

Evolution of the legislation on Motor Insurance and the compensation rights in Spain

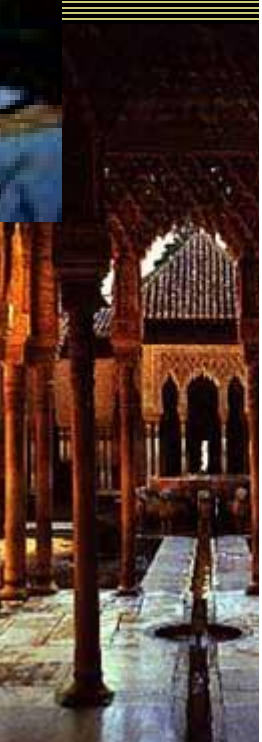
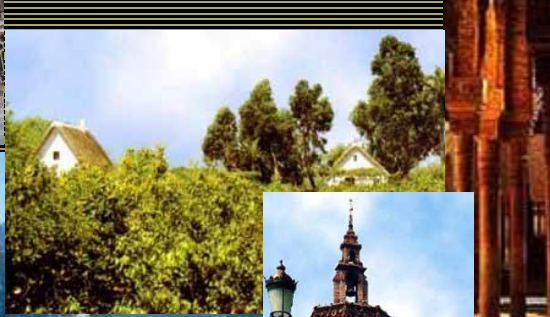
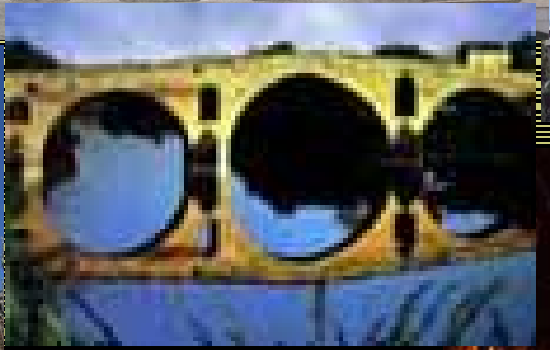
by

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IURA & PRAXIS







SPAIN 2007

Population	45.116.894 = 894 Inhabitants /km ²
Number of vehicles	30 million
Number of Tourists	48 million (Sept. '07) 25% by car = 13.040.000 vehicles
Cross of Strait	742.000 vehicles - 3 million people from Europe to Africa
International transport	9 million vehicles



