, ethanol is compulsory added to the gasoline, which also contributes to reduce the emission of CO2. |
| **7. Has UBI (usage-based insurance) been offered in your country either by way of self-reporting or by use of data gathering (“black box” telematics)? Is this meeting with success or resistance and are there any concerns/controls re privacy issues?** | The "usage" is a important factor in the definition of the insurance premium.Almost all motor insurance companies collect this data through self-reporting.A few motor insurance companies have adopted telemetry devices, including black-boxes, in order to identify the usage of the vehicle.There are deep concerns about privacy, both by consumers and civil rights associations. |
| **8. In outline terms describe your country’s motor vehicle use - in terms of aggregate number of vehicles, number of vehicle owners, vehicles per capita and whether vehicles are imported or manufactured domestically? What rate of growth is anticipated over next ten years?** | Fleet: 77.850.000 vehicles0,39 vehicle per inhabitantDomestic Production : 1.400.000 vehicles per yearImportation : 90% of the vehicles sold are domestically manufacturedRate of Growth : 166% increase in domestic production between 2005 and 2012;Ranking : 7º biggest vehicle production in the worldInternal Market : 5º biggest in the world |
| **9. What motor insurance regime prevails and what motor insurance cover, if any, is compulsory?**  | The motor insurance is totally facultative.The only compulsory insurance, related to the vehicle ownership, is the insurance for personal damages, called DPVAT  |
| **10. Has any litigation taken place in your country in the last five years by which challenges have been made of any kind against vehicle manufacturers in respect of emissions? Please describe and any outcome or if still pending.** | No, none. |
| **Other:****Is there any issue, not necessarily described above, which merits particular mention in terms of the manufacture and/or use or insurance of vehicles and the impact upon CO2 emissions levels or Climate Change more generally?** | The motor insurance companies have a deep interest in the debate about the proposals to allow dismantling and recycling of vehicles.As a relevant part of the solid waste recycling policy, the motor insurance companies could be legally allowed to dismantle the crashed vehicles and resell its parts. |

August 2013

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**AIDA Climate Change Working Party – AIDA Motor Insurance Working Party**

Questions & Answers on Motor Insurance and Climate Change

**Israel**

**Peggy Sharon, Levitan, Sharon & Co.**

**1. Question**: Contribution to eco-projects like reforestation, renewable energy sources and ecological education in everyday life.

**Answer**: Several insurance companies issued new Motor Vehicle insurance which gave a reduction of 10% on the premium for vehicles of higher grade of the Green Index of hybrid vehicles. Some insurers give an additional benefit for owners of green vehicles – plant a tree in the Carmel Forest (Haifa) which was recently burnt in a great fire.

**2. Question**: Incentives to use green vehicles.

**Answer**: In accordance with the Global awareness and tendency to reduce greenhouse gas, the Israeli legislator enacted a law of Green Index for motor vehicles.

The law on Green Taxation came into force in 2009. This legislation gives preference and a discount on the purchase of new vehicles, if they meet certain criteria of preservation of the environment.

The Green Index: the degree of pollution by the car. The Green Index is set according to the degree of the emission of various gases which may cause health and environmental damages (Nitrogen Oxide, CO1, hydrocarbons, particles, CO2)

The grades are numbered between zero and 400, the smaller number the higher green grade, and the tax benefit is higher. Green cars of higher green grade (0-130) get a significant reduction of the purchase tax which may reach up to 30% - 50% reduction.

As a result, mini cars have become an attraction in Israel and very popular.

**3. Question:** Special contractual conditions (such as “pay as you drive” formula) to improve eco-driving habits.

**Answer:** To date, there are no contractual conditions which take into account the time of the use of the vehicle, for eco-driving purposes. However, a reduction of a premium is given to religious people who do not use vehicles on Saturdays. The result is less use of vehicles, but due to other considerations.

 **4. Question:** What national legal or regulatory measures are in place to oblige auto manufacturers/vehicle users to reduce emissions from vehicle use?

**Answer:** The law of Prevention of Environmental Hazards, 1961, imposes sanctions both criminal and civil on anyone who causes an environmental hazard,. In 2001 and 2006, the Regulations of this law were amended by adding specific provisions regarding emission of gas from vehicles. Generally, it is forbidden to cause unreasonable air pollution from a vehicle.

According to the Clean Air Law 2011, upon granting or renewal of license to a motor vehicle, the emission of gas from the car will be checked and registered.

**The Class Actions Law, 2006**, includes environmental hazards as a cause of action against any party which causes the hazard. As a result, plants and manufacturers are exposed to class actions and hence exercise measures to prevent pollution and environmental hazards.

**5. Question:** Has any auto industry trade manufacturer association for your country agreed to any emissions reduction target (gCO2/km) and by what date?

**Answer:** There is no car industry in Israel – cars are imported (35% from Japan).

**6. Question:** Which (one or more) lower carbon advances or initiatives appear of greatest significance to vehicle use in your country: vehicle technology, alternative fuels, driver behaviour, infrastructure measures (traffic flow/congestion) or CO2 related taxation?

**Answer:** In order to encourage the use of clean fuels, the government has raised taxation on polluting fuels such as fuel oil and by a reform regarding fuels - the tax on cleaner fuels was reduced. Where the fuel is a combination of biodiesel and kerosene the tax benefit will be given on the biodiesel element of the combination.

In addition, the government created a plan for an incentive to scrap old vehicles which are considered less safe and more pollutant than new cars. A report which was prepared by the Ministry of the Environment shows that it is worthwhile to encourage voluntary scrapping of 20 year old and older private cars by offering the car owners a payment of a sum of money which will make it worthwhile.

It is anticipated that at the beginning 10,000 cars will turn into scrap and in the next years, it is recommended to check whether to enable scrapping of vehicles which are less than 20 years old. This step is aimed at encouraging the use of newer cars and in this manner will drastically decrease pollution caused by transportation.

**7. Question:** Has UBI (usage-based insurance) been offered in your country either by way of self-reporting or by use of data gathering (“black box” telematics)? Is this meeting with success or resistance and are there any concerns/controls re privacy issues?

**Answer: No**

**8. Question:** Israel’s use of motor vehicle - aggregate number of vehicles, number of vehicle owners, vehicles per capita and whether vehicles are imported or manufactured domestically? Rate of growth anticipated over next ten years.

**Answer:** The aggregate number of vehicles:

According to a publication of the Central Bureau of Statistics in May 2013 - in the year 2012, there were 2,760,000 motor vehicles in Israel out of which 2,246,100 were private vehicles. The vehicles are imported (35% are imported from Japan) and not manufactured in Israel.

The anticipated growth for the future is approx. 4% per annum (the average rate during the last 5 years).

**9. Question**: What motor insurance regime prevails and what motor insurance cover, if any, is compulsory?

**Answer**: The Motor Insurance regime: The property car insurance is optional and covers a loss or damage to the car including depreciation of value due to accidents. In addition the insurance may cover third party liability. As to bodily injury, a compulsory insurance applies according to which every car user should hold an insurance policy to cover any bodily injury caused by use of the car. This insurance covers the car user, its passengers, and also covers pedestrians who are victims of a car accident. Driving a car without this compulsory insurance is a criminal offence.

**10. Question**: Litigation in Israel during the last five years by which challenges have been made of any kind against vehicle manufacturers in respect of emissions?

**Answer**: In view of the fact that no car industry exists in Israel the steps taken by the government as mentioned above by tax reductions etc. encourages the public to purchase less contaminating cars and at the same time creates incentives for the car importers to import greener cars.

**Question**: Other issues which merit particular mention in terms of the manufacture and/or use or insurance of vehicles and the impact upon CO2 emissions levels or Climate Change more generally?

**Answer**: On the 25 August 2013, the Israeli government approved a national plan for the prevention of Air Pollution.

The main objectives of the plan are:

* To encourage the public to use public transportation and joint car pools,
* Trial to change the fuel used by public transportation into natural gas,
* Encouraging factories to use less pollutant fuels,
* Encouraging use of hybrid taxis.

Part of the plan will come into force in the near future including enhancing the control over the quarries and the project of scrapping, and the other part will have effect in stages.

On 1 January 2011 the **Clean Air Law, 2008** came into force which provided for the objectives of the law – preventing air pollution within the scope of an overall legislation inter alia, the law provides that the importer or distributor of new cars, will include in any advertisement for the car – the Green Index of the car.

A commission was appointed by the Minister of Environment to analyze the current quality of air in Israel and to create a scientific basis for the national plan in respect of limiting air pollution. This commission has already identified the air pollutants which influence most significantly the human health and environment.

The plan is prepared for the years 2011 – 2020 and will be examined in 2015 and 2020. The fulfillment of the objectives of this plan will be checked on these dates.