2007 Spanish Motor Insurance Market

No. of Motor Insurers: 82

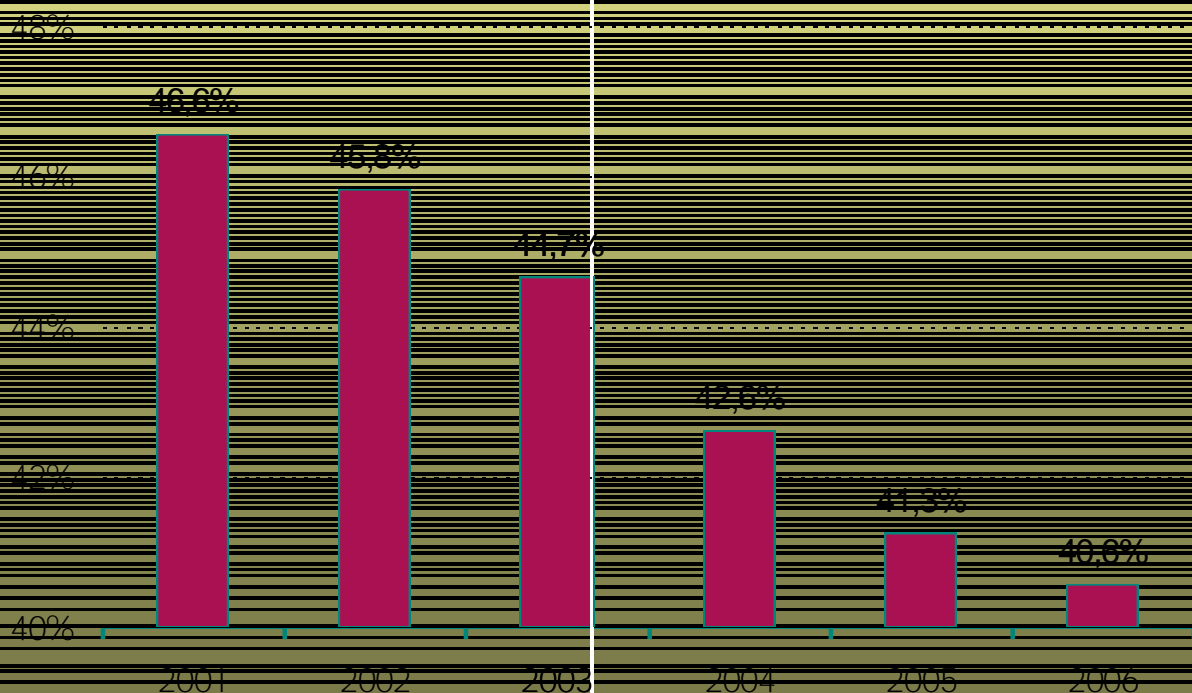
No. of MTPL policies: 27,8 million

Estimated no. of uninsured vehicles: 6,5%

SPANISH MTPL STRUCTURE

The importance of MTPL-Insurance has progressively decreased in the nonlife sector

Peso del ramo de A



Insurance Covers in Motor Policies

COVERS	2006
CIVIL LIABILITY	99,84%
LEGAL DEFENSE AND CLAIM	97,27%
OWN DAMAGES	31,16%
GLASS	63,26%
THEFT	49,53%
PASSENGERS	90,65%
TRAVEL ASSISTENCE	88,30%
OTHER GUARANTEES	32,34%



Evolution of premiums

In 2006 the motor insurance reached a volume of premiums of 12,046 million Euros.

This represents an increase of 4.3% in respect to the year 2005.

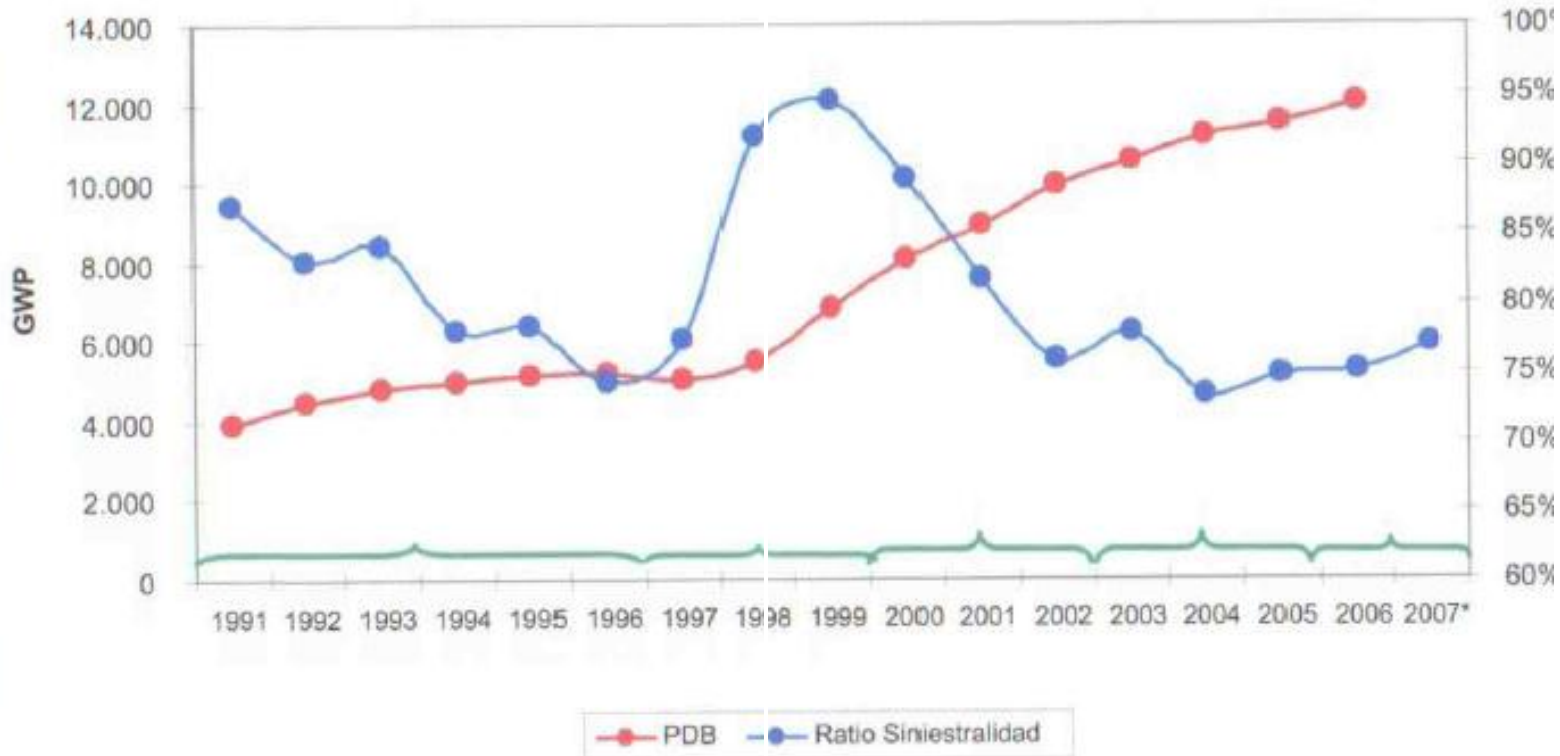
The growth until September 2007 has been 3.6%