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**Name: Sara Landini AIDA National Section: Italy Date: August 2013**

**In your country, do motor insurers:**

|  |  |
| --- | --- |
| **1. Contribute to eco-projects like reforestation, renewable energy sources and ecological education in everyday life? If so, how? Do they offer customers offsets?** | In Italy, no specific examples can be found of motor insurers that contribute to particular eco-projects.  |
| **2. Provide incentives to use green cars? If so, what?** | No examples of Italian motor insurers can be mentioned which provide incentives for consumers to use green cars.See <http://www.gdoweb.it/476/guidare-auto-ecologiche-il-risparmio-sull%E2%80%99rca-non-e-ancora-garantito/> |
| **3. Provide special contractual conditions (such as “pay as you drive” formula) to improve eco-driving habits?** | Different types of contractual conditions are provided by Italian motor insurance with the purpose of improving the eco-driving habits of their customers:I.**Pay as you Drive** Some companies provide a formula “pay as you drive”. Vehicle’s insurance premiums are based directly on how much it is driven during the policy term. Premiums are calculated taking in to account the following factors: vehicle-minutes and vehicle-kilometers.II.**Ecodriving**Some insurance companies offer “eco-driving policies”.While the car insurance works, in order to determine annual premium, they consider: - The year, model, transmission and fuel type of the car - The number of kilometers (or miles) the car is driven in 12 months - The emission factor for car’s fuel.Some insurance companies are providing systems to valuate eco-driving habits of their customers in order to determine annual premium. It’s possible to control eco-driving habits trough a black box installed in the car and through car inspection. Some Eco-driving basic techniques are:1- Mantainance.Key parameters to maintain are: proper tire pressure, wheel alignment, engine oil with low kinematic viscosity.2- Driving lighter and/or lower-drag vehicles and minimizing the amount of people, cargo, tools, and equipment carried in the vehicle (removing common unnecessary accessories such as roof racks, brush guards, wind deflectors, ecc., driving with the fuel tank mostly empty and tanking more frequently).3- Maintaining an efficient speed. Optimal efficiency can be expected while cruising with no stops, at minimal throttle and with the transmission in the highest gear.4- Optimal choice of gear (in case of manual transmission).5- Experts recommend accelerating quickly and smoothly.6- A driver may further improve economy by anticipating the movement of other traffic users. For example, a driver who stops quickly, or turns without signaling, reduces the options another driver has for maximizing his performance.7- Using air conditioning as required by the occupants and not continuously.We think that such models need to be implemented and widely diffused, but we have to consider some limits arising from privacy regulation.About black boxes Privacy Lawyers say that government regulators and insurers are spreading an intrusive technology without first putting in place policies to prevent misuse of the information collected. On 19th March 2013 the Italian Authority of Insurance Market (IVASS) has published a consultation paper on the limits to the employment of black box installed in the cars of insured parties.According to such paper the use of black boxes is permitted only for dynamic accident reconstruction.  |
| **4. What national legal or regulatory measures are in place to oblige auto manufacturers/vehicle users to reduce emissions from vehicle use?**  | Special incentives are provided by Italian Government. Purchasers of environmentally-friendly vehicles are able to apply for the Italian Government’s new incentives scheme from March 14 2013.EUR120m (USD155m) has been allocated for the incentives over the three years from 2013 to 2015 – EUR40m this year, EUR35m in 2014 and EUR45m in 2015. They are available for the purchase of, for example, electric, hybrid and gas (methane and LPG) powered vehicles (but not petrol or diesel), with maximum CO2 emissions of 120 g/Km.On 4th June 2012 the Italian ministry of environment published a new document on reduction of CO2 through eco-driving habits: the new guide “on saving fuel and CO2 cars’ emissions”. The guide focuses attention on eco models of cars and on some important eco-driving habits. |
| **5. Has any auto industry trade manufacturer association for your country agreed to any emissions reduction target (gCO2/km) and by what date?**  | Fiat Industrial Group is working to develop increasingly efficient and environmentally friendly products.In line with international standards and best national and international environmental practice, Fiat Industrial Group has launched several projects to monitor greenhouse gas emissions from its activities. In particular, Iveco has launched a project designed to calculate the carbon footprint of its Daily commercial vehicle at the Suzzara plant in Italy. As of 31 December 2012, the Daily accounted for 28% of Iveco’s total turnover. The project will be developed over the course of 2013 and be based around the calculation of greenhouse gas emissions associated with the entire life cycle of the product and related services. The ultimate goal of this initiative is to find ways of reducing emissions during the various stages. Since 2011, CNH Latin America too has been engaged in the analysis of its production, logistics and administration. A closer look at the early stages of the Carbon Footprint Program shows that the project has made it possible to adopt specific measures to reduce the environmental impact at all levels and to address this issue early on during the design phase. These include simple interventions in everyday life that can reduce the amount of CO2 equivalent produced. This effort sees CNH Latin America relying not only on its staff, but also on the engagement of suppliers to consolidate their environmental performance. The project will continue next year with the launch of this assessment process at CNH plants in Argentina. Once the project activities are completed, it will be possible to measure the carbon footprint and assess the effectiveness of measures put in place. FPT Industrial is engaged in a similar effort to calculate the carbon footprint and in 2013 it will launch a Life Cycle Assessment (LCA) project based on the entire life cycle of its F1 light diesel engines, which constitute 50% of company engine manufacture. The LCA program will allow opportunities for improvement to be identified through the assessment and quantification of the causes and environmental impacts associated with products, particularly in terms of CO2 emissions. |
| **6. Which (one or more) lower carbon advances or initiatives appear of greatest significance to vehicle use in your country: vehicle technology, alternative fuels, driver behaviour, infrastructure measures (traffic flow/congestion) or CO2 related taxation?** | Fiat Industrial Group has also taken further steps to reduce its environmental footprint, developing alternative ways to use fuels based on their Global Warming Potential (GWP). In the near future,**diesel** will continue to be the predominant fuel. However, the adoption of systems to reduce fuel consumption in vehicles will allow a more intelligent use of this resource. The use of **Compressed Natural Gas** (CNG) will increase and it may play an important role in urban areas, especially considering the expected increase in the availability of **biomethane**(methane produced from urban waste biomass) on the market. **Liquefied Natural Gas** (LNG) also has good prospects for growth. It offers the same advantages as CNG in terms of fuel economy and lower emissions as well as greater range. With regard to **biodiesel**, Fatty Acid Methyl Ester (FAME), a first-generation biofuel, will see a consolidation of its position, opening the way to second-generation biofuels. These are mainly hydrotreated vegetable oils (HVO), derived from vegetable oils that do not weigh on the food chain, and biomass to liquid (BTL) fuels, obtained from biomass through a chemical transformation process. Second-generation biofuels are the future of biofuels. Not only are they obtained from a wider variety of raw materials, (biological waste materials, biomass from urban and industrial waste, etc.), thus preventing interference with the food chain, but they can also reduce greenhouse gas emissions by up to 95% over the life cycle while ensuring levels of performance similar to those of fossil fuels. Among biofuels, **bioethanol,** widespread for some time now in Brazil, is a fuel derived from biomass fermentation (mainly waste from sugar cane processing), which makes it particularly suitable for agricultural areas. It affords a 50% reduction in greenhouse gas emissions along the entire well-to-wheel cycle and can be used directly at the production site, making it a zero-kilometer fuel and, moreover, a low-cost alternative (at least 50% estimated savings compared to diesel fuel).**Hydrogen**, however, is part of a long-term strategy perspective due to its cost, complexity and the safety of managing the distribution network. The Group is still continuing research into the use of hydrogen and methane blends. This application is already a viable solution for the medium term using of technologies that are already available on the market.In March 2000, the European Commission launched its largest-ever aero-engine research programme, costing a total of 101 million euro. The purpose of the Efficient and Environmentally Friendly Aero Engine (EEFAE) project is to develop the advanced technology needed to maintain European industry's competitive position as a supplier of advanced turbofan engines for next generation of commercial jet aircraft.The EEFAE Technology Platform consists of two vehicles involving 15 industrial companies and 2 universities from 9 different European countries. The vehicles will integrate and validate the results from a range of European, national and company funded research projects with the overall objective of bringing demanding technical and environmental benefits to market in half the current time.The first vehicle ANTLE (Affordable Near Term Low Emission) is focused on providing a short term reduction in fuel consumption, emissions, reliability and cost by providing the technical feasibility of best available component technologies combined with the highest practical pressure ratios. In this project University of Florence is collaborating with Fiat Avio for the development of a new intermediate pressure turbine for the three-shaft engine. For this IP turbine advanced aerodynamic and mechanical solutions will be analyzed.The second vehicle CLEAN (Component vaLidator for low Environmentally friendly Aero-eNgine) is targeted on significant reduction of emissions and fuel consumption through the full-scale validation of technologies required to develop an advanced performance cycle IRA (Intercooled Recuperated Aero-engine).Contractors: Rolls-Royce (UK), Airbus France (F), Snecma (F), MTU (D), Eldim (NL), Avio Group (I), Howmet (UK), Volvo Aero (S), Luleaa University of Technology (S), ITP (E), Goodrich (UK), Techspace Aero (B), Hispano Suiza (F), Esil (IE), Calidus (UK), INTA (E), Rolls-Royce Deutschland (D), University of Florence DEF (I), Walter (CZ). |
| **7. Has UBI (usage-based insurance) been offered in your country either by way of self-reporting or by use of data gathering (“black box” telematics)? Is this meeting with success or resistance and are there any concerns/controls re privacy issues?** | As already discussed at question 3, on 19th March 2013 the Italian Authority of Insurance Market (IVASS) has published a consultation paper on the limits to the employment of black box installed in the cars of insured parties. |
| **8. In outline terms describe your country’s motor vehicle use - in terms of aggregate number of vehicles, number of vehicle owners, vehicles per capita and whether vehicles are imported or manufactured domestically? What rate of growth is anticipated over next ten years?** | On July 3 2012 Istat (Italian Institute of Statistics) published a report on Transport. In 2010 urban public transport was + 0,6% with respect of the previous year.In 2010 the number of vehicles per capita was -0,1% with respect to the previous year.The number of green car was + 12,0% with respect to the previous year.The number of bikeway in 2010 was + 11,1% with respect to the previous year. |
| **9. What motor insurance regime prevails and what motor insurance cover, if any, is compulsory?**  | Based on the Motor Insurance Law (Act 990/1969 now emended by insurance code – legislative decree 209/2005), every owner of a car is obliged to have a liability coverIn Italy other types of motor insurances are known (fire, theft, damage). Neither of these types of insurances are compulsory. There are also additional coverages like legal assistance, assistance in case of malfunction of the car, etc. None of these type of insurances are compulsory. |
| **10. Has any litigation taken place in your country in the last five years by which challenges have been made of any kind against vehicle manufacturers in respect of emissions? Please describe and any outcome or if still pending.** | In the Italian case law, no case was found in which a vehicle manufacturer was challenged in respect of emissions. |
| **Other:****Is there any issue, not necessarily described above, which merits particular mention in terms of the manufacture and/or use or insurance of vehicles and the impact upon CO2 emissions levels or Climate Change more generally?** |  |

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**Name:** Yoshiro Yamano **AIDA National Section: Japan Date: August 2013**

**In your country, do motor insurers**

**1. Contribute to eco-projects like reforestation, renewable energy sources and ecological education in everyday life? If so, how? Do they offer customers offsets?**

See the following articles from Tokio Marine & Nichido Fire Insurance and Mitsu-Sumitomo Insurance’s web site.

**Green Gift Project - Presenting Forests to the 22nd Century (Tokio Marine)**

With the support of its customers, Tokio Marine & Nichido initiated the Green Gift Project in May 2009 to reduce environmental impact (i.e., use of paper) by giving policyholders a choice of viewing their respective policies via the company website (Web contract) rather than by receiving them in paper form.

To promote its Mangrove Planting Project, the company makes monetary donations equivalent to two mangrove trees per one customer choosing this Web contract.

In fiscal 2011, 77.8% of customers buying auto insurance and "Super Insurance" switched to paperless Web contracts.

Reduction in the annual amount of paper used; approximately 1700 tons (cf. Amount of paper used by Tokio Marine and Nichido in FY2011: 6825 tons).

From September 2010, Tokio Marine & Nichido has designated customers who participate in the Green Gift Project as its Green Gift Partners and has undertaken a variety of initiatives that give customers a genuine sense that they are participating in and contributing to global environmental protection and social contribution activities. Tokio Marine & Nichido launched the Green Gift Project website. This website is showing mangrove planting activities in each region, growth of mangrove saplings and how people live in these regions by maps, photographs and videos.

The company reports the amount of CO2 absorbed by mangroves planted to date.

The company will hold eco-volunteer tours to Iriomote Island in Okinawa (Japan) and to Southeast Asian countries, as well as seminars and various events for customers.

**Acquired First Auto Insurance Eco Mark Certification for Financial Products (Tokio Marine)**

In December 2010, Tokio Marine & Nichido acquired the first auto insurance Eco Mark\*1 certification for financial products from the Japan Environment Association (JEA) for its efforts to promote various initiatives in the environment-related field. These included promotion of the Green Gift Project, dissemination of information on ecosafe driving and accident reduction via the company website, increased use of recycled parts in auto repairs and premium discount services for hybrid, electric and compressed natural gas vehicles.

In 2011, Tokio Marine & Nichido won the Silver Prize in the Eco Mark Award 2011\*2 sponsored by JEA, becoming the first company in the financial industry to receive an Eco Mark award. In granting the award, JEA highly recognized the company's efforts to promote the widespread use and increase the visibility of Eco Mark certified auto insurance products (creation of Eco Mark awareness posters and extensive use of the Eco Mark label on auto insurance leaflets and renewal notices) and to offer eco-friendly auto insurance that allows policyholders to participate in activities to reduce environmental impact through the Green Gift Project. Becoming carbon neutral in its domestic business activities in fiscal 2009 and fiscal 2010 was another point that was highly valued by JEA.

\* \*1 The Eco Mark environmental label is granted to products that are certified as having less impact on the environment throughout their lifecycles and being effective in preserving the environment.

\*2 The first award scheme established in 2010 in relation to the Eco Mark. Presents awards to companies and organizations proactively engaged in activities to achieve the objective of the Eco Mark project:

"Creation of a sustainable society through the wise choice of environment-friendly products by consumers and environment improvement efforts by companies."

**Spreading ECO Inspections and ECO Maintenance of Vehicles (Mitsui-Sumitomo)**

Environmental Vehicle Inspections and Car Maintenance reduce the environmental impact of automobiles by reducing the emission of toxic gases, noises and vibrations as well as improving fuel efficiency. The Advance Club (our agent and prominent car maintenance group) provides and endeavors to diffuse the use of environmental vehicle inspection and maintenance with an advanced service where the combustion chamber can be cleaned without having to dismantle the engine. Over 440 member factories all over the country now provide technical training.

**What are environmental vehicle inspections and car maintenance?**

Maintenance that is necessary for improving fuel efficiency such as combustion chamber carbon cleaning (internal cleaning of the engine) and engine adjustments.

Those operations will remove carbon, sludge and varnish that are the causes of toxic gases, and will make the conditions of the vehicle comparable to a new one.

Fuel efficiency is further improved by undergoing recommended services such as engine oil change, oil element change and oil flashing.

**2. Provide incentives to use green cars? If so, what?**

\*3% premium discount for the user of Hybrid cars and electric cars.(Tokio Marine,

Sonpo Japan, etc.)

**3. Provide special contractual conditions (such as “pay as you drive” formula) to improve eco-driving habits?**

Sony Assurance Company and Zurich insurance Company introduce “pay as you drive” formula for its automobile insurance. Insurance contractors declare the annual drive miles from the following 7 categories. Less drive, less expensive insurance.

The classification of Sony Assurance’s case is as follows;

3000 km, 5000 km, 7000 km, 9000 km, 11,000 km, 16,000 km, unlimited

Large insurers have not introduced PAYD formula.

**4. What national legal or regulatory measures are in place to oblige auto manufacturers/vehicle users to reduce emissions from vehicle use?**

The ministry of Land, Infrastructure, Transport and Tourism offers tax incentive to the car buyers for the Eco friendly automobile.

An example of Toyota cars:

Prius PHV standard model car price Yen 3,200,000, maximum tax incentive at the time of car registration Yen 509,000 (about 16%)

Aqua standard model car price Yen 1,800,000, maximum tax incentive at the time of car registration Yen 117,000 (about 7%)

**5. Has any auto industry trade manufacturer association for your country agreed to any emissions reduction target (gCO2/km) and by what date?**

The Ministry of the Environment obliges auto industry to observe Motor Vehicle Exhaust Emission Standards. For the detail, see the MOE’s website.

http://www.env.go.jp/en/air/aq/mv/standards.html

**6. Which (one or more) lower carbon advances or initiatives appear of greatest significance to vehicle use in your country: vehicle technology, alternative fuels, driver behaviour, infrastructure measures (traffic flow/congestion) or CO2 related taxation?**

All these factors seem to be of significance to the Japanese society.

Vehicle technology was very successful in recent years after the introduction of hybrid car accompanied with huge tax incentive.

Drivers, especially public bus drivers customary stop engines at the red signal. National Police Agency made tremendous efforts to reduce traffic congestion in the past years which made less fuel consumptions and less traffic accident as well. (\*)

(\*) The peak traffic death toll was 16,765 in 1970 when there were only 22 millions registered vehicles in Japan. The death toll was reduced to 4,411 in 2012 with 80 millions vehicles.

**7. Has UBI (usage-based insurance) been offered in your country either by way of self-reporting or by use of data gathering (“black box” telematics)? Is this meeting with success or resistance and are there any concerns/controls re privacy issues?**

UBI is offered by way of self-reporting and became very popular and successful as the insurance premium is calculated reasonably.

**8. In outline terms describe your country’s motor vehicle use - in terms of aggregate number of vehicles, number of vehicle owners, vehicles per capita and whether vehicles are imported or manufactured domestically? What rate of growth is anticipated over next ten years?**

Aggregate number of vehicles:

79,763 thousand cars(2012), including 58,130 thousand passenger cars.

Number of vehicle owners: n.a.

Vehicles per capita; according to the 10,000 sample survey, 77.5% of household have at least a car. 41.8% of household have more than two cars.(2011)

Vehicles registered in 2012: total 3,390 thousand (of 316 thousand are imported car)

Anticipated manufactured number:

Year 2013 9.6 millions, 2015 9.5 millions, 2020 9.3 millions

**9. What motor insurance regime prevails and what motor insurance cover, if any, is compulsory?**

In Japan, only bodily injury liability cover is compulsory with the liability limit of 30 million yen for death and 40 million yen for permanent disability requiring nursing care (Automobile Liability Security Act). Generally, automobile owner take unlimited bodily injury and property damage cover (coverage for third party liability) as well as automobile full cover. In addition, insurers have come up with new products such as coverage for bodily injury compensation which has become popular now. Benefits under this coverage are paid when the insured person suffers the bodily injury prescribed by the policy conditions and nobody is liable for damages to the insured person under the Act.

**10. Has any litigation taken place in your country in the last five years by which challenges have been made of any kind against vehicle manufacturers in respect of emissions? Please describe and any outcome or if still pending.**

As far as I know, we have not had such kind of litigation in Japan.

**Other:**

**Is there any issue, not necessarily described above, which merits particular mention in terms of the manufacture and/or use or insurance of vehicles and the impact upon CO2 emissions levels or Climate Change more generally?**

**Questionnaire on Motor Insurance and Climate Change**

21 AIDA National Sections (and three individuals) supplied answers to a Questionnaire prepared by Prof Marcel Fontaine which informed his General Report upon Climate Change and Insurance Law arising out of discussions held at the XIII AIDA World Congress in Paris in May 2010. Since then much has happened. The AIDA Climate Change Working Party has been formed. It has already held five meetings. It is now looking to update information previously gathered on a range of topics.

In Sydney for its sixth meeting – on **18 September 2013** - the AIDA Climate Change Working Party is combining with the AIDA Motor Insurance Working Party to consider **Climate Change Mitigation, Adaptation, Transport and Insurance.**

The Chair of the MotorInsurance Working Party, Prof Sara Landini is presently leading a project, supported by AIDA Europe, concerned with the “**Green Car & Insurance**”, a review of measures currently taken by insurers to encourage among other things the use of carbon offsets and more eco-friendly practices by way of vehicle repairs and maintenance, the use of greener vehicles, the more eco-friendly use of vehicles, designed to reduce fuel consumption, emissions and congestion and at the same time to improve vehicle efficiency and road safety.

It is therefore timely for us to consider together a few pertinent questions to help inform discussions in Sydney.

We have deliberately aimed to keep this questionnaire short. The first three questions are those posed at the end of the “Green Car & Insurance” document posted on the AIDA Motor Insurance Working Party page of the AIDA website <http://www.aida.org.uk/workpart_motorins.asp>. The remainder are designed to update issues reported upon previously or known to concern initiatives in various countries presently.

Please feel free to include in your answers any links to materials described or to introduce at the end any topics not specifically addressed, but thought to be of interest. For details of the Agenda for the Sydney meeting and for registration details for the AILA Sydney Conference please visit the AIDA Climate Change Working Party page of the AIDA website: <http://www.aida.org.uk/workpart_climatechange.asp>.

**Name: Stijn Franken AIDA National Section: The Netherlands Date:**

**In your country, do motor insurers:**

|  |  |
| --- | --- |
| **1. Contribute to eco-projects like reforestation, renewable energy sources and ecological education in everyday life? If so, how? Do they offer customers offsets?** | In the Netherlands, no specific examples can be found of motor insurers that contribute to particular eco-projects. The absence of these examples does certainly not mean that Dutch motor insurers are not aware of the importance of the environment and the fact that they have to deal with this environment in a responsible and sustainable manner. Many of the motor insurers in the Netherlands have a so called social and responsible way of insuring, which can be seen as a component of their corporate social responsibility-programme. A good example of this way of insuring can be found at the large Dutch insurer, Nationale Nederlanden, which is actively reducing their impact on the environment. Examples of their social and responsible way of insuring are more sustainable offices, reduction of printed documents and free charging stations for their employees with electric cars. Comparable sustainable projects are found on the website of another large insurer, ASR, that is aiming to reduce their CO2-emission and striving for being CO2-neutral in 2030. |
| **2. Provide incentives to use green cars? If so, what?** | A few examples of Dutch motor insurers can be mentioned which provide incentives for consumers to use green cars. The incentive that is offered by the motor insurer is mostly a discount on the premium the consumer has to pay. For example, insurer Delta Loyd (exclusively offered by authorized underwriter Voogd & Voogd) offers two types of motor insurances that provide a premium-discount for consumers with energy-saving cars. The first option is the AutoSterpolis, which offers a discount of 15% on the premium for energy-saving cars with label A (the most green label a car in the Netherlands can receive) and a discount of 10% on the premium for cars with label B (one step less green than the label A). Next to the AutoSterpolis, that only offers a discount on the premium for consumers with a green car, insurer Delta Lloyd (again by means of authorized underwriter Voogd & Voogd) also offers a special Eco-Polis. This Eco-Polis was introduced by the insurer in 2012 and is aiming to stimulate consumers to become more environmentally aware and buy green cars. Owners of a green car with label A receive a 15% discount on the premium of their Eco-Polis motor insurance.Another Dutch motor insurer, Inshared (part of the large Dutch insurer Achmea), rewards their customers for their green car. Customers with a green car, label A and B, receive so called 'point of reward'. These points of reward can be received for all different types of actions, like prevention, loyalty and years without claims. At the end of each year Inshared will add all the points of reward and will calculate an amount of money that the customer will receive from Inshare as a reward of their good behaviour in the past year. |
| **3. Provide special contractual conditions (such as “pay as you drive” formula) to improve eco-driving habits?** | Different types of contractual conditions are provided by Dutch motor insurance with the purpose of improving the eco-driving habits of their customers.I. **Pay as you Drive**In the Netherlands, two motor insurers offer an insurance based on the 'Pay as you Drive'-principle. A couple of years ago, in 2007, multiple trials were started by motor insurers to test this principle, but at this moment only two motor insurers offer this type of insurance. The insurer Nationale Nederlanden offers the Kilometerverzekering, an insurance of which the premium becomes cheaper when the insured person drives less kilometres on a yearly basis. Another Pay as you Drive-insurance is offered by PolisVoorMij. Drivers who are insured by PolisVoorMij only will have to pay for the kilometres they have actually driven in a year. On top of the ecological benefits a Pay as your Drive-insurance may have, the insurer PolisVoorMij wants to improve the safety on the roads and reward safe drivers.II. **Green repair**Motor insurer Inshared offers a green motor insurance with a green repair clause in the policy. This clause contains the duty of the insured person to let their car be repaired by repair companies which use second hand parts for not vital parts of the car, like bumpers and doors. By using these second hand materials, the total amount of waste is reduced and less energy is needed to produce all the new parts. Consumers who do not wish to use second hand parts for the repair of their car, have to pay extra premium.III. **Discount on eco-products**With the purpose of encouraging their customers to drive more eco-conscious, motor insurer ING offers discounts to environmental friendly tires and to the aligning of cars to their customers. By offering these discounts, ING hopes its customers will buy these tires and let their cars align, because this will eventually result in a reduction of the CO2 emission of that particular car. |
| **4. What national legal or regulatory measures are in place to oblige auto manufacturers/vehicle users to reduce emissions from vehicle use?**  | The EU is aiming at a reduction of 20% of the CO2-emmission in 2020 compared to the emission of CO2 in 1990. Without placing the member states into a straightjacket with all different types of rules and regulations, the EU leaves the responsibility to the member states. Each member state can decide for itself how to reduce their national CO2-emmission.In the Netherlands is chosen for different gentlemen's agreements with various sectors and industries that highly contribute to the emission of CO2. One of these industries is the Mobility-industry. The goal of this industry, to which the car owners and the motor insurers belong, is to reduce the CO2-emmission by 2020 to the level of CO2-emission of 1990. In order to reach this goal, the Mobility-industry focusses on three types of innovation, according to the RAI (Association of Bicycle and Automobile Industry). These types of innovation are:* Improvement of technology to reduce CO2-emmissions and make cars more green
* Development of bio-fuels
* Make drivers more eco-conscious and change their driving behaviour

The Dutch government has the authority makes laws in order to reduce the COs-emission, but it has chosen not to use legislation as long as the gentlemen's agreements are fulfilled by the industries. Until now, there was no need for (additional) legislation, because the Mobility-industry is meeting its targets and is reducing the CO2-emmissions. |
| **5. Has any auto industry trade manufacturer association for your country agreed to any emissions reduction target (gCO2/km) and by what date?**  | The RAI (Association of Bicycle and Automobile Industry) and the BOVAG (Sector Association for entrepreneurs in the Mobility Industry) cooperate in order to reach the goals set in the gentlemen's agreement for the Mobility-industry. In their report *'Sustainable on the road*' the goals for CO2-reduction are set. Their goal is to reduce the emission of CO2 by 12 - 15 megaton by 2020. In the year 2012, both RAI and BOVAG are optimistic about the feasibility of this goal. In their report they cautiously express the expectation that the total reduction of CO2-emission in 2020 will be 13 - 17 megaton. This reduction would bring the total amount of CO2-emission in 2020 below the level of CO2-emission in 1990.In their report, RAI and BOVAG also mention maximum amounts of CO2-emission per car. In 2007, the emission per car was 164 grams CO2 per kilometre. Thanks to greener technologies for both cars and fuels, the expectation is that this emission per car will be reduced to 130 grams CO2 per kilometre in 2015. De goal is to reduce CO2-emission to 95 grams per kilometre in 2020. |
| **6. Which (one or more) lower carbon advances or initiatives appear of greatest significance to vehicle use in your country: vehicle technology, alternative fuels, driver behaviour, infrastructure measures (traffic flow/congestion) or CO2 related taxation?** | RAI and BOVAG compare the influence of different types of innovation to the reduction of CO2 in their report *'Sustainable on the road'*. In this report, the expected reduction of CO2-emission in 2020, is calculated per type of innovation. In the report, three scenarios were calculated depending on the (expected) development of techniques and society in the period 2012-2020. Looking at the summary of these calculations in the report, the best reduction is expected to come from the principle of 'paying for driving'. In this principle, drivers have to pay for the amount of kilometres they drive on a yearly basis. The expectation is that the emission of CO2 will be reduced by approximately **42 megaton CO2** by 2020, if the government decides to introduce the paying for driving principle. Technological improvements in cars are expected to contribute to the CO2-emission by 2020 by approximately **4 megaton** **CO2**, depending on the development of the techniques. The influence of bio-fuels on the reduction of the CO2-emission is expected to be approximately **1.4 megaton CO2** in 2020. Improvements and changes in the behaviour of drivers (called The New Way of Driving) are expected to have a minor influence of approximately **0.5 megaton CO2** in 2020.Based on the foregoing the conclusion can be drawn that RAI and BOVAG expect the greatest influence on the reduction of CO2 to come from the paying for driving principle. Critical comment: anno 2013 the government has not yet introduced the paying for driving principle. Until the government decides to introduce this principle in the Netherlands, the biggest influence of CO2-reduction is expected to come from improved techniques in green cars. |
| **7. Has UBI (usage-based insurance) been offered in your country either by way of self-reporting or by use of data gathering (“black box” telematics)? Is this meeting with success or resistance and are there any concerns/controls re privacy issues?** | As already discussed at question 3, there are in the Netherlands two motor insurers that offer Pay as you Drive-motor insurances. The Nationale Nederlanden Kilometerverzekering asks customers to make an estimation of the amount of kilometres they are expected to drive in the coming year. The Kilometerverzekering is therefore offered by way of self-reporting. Next to the estimation of the expected amount of kilometres that will be driven, the customers also have to report their mileage on the beginning and at the end of the year. The insurer will calculate the exact amount of kilometres driven and will compare this with the estimation of the driver. Drivers will be compensated financially if they appear to have driven less than estimated in advance. Drivers do not have to pay extra if they drove more in the past year, they only have to adapt their estimation for the coming year. The motor insurer will calculate a new premium based on the last estimation.De PolisVoorMij insurance, the second Dutch insurer that applies the Pay as you Drive principle, works by use of data gathering. Until 2013, all the customers of PolisvoorMij received a so called black box in their car. This black box was used to register and calculate the exact amount of kilometres driven. At the beginning of this year, PolisVoorMij introduced an application for smartphones, which could be used by their customers. This application not only registers the amount of kilometres, but also the speed of the car. On top of this, also the driving behaviour of the customers is registered and the amount of phone calls is counted.Although the insurer only needs the informative about the amount of kilometres driven in order to calculate the premium of its customers, all the other types of information is used. PolisVoorMij not only wants drivers to be responsible for the environment, but the insurer also wants to promote safe driving behaviour. In order to make drivers more conscious about their behaviour on the road, the insurer gives points for responsible behaviour. At the end of the year, these points will be added and the total amount of points will result in a discount on the premium. In this manner, PolisVoorMij does not only create consciousness about the environment, but also about the safety on the road.Because of the fact that de application does not register the exact location of the car and driver, but only the speed, amount of kilometres and the driving behaviour, PolisVoorMij ensures their customers there are no privacy issues at stake. |
| **8. In outline terms describe your country’s motor vehicle use - in terms of aggregate number of vehicles, number of vehicle owners, vehicles per capita and whether vehicles are imported or manufactured domestically? What rate of growth is anticipated over next ten years?** | RAI published in 2013 a report about numbers and facts in the Mobility industry, called *'Key figures Car and Mobility'*. According to this report, in 2012 there were **8.142 million** private cars and **1.072 million** company cars on the Dutch roads. These cars were driving on **137.692 kilometres** of road. In 2011, the average amount of kilometres driven by a private car was 11.663 kilometres.49% of the Dutch cars had an A or a B label, meaning that in 2012 almost half of the cars was equipped with an efficient technology. Of all the Dutch cars, 29% of the cars were diesel. In 1990 was the amount of CO2 emission **190 grams CO2 per kilometre**. This amount is reduced to **184 grams CO2 per kilometre in 2011**. Although this numbers are quite positive, RAI expects this reduction to diminish in the coming years. Because of the economic crisis, the Dutch fleet of cars is ageing. In 2012, 47.2% of the Dutch cars were older than 9 years. Older cars emit more CO2 than newer cars. A car produced in 2012 emits 118.5 grams CO2 per kilometre, compared to the emission of a new car in 2006, which was 166.7 grams per kilometre. The increasing number of older cars will reduce reduction of CO2-emission. |
| **9. What motor insurance regime prevails and what motor insurance cover, if any, is compulsory?**  | Based on the Dutch Motor Insurance Liability Act (WAM), every owner of a car is obliged to have **a liability cover**. This liability cover has the purpose of indemnifying damages as a result of statutory liability. According to the WAM the minimum sum insured has to be 1 million euros per victim, with a maximum sum insured of 5 million euros per event.In the Netherlands, two other types of motor insurances are known. Neither of these types of insurances are compulsory. The first type is an **insurance providing cover against third-party liability, fire, theft and damage.** A **comprehensive insurance**, which covers all the damage to the car caused by any event. These two types of motor insurances cover damages caused to the car itself.On top of the abovementioned insurances, there are more additional insurances. These insurances will cover damages of the passengers, costs of accidents of the passengers and legal assistance. None of these type of insurances are compulsory in the Netherlands. |
| **10. Has any litigation taken place in your country in the last five years by which challenges have been made of any kind against vehicle manufacturers in respect of emissions? Please describe and any outcome or if still pending.** | In the Dutch case law, no case was found in which a vehicle manufacturer was challenged in respect of emissions. |
| **Other:****Is there any issue, not necessarily described above, which merits particular mention in terms of the manufacture and/or use or insurance of vehicles and the impact upon CO2 emissions levels or Climate Change more generally?** |  |

**Questionnaire on Motor Insurance and Climate Change**

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**Name: TIM HARDY AIDA National Section: UK - BILA Date: 6 September 2013**

**In your country, do motor insurers:**

|  |  |
| --- | --- |
| **1. Contribute to eco-projects like reforestation, renewable energy sources and ecological education in everyday life? If so, how? Do they offer customers offsets?** | Providing any comprehensive or fully authoritative answer is difficult. One is dependent to a large extent upon promotional materials of insurers and comparative websites among other sources. A large number of other UK motor insurers and brokers have, however, for some time promoted terms for carbon offsetting to customers placing motor vehicle business through them. Many recognise the marketing/reputational benefit of doing so and are prompted by broker promotion of “green” entities and products, but in a highly competitive market in more recent times some of these have stopped offering motor business to new customers. Two UK–based insurers have prominently made a virtue of the eco-friendly nature of their products. **The Co-operative Insurance** claims to have been the first company to launchin 2006an **ecoinsurance motor policy** which is still marketed and features: **Offsets**: 20% of the CO2 emissions of any vehicle insured may be offset by investing in projects such as rainforest reforestation, energy efficiency and renewable energy resources; a **Screened Fund:** “ethical” screening of the investment by the carrier of insurance premiums (including an avoidance of investment in companies deemed to be responsible for global climate change , such as involving the extraction or production of fossil fuels; and a commitment to engage in “**responsible repair**” - ensuring that their network of authorised repairers recycle or re-use materials like body panels, plastic parts, glass wherever possible. **The Green Insurance Company** (an intermediary owned by Ageas) promises to offset 100% of its motoring insured’s carbon footprint by tree-planting and that I tonne of any insured’s CO2 emissions will be offset at no extra cost to the customer. |
| **2. Provide incentives to use green cars? If so, what?** | It is certainly now common practice for UK motor insurers to promote cover for the use of “green” or “greener” cars, but in a highly competitive and challenging market it remains an issue at what price such cover may be offered and by and to how many. (It is noted in the answer to Question 9 that UK motor insurers consistently make an underwriting loss on private motor insurance.)UK insurers were perhaps initially far more concerned with Climate Change issues in terms of the impact upon existing policies of exacerbated storm and flood damage claims. They have proved responsive to “green” initiatives where environmentally friendly behaviour can also be seen to amount to a better insurable risk, but equating conscientious policyholder behaviour and a genuine reduced claims profile remains a challenge in terms of premium rating, particularly with many UK motor insurers struggling to make profits. Many insurers’, brokers’ and market comparative websites now contain facilities to enable potential customers to achieve the most favourable terms depending on their vehicle’s age and emissions ratings. The **Co-operative Insurance** company – already mentioned – like many others, accepts hybrid and LPG fuelled cars *without* charging higher premiums for LPG (despite the higher repair cost associated with the need to remove the gas cylinder first). Most electric and the latest generation of vehicles are also insured, but *not* vehicles fuelled by biofuels, owing to safety and sustainability concerns.The **Green Insurance Company** offers incentives for customers using “green” cars, offering insurance for hybrid cars (e.g.Toyota Prius, Honda Civic, VW Polo Bluemotion or Lexus) but this does not come in the form of a discounted premium, rather the provision of cover with the offer of a free offset. |
| **3. Provide special contractual conditions (such as “pay as you drive” formula) to improve eco-driving habits?** | Yes. The move towards PAYD/PHYD and telematics (“black box”) policies reflects the need to try to provide tangible evidence of environmentally-friendly behaviour *and* reduced risk for insurers, particularly in the post- EU Gender Directive market (preventing gender being a basis for premium rating).Since 2009, the number of consumers with telematics policies in the UK has increased significantly, as has the number of insurers and brokers offering telematics policies. The following is not a comprehensive list but are among identified marketed UK telematics policies: **AA Drivesafe, Admiral/Littlebox, Autosaint, Bell, Co-operative Insurance, Coverbox, Drive Like a Girl, Drivestyle, Hastings Direct SmartMiles, ikube, Ingenie, insurethebox, Wisedriving** While the market is expected to continue expanding rapidly in the immediate future, it is unclear whether telematics policies will remain a niche product or become mainstream. A number of issues have emerged for insurers as well as policyholders from experience to date about the attractiveness and effectiveness of telematics to help revitalise the UK motor insurance market. These include the marketing of such policies, the use of mobile phone technology, data accuracy and ensuring that risk profiling is sufficiently customer-specific, and balancing perceived rewards and penalties for policyholders. Much of the focus of telematics has been concentrated initially upon private motorists and especially younger drivers or those with low mileage, most likely to benefit from potentially reduced premiums, but there is discussion of some potential scope for further developments in commercial fleet motor insurance also. Like many others, the **Co-operative Insurance** company launched a “Pay-As-You-Drive” (PAYD) policy at the start of 2009 targeting drivers with low mileage and in 2010 a telematics policy principally aimed at young drivers, claiming that 30,000 customers had so far signed up.A smart phone “try before you buy” app scheme based upon monitoring driving ahead of any black box being fitted has been pioneered in an effort to encourage wider take-up.In the case of one carrier, **Coverbox**, one-third of its policyholders are said to be over 55.  In April 2013 the ABI published, in association with the British Insurance Brokers Association (BIBA), two guides : The first [guide is for consumers (pdf 180kB)](https://www.abi.org.uk/News/News-releases/2013/05/~/media/06D2645BF6B54A09BECE277E5BCAB118.ashx) - <https://www.abi.org.uk/News/News-releases/2013/05/~/media/06D2645BF6B54A09BECE277E5BCAB118.ashx> - and explains: * What to expect from a pay how you drive policy.
* The importance of driving behaviour in affecting the cost of motor insurance.
* Other benefits that these policies can offer, such as tracking to help locate your vehicle if it is stolen.
* Safeguards to ensure your recorded driving information is kept secure and your rights to access this data.

The second [guide is for the insurance industry (pdf 270kB)](https://www.abi.org.uk/News/News-releases/2013/05/~/media/8066998200284D68904366434B0040F1.ashx) - <https://www.abi.org.uk/News/News-releases/2013/05/~/media/8066998200284D68904366434B0040F1.ashx> - and defines good practice to ensure that customers buying these products continue to be treated fairly and their data is protected. The guidance set out: * Actions for managing and handling telematics data to ensure compliance with data protection legislation and maintain consumer confidence in the industry's use of personal data.
* Steps to ensure customers are treated fairly and minimise instances of customer detriment.

As a closing remark it has been widely observed that in terms of combatting CO2 emissions measures to improve eco-driving habits may rank way below technological improvements made to vehicles. While vehicle manufacturers are busy pioneering such design innovations, insurers are concentrating their attention primarily upon those features of vehicle use and repair practices, which may reduce the cost of both cover and repair.  |
| **4. What national legal or regulatory measures are in place to oblige auto manufacturers/vehicle users to reduce emissions from vehicle use?**  | There are several energy efficiency regimes affecting the motor industry, the mandatory **EU Emissions Trading Scheme (**[**EUETS**](http://www.smmt.co.uk/energy-efficiency-regimes#eerETS)), the voluntary **UK Climate Change Agreements** ([**CCAs**](http://www.smmt.co.uk/energy-efficiency-regimes#eerCCA)), or the **UK Carbon Reduction Commitment** ([**CRC**](http://www.smmt.co.uk/energy-efficiency-regimes#eerCRC)) energy efficiency scheme.In 2009, an ambitious piece of [legislation](http://ec.europa.eu/clima/documentation/transport/vehicles/cars_en.htm) was passed which committed European car manufacturers to cut average CO2 emissions from new cars to **130g/km** by 2015 and about **95g/km** by 2020. (In the summer of 2013 Germany was among those seeking some relaxing of this legislation on account of fears that this would impact adversely on the ability of their large domestic vehicle manufacturing base to trade profitably.)In the last 10 years, average new car tailpipe CO2 emissions are down approx. 17%. Car parc CO2 emissions have fallen by 4.4% over the last decade, despite an 18.4% increase in the number of cars on the roads and a 9.8% increase in distance travelled. The average CO2 emissions of new cars sold in the UK in 2012 was 133.1g/km.The[**Van (Light Commercial Vehicle) CO2 Regulation (EU) No. 510/2011**](http://ec.europa.eu/clima/policies/transport/vehicles/vans_en.htm) mirrors the above **New Car CO2 Regulation No. (EC) 443/2009** with each manufacturer having its own overall European fleet average CO2 target. It sets a European fleet average target of 175g CO2/km, phased-in between 2014 and 2017 and a long-term target of 147g/km in 2020. Each manufacturer’s target is based on the weight of each new van it registers in the EU in a given year. Only the fleet average is regulated, so manufacturers can still make vehicles with higher emissions provided these are balanced by lower carbon vehicles.Euro engine emission standards were introduced in the early 1990s to reduce other pollutants from vehicles. They have led to significant improvements in emissions of nitrogen oxides, particulates and hydrocarbons from passenger cars, vans and trucks. Since 1992, NOx emissions have been reduced by around 67% and diesel particulates have dropped by 94%.Manufacturers have developed low CO2-emitting cars ahead of the **European New Car CO2 Regulation (**[**EC443/2009**](http://ec.europa.eu/clima/policies/transport/vehicles/cars/documentation_en.htm)), which started in 2012. Under this regulation manufacturers face corporate fleet average targets, based in part on vehicle weight, designed to reduce the EU new car fleet average to 130g/km by 2015 (65% of fleet must meet the target in 2012, rising to 100% by 2015). Failure to achieve target will result in fines, up to €95 per gram of CO2 away from target multiplied by the number of cars registered. Past progress will also have come from action to meet the European voluntary agreement to deliver 140g/km in 2008/09.EU Euro standards regulate exhaust emissions of carbon monoxide (CO), nitrogen oxides (NOx), hydrocarbons (HC) and particulate matter (PM). Euro 5 standards entered into force in January 2011 for all cars first registered and Euro 6 standards come into effect in September 2015.These standards have already tightened up emission limits considerably. The Euro 5 standard aligned petrol and diesel PM limits. Department for Transport statistics show that at a UK level, PM10, NOx and CO emissions have fallen between 2000 and 2010 by 24%, 59% and 77% respectively.Urban air quality targets have become an increasingly significant issue across the EU. With 2013 being the EU’s ‘Year of Air’, there will be an increased focus on improving air quality, for example through the review of the EU thematic strategy and related policies. This could put particular emphasis on emissions associated with diesel vehicles and a discussion on how a shift to alternatively-fuelled vehicles can also offer solutions to air quality, as well as CO2 emissions.The **Renewable Transport Fuels Obligation** requires the biofuels share by energy to rise to 10% by 2020.With effect from 11 February 2013 amendments were also introduced to the **Passenger Car (Fuel Consumption and CO2 Emissions Information) Regulations** which first came into effecton 21 November 2001 whereby the UK implemented an EU Directive to oblige car manufacturers to supply consumers with more information about fuel consumption and CO2 emissions characteristics of new cars. The 2013 amendment extended the application of the Regulations to vehicles that do not emit CO2, hydrocarbons or carbon monoxide. A recent guidance note issued by the UK Dept for Transport specifies how “alternatively fuelled” vehicles must now be described and promoted. Some manufacturers have been taken for task both for the form of advertising used, but also have been criticised in some reports for manipulation of testing criteria to arrive at unachievable consumption and emissions levels. \*\*\*[**Vehicle Excise Duty**](http://www.direct.gov.uk/en/Motoring/OwningAVehicle/HowToTaxYourVehicle/DG_4022118) (VED) has been CO2-based for all cars registered since March 2001 and [**Company Car Tax**](http://www.hmrc.gov.uk/cars/) (CCT) became CO2-based in 2002. Both these regimes use CO2 bands to apply differential tax rates to encourage the take-up of lower emitting cars, including a zero rating for pure EVs introduced in CCT in 2009 and set for five years. VED and CCT rates are set at the Chancellor’s discretion.Since April 2002 CCT has been based on the car’s list price including any accessories and VAT, its CO2 figure and the fuel type. The standard CO2bands in 2011 start at vehicles sub 130g/km equating to 15% of the car’s list price, rising by 1% for each 5g/km CO2 emitted, up to a maximum of 35%. In April 2010 a 0% rate was introduced, for five years, for zero emission cars. In 2012-13 a 5% rate was introduced for cars emitting 75g/km or less CO2 and the 10% rate was reduced to cars emitting 99g/km or less. Diesel cars pay a 3% surcharge, although the rate cannot go above the 35% ceiling. The changes on CCT in 2015 onwards see the removal of the 0%, 5% and 10% rates and by 2016-17 the minimum CCT rate is 15% and the maximum rate is 37%. The 3% surcharge on diesels will be dropped from 2015-16.The **Society of Motor Manufacturers and Traders**  (SMMT) believes the CCT rates for ultra-low carbon vehicles should be reviewed and would recommend that HM Treasury retains differentiating bands for cars below 95g/km. SMMT would support break points at 50 and 75g/km, recognises the importance of vehicles at 0g/km attracting the lowest CCT rate and the potential for further differentiation at an 85g/km break point.**Fuel duty** is a direct tax on the use of the vehicle and, given the frequency of refuelling, consumers may be more aware of fuel price variation than changes to VED or CCT. Rising fuel prices encourages consumers to reduce fuel use, which could include measures such as driving less and switching to more efficient cars.In 2012 some 56-57% of the price at the pump is made up from taxes (fuel duty and VAT). In the 1990s the fuel duty escalator pushed the price of fuel up rapidly. Rises in oil prices just ahead of the recession again saw fuel prices rise rapidly. Oil prices then fell back in 2009, but in 2011 and 2012 they have risen again, on the back of increased global demand for oil. The government has deferred planned rises in duty to help offset the inflationary impacts of rising oil prices, but pump prices reached an annual high in 2012.Since April 2002 the **capital allowance** treatment of cars has been designed to benefit lower CO2 emitters. Businesses can claim capital allowances to reduce the tax they pay on profits for the purchase of certain products or investments, called writing down allowances (WDA). Expenditure on cars registered after 1 April 2009 with CO2 emissions above 160g/km attract a 10% WDA and for those with emissions of 160g/km or below attract 20% WDA (from April 2012 rates will be 8% and 18% respectively). From April 2013 the main rate of capital allowances for business cars will reduce from 160g/km to 130g/km. The threshold above which lease rental restriction applies will also reduce from 160g/km to 130g/km at this time. From April 2010, cars emitting less than 110g/km of CO2 or pure electric vehicles qualify for first year WDA of 100% (due to expire for cars in 2013 and for vans in 2015).The SMMT believes government should review its Budget 2012 decision to change the WDA threshold for new vehicles. Introducing a significant reduction in thresholds without appropriate signposting for industry distorts competition in the market, undermines planning horizons for manufacturers, and artificially creates competitive disadvantages for UK businesses in the UK market.**Support for ultra-low carbon vehicles**There are measures in place to support the take-up of ultra-low carbon vehicles, including pure electric vehicles (EVs). Pure EVs are zero rated for VED and CCT. Through the Office for Low Emission Vehicles there is also the Plug-In Car Grant, which since April 2011 gives a 25% incentive, up to £5,000, off the price of a qualifying car emitting less than 75g/km of CO2. The Plug-in Van Grant entitles a 20% payment up to £8,000 off the list price of a qualifying vehicle.These incentives remain in place for the lifetime of the present Parliament (until 2015) with calls being made for further incentives thereafter (at least until 2020) to provide confidence for business, investors and consumers to enable that market to strengthen.Some local authorities use CO2 as a basis for differential charging with parking permits and sub-100g/km Euro 5 compliant cars get a 100% discount on the London congestion charge. Transport for London are currently consulting on whether the London CC will be revised, and in particular if the discount will only apply to vehicles emitting 75g/km or less and what will be the sunset clause for vehicles that are currently exempt.Household and business finances and budgets will also shape the type of cars purchased and used. The UK has a high degree of car ownership and consumers look for high levels of specification on their cars. The recession cut new car demand sharply and slowed the replacement of the fleet. However, it also focused consumer attention on efficiency and reducing running costs.Reports in London in the summer of 2013 recorded how unexpectedly low had been the use of re-charging facilities provided for electric cars in the capital, but the reasons continue to be investigated. In 2009/10 the scrappage scheme was introduced to support the market. This may have brought a step-change in consumer buying habits, with the scheme resulting in a rise in demand for Superminis. Cars registered through the scrappage scheme had CO2 emissions some 10% below the market average and 30% below the car they replaced, according to figures supplied by participants to SMMT.**Vehicle recycling**The automobile industry observes how the automobile is already one of the most effectively recovered and recycled consumer products, with its parts being used again in vehicles or for other purposes. The metals used in its manufacture are routinely recovered, reused and recycled to high levels. The challenge is to recover non-metallic parts to enable the very high levels required by law.The **End of Life Vehicle (ELV) Directive** seeks to increase the level of reuse and recycling of vehicles, improve environmental standards at sites processing ELVs and limit the use of material harmful to the environment in new vehicles.The UK auto industry is committed to sustainable development and in 2010 achieved 85% reuse, recycling or recovery by weight of end of life vehicles. The industry is working to ensure that a 95% target will be met by 2015 in order to comply with the ELV Directive.**European Fuel Quality Directive**From 1 January 2011, the **Fuel Quality Directive (2009/30/EC**) enables the marketing of new fuels, in particular E10 unleaded petrol, which contains up to 10% ethanol. Fuel suppliers are not expected to market this fuel in the near future, however, in due course, E10 will be introduced and may become the main grade of unleaded petrol towards the latter half of the decade.The European Automobile Manufacturers’ Association (ACEA) has published a list of [vehicles compatible with E10 petrol](http://www.acea.be/news/news_detail/vehicle_compatibility_with_new_fuel_standard/) (regularly updated) on its website. This applies to fuels meeting the current EN228:2008 specification only; if you would like any further information please contact your manufacturer. A “protection grade” of unleaded fuel, which with no more than the current maximum 5% ethanol, will continue to be made available for vehicles that are incompatible with E10.In due course, diesel will change to a mixture that contains up to 7% FAME (Fatty Acid Methyl Ester), more commonly known as ‘B7’.All gas oil for use in all non-road mobile machines (NRMM) – known as ‘Red Diesel’ – must contain no more than 10 milligrams of sulphur per kilogram of fuel. This is a reduction of 99% (from the current 1000 mg/kg limit) and brings the sulphur level in the NRMM fuel to the same low level as already exists in the (white) diesel used by road vehicles. |
| **5. Has any auto industry trade manufacturer association for your country agreed to any emissions reduction target (gCO2/km) and by what date?**  | In addition to efforts to reduce CO2 from the tailpipes of vehicles, industry has also put effort into reducing emissions from the manufacturing process. SMMT’s [**METS**](http://www.smmt.co.uk/energy-efficiency-regimes#eerMETS)(Manufacturers Energy and Trading Schemes) working group was set up to help the sector comply with the voluntary UK Climate Change Agreements (CCAs), an agreement set up between industry and government to achieve a discount on the climate change levy (CCL) by meeting emissions reductions targets. This group also covers the EU ETS, CRC and other areas of manufacturing energy use and how that relates to government policy.SMMT’s members have made significant improvements in energy efficiency, including reducing emissions covered by the CCA by over 50% in relative terms (energy use per vehicle) between 1995 and 2011 and by 40% in absolute emissions in the EU ETS area between 2005 and 2011.According to the SMMT, cars accounted for 14% of total UK CO2 emissions in 2011 (noting the total does not include international aviation and shipping bunkers, unlike in previous CO2 Reports). This was above the rates seen between 2000-2011 despite the reductions in emissions from cars over this period. Cars accounted for 59.8% of CO2 emissions from road transport in 2011, down from over 65% in 2000 and 60% in 2010.Total CO2 emissions from all cars in use (the parc) have fallen in every year since 2000, except 2004. Over this period emissions have fallen 14%. Since 2007 emissions have fallen by 12%, showing the step change over the past four years that is also evident in average new car CO2 emissions. The reduction in CO2 emissions in 2011, at 1.8%, was the lowest since 2007 and reflected a rise in distance travelled. Distance travelled is estimated to have fallen in 2012.In 2012 some 15% of the car parc emitted 130g/km or less CO2 and 1% emitted 100g/km or less CO2. By comparison the figures for new cars were over 55% and 8.6% respectively. New cars registered in 2012 accounted for 56% of the parc emitting 100g/km or less, with cars registered in the past three years accounting for 93% of those vehicles. For those emitting 130g/km or less the proportion of one year and up to three year old cars was 23.8% and 59.1% respectively.In 2012 diesel cars represented 32.6% of the parc, having surpassed ten million units for the first time. In 2000 diesels represented just 12% of the parc, but given the growth in new diesel car registrations (they accounted for over half the new market in 2012), their share in the parc has risen rapidly. Alternatively-fuelled cars represented 0.5% of the parc in 2012, up from 0.2% in 2007, with volumes growing by a fifth in 2012 to over 140,000 units.The slowdown in new car registrations since the recession – from 2.4 million units plus to closer to two million units – has seen the average age of cars in the parc rise to 7.6 years old, from under seven in 2007. Increasing the rate of vehicle replacement and enhancing the uptake, in particular of ultra-low emitting vehicles, will help improve the overall parc’s CO2 performance.The improvement in the efficiency of the new car fleet is helping consumers to mitigate the impact of rising fuel costs and reduce their environmental impact. In turn this is helping to reduce the UK’s dependence on imported fossil fuels.The move to lower CO2 emitting vehicles is, however, having an impact on government revenue. A more efficient fleet requires less fuel, and so contributes less to the exchequer in fuel duty revenue. The pace of progress in vehicle efficiency has also curbed revenue from CO2 based taxes such as vehicle excise duty (VED) and company car tax (CCT). This has prompted government to announce plans to raise the CO2 thresholds on CCT and also review CO2 thresholds and rates on VED.Given the subdued economic setting and need to maintain the replacement cycle in the fleet the automotive sector is concerned over radical changes to vehicle taxation, to which consumers and industry alike will not be able to react sufficiently quickly. Changes announced in the 2012 Budget to the CCT regime, notably on plans to remove the electric vehicle exemption in 2015, had an immediate impact on the market and unsettled demand. Electric vehicle volumes fell between April and August, before recovering and growing strongly towards the end of the year.The replacement cycle has already slowed, owing to the recession. The new car market has been some 15% below pre-recession levels and, despite recent improvements, is not expected to recover to pre-recession levels – in 2007 it was 2.4 million units – for some time. There is the possibility that as the economy does recover, some of the progress in shifting consumer buying habits and driving styles might be reversed. Industry believes further effort should be made to raise awareness, promote the benefits, and ease concerns about ownership and use of innovative technologies, especially alternatively-fuelled vehicles. Measures to promote eco-driving and effective journey planning should also continue to enhance the progress made in reducing emissions from vehicles in use.The industry estimates that 85% of the life-cycle emissions of a conventionally powered car are associated with the in-use phase. The automotive sector has also made significant progress in the energy associated with producing vehicles, as shown in SMMT’s annual Sustainability Report – reducing emissions at vehicle assembly plants by over 40% on average over the past decade. At the end of a vehicle’s life 85% by weight is reused recycling or recovered. This is to rise to 95% in 2015. |
| **6. Which (one or more) lower carbon advances or initiatives appear of greatest significance to vehicle use in your country: vehicle technology, alternative fuels, driver behaviour, infrastructure measures (traffic flow/congestion) or CO2 related taxation?** | According to the **Society of Motor Manufacturers and Traders** (SMMT), the association designed to support and promote the interests of the UK automotive industry at home and abroad:Industry is working to deliver more fuel efficient and lower CO2 products. This will help contribute to improving the environmental profile of the vehicle fleet and their use will help deliver savings in total CO2 emissions. The rate of progress and uptake of new technologies will be critical to achieving these aims. It is likely to require **consumers** to undertake step changes in their **choice of vehicle**, either through **fuel switching or vehicle type**, and also to **maintain, drive and use** that vehicle appropriately. Support for more significant switching of vehicles is likely to require a push by regulators and policy makers to shape consumer demand, but the pathway should be clearly set out and the development progressive rather than radical.http://www.smmt.co.uk/co2report/outlook/**Biofuels** offer a way to reduce CO2 emissions from transport. At present biofuels account for around 3% by volume of blend in petrol and diesel fuel. New petrol cars are generally capable of running with a blend of up to 5% biofuel, while for diesels it is 7%, but concerns about the sustainability of biofuels have so far limited their reach. The Renewable Transport Fuels Obligation requires the biofuels share by energy to rise to 10% by 2020. The Committee on Climate Change supports a rise to 8%, as in the Gallagher report. Industry is developing cars to run on higher blends of fuel, but at present not all cars can do so.As mentioned above, some insurers are among those still not yet persuaded by the merits, current safety standards or long-term feasibility of biofuels to offer motor insurance cover in respect of vehicles built or, more particularly, converted to use them. |
| **7. Has UBI (usage-based insurance) been offered in your country either by way of self-reporting or by use of data gathering (“black box” telematics)? Is this meeting with success or resistance and are there any concerns/controls re privacy issues?** | See 3. above. **Data Protection Act** issues apply to all information gathered for the purposes of insurance policies. Additional data protection issues arise from telematics products because: * there is more data collected and consumers need to understand what is being collected and why;
* without appropriate consent, there is potential for Personal Telematics Data to be collected, processed or disclosed illegally;
* the existence of additional data, combined with varying outsourcing arrangements, will make responding to subject access requests more complex;
* Personal Telematics Data will be an attractive data resource for third parties.
 |
| **8. In outline terms describe your country’s motor vehicle use - in terms of aggregate number of vehicles, number of vehicle owners, vehicles per capita and whether vehicles are imported or manufactured domestically? What rate of growth is anticipated over next ten years?** | **Use:**According to the **Society of Motor Manufacturers and Traders** (SMMT), in 2012 **31.48m** cars were recorded as being used on the UK roads (cf. 29.72m in 2003) with an average age of 7.6years.Based upon ***European Automobile Manufacturers Association (ACEA***) figures for 2010 this represented a figure of **470 cars per 1,000 inhabitants** (cf. EU average of 477) **New registrations:** In 2012 there were **2.045m** new car registrations (of which approx. **27,000** were alternative fuelled (neither petrol, nor diesel) and approx **293,000** commercial vehicles, i.e. approx **2.338m** vehicles in total. A sharp decline in new registrations since the 2008 economic downturn appearing in 2012 to be arrested.In September 2013 the **SMMT** announced that in the eighteen months to August 2013 there had been eighteen successive monthly rises in new car sales (a 10.4% increase on the previous year, with private purchases leading the growth but with fleet and business purchases also rising, attributed to attractive sales deals, new technologies and some increased economic confidence).**Manufacture:**According to OICA figures published in 2013, the UK manufactured approx. **1.577m** vehicles in 2012 (1.465 cars and 112k commercial vehicles) ranking **4th in Europe** (behind Germany, Spain and France) and **14th in the world**.Of these approx. **1.25m** vehicles in total were **exported**, just over 51% of them to EU27 countries.http://www.smmt.co.uk**Trends:** EU new car registrations have dropped back to 1997 levels after year-on-year increases to a peak of 2007 and year on year reductions to 2011. Between 2008 and 2012 UK new car registrations have dropped from approx. 2.4m per year to just over 2m. EU production levels showed a similar trend over the same period, but increases between 2009-2011 were followed by an 8% reduction in 2012 according to OICA (Organisation Internationale des Constructeurs d’Automobiles), down to only 19% of world production. Prospects for new sales in the EU were considered to remain bleak for the foreseeable future, but there are some signs of a recovery in the UK noted above. According to the SMMT there has been a modest rise in alternative fuelled vehicle registrations in the UK between 2008 and 2012 from approx 15,700 to 27,000. There has been a change in average new car CO2 emissions from **172.1 CO2g/km** in 2003 to **133.1 CO2g/km** in 2012 (the target for 2015 being **130** **CO2g/km).** **Insurance:**In 2011 **23.8 million private vehicles** and **4.6 million commercial vehicles** were insured. (In 2009 it was estimated that approximately only 5% of vehicles were uninsured\*.) (\*Based on June/July 2009 review conducted by Professor David Greenaway, Vice-Chancellor, University of Nottingham on behalf of Dept of Transport, 49% of uninsured drivers were believed to be under 30 years old and 13.8% between 17 and 20 years old, despite 17-20 year olds making up only 3.5% of driving population.) |
| **9. What motor insurance regime prevails and what motor insurance cover, if any, is compulsory?**  | Compulsory unlimited liability regime for third party death/personal injury and compulsory property damage cover to £1m. A Guarantee Fund in operation since 1946 (Motor Insurers’ Bureau) affords unlimited protection to those sustaining death/personal injury by **unidentified** vehicles with no protection for property damage save for accidents since 14 February 2003 where compensation of property damage may be considered, subject to accident being reported to the police within 5 days or as soon as reasonably possible *and* the offending vehicle is identified, in which instance a £300 excess may also be applied. Unlimited protection also afforded to those suffering death/personal injury by **uninsured** drivers, with full protection also for property damage up to limit of £1m without deduction of any excess if re any one accident occurring from 7 November 2008. (If accident was prior to that date it was as follows: (1) less than excess (£300) – nil; (2) more than excess, but not exceed £250,000 – full claim, less excess.)In the UK, Insurers have made an underwriting loss on private motor insurance for seventeen successive years, paying out more in customer claims and expenses than they received from customer premiums. 2010 was the worst result on record. The number and cost of bodily injury claims have soared, and the ABI is working hard with Government on civil legal reform so that costs can be reduced and premiums for customers can come down.According to latest ABI statistics, in 2011:* 23.8m private vehicles were insured.

– 3.2m claims were notified resulting in payments to customers of £19.4m each day and costing a total of £7.1 bn.* 4.6 m commercial vehicles were insured.

 – 792,000 claims were made, resulting in payments to customers of £2.2bn. * Insurers received £13.3 billion in UK motor premiums, ceded £1.7 bn in reinsurance and paid out £12.1 bn in motor claims and expenses.
* Insurers paid out £9.3 bn in motor claims.
* A motor claim was made for 14 in every 100 private cars insured; 1 in every 20 motorcycles insured.
* The average cost of motor claims made and paid was £4,527.

(ABI Insurance Key Facts 2012 – Sep 2012 - <https://www.abi.org.uk/Insurance-and-savings/Industry-data/~/media/05EC0B98E26A481DBB4E40BFC414095C.ashx> ) |
| **10. Has any litigation taken place in your country in the last five years by which challenges have been made of any kind against vehicle manufacturers in respect of emissions? Please describe and any outcome or if still pending.** | There has been no litigation in the UK equivalent to the US case of ***California v General Motors* (2007)** whereby the State of California sued a group of car manufacturers for money damages resulting from GHG emissions attributed to them. Most actions commenced in the UK involving emissions issues have been brought by individuals, NGOs and by local authorities but have not tended to be against car manufacturers to date. There is likely to have been a number of instances, not easily traced, of car manufacturers being called upon to respond to alleged breaches of advertising or other regulatory standards concerning claims made by them about the emissions and fuel consumption of their vehicles. One relatively rare instance identified of litigation being commenced *by* a car manufacturer was the 2008 case commenced by ***R (Porsche Cars Great Britain) v Mayor of******London*** in which Porsche brought judicial review proceedings against the Mayor of London challenging plans to change the basis of the London congestion charge to an emissions-based scheme. The effect was perceived to be one which would impact drivers of powerful cars such as those made by Porsche. Their argument was that the scheme – dropped, as was the case, when a new Mayor opposed to the scheme was elected – was that emissions would increase by those encouraged to drive further to avoid the charge.No pending cases are known about, but efforts are being made to become aware of any. |
| **Other:****Is there any issue, not necessarily described above, which merits particular mention in terms of the manufacture and/or use or insurance of vehicles and the impact upon CO2 emissions levels or Climate Change more generally?** | Estimates suggest that approximately 15% of the world’s emissions result from transport (possibly nearer to 20% of EU emissions and 25% of US emissions) of which private cars account for a large share. As noted above, the UK’s SMMT accept that approx. 14% of UK emissions are attributable to cars. The regulatory regimes in place within the EU and implemented in the UK designed to control and reduce emissions from vehicles are stringent and are leading to significant changes, led by manufacturers, but are dependent also upon consumer choice, perception and affordability. The recent economic cycle has a significant bearing upon the willingness and ability of both manufacturers and consumers to conform to more eco-friendly practices, as well as the scope (and timescale) of infrastructure projects in which government (at central and local levels), may invest. Motor insurers are in the main, perhaps necessarily, responding to changes, rather than playing any pioneering role.  |