Spanish Ranking 2006

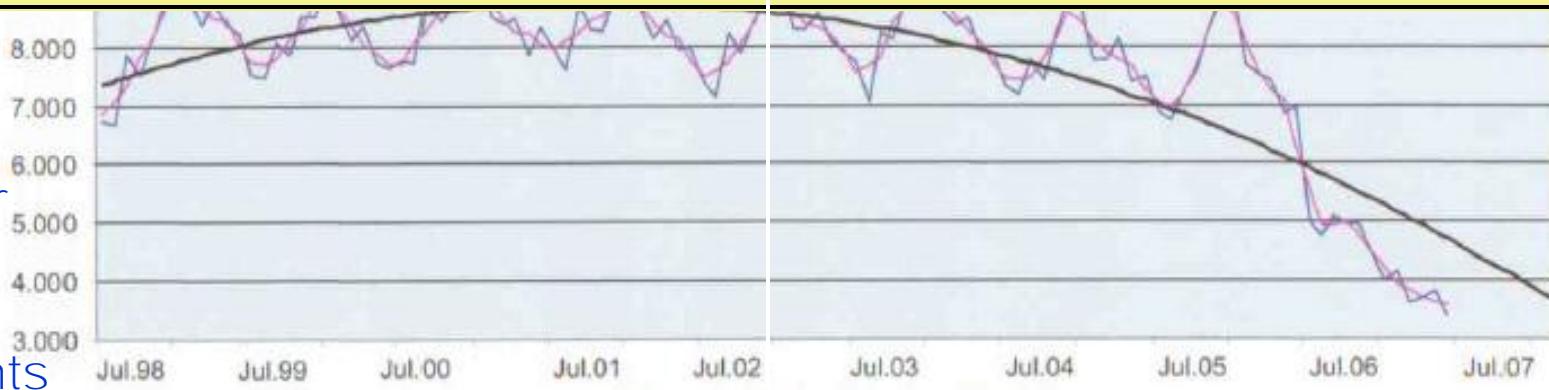
MOTOR INSURANCE MARKET

Mapfre Automóviles	19,2%
Axa – Winthertur	11%
Allianz	10,2 %
Mutua Madrileña	9,5%
Zurich España	5,9%
Linea Directa	5,1%
Reale Seguros Generales	3,4%
Pelayo	3,2%
Caser	2,9%
Groupama	<u>2,7%</u>
<u>TOTAL</u>	<u>74,5%</u>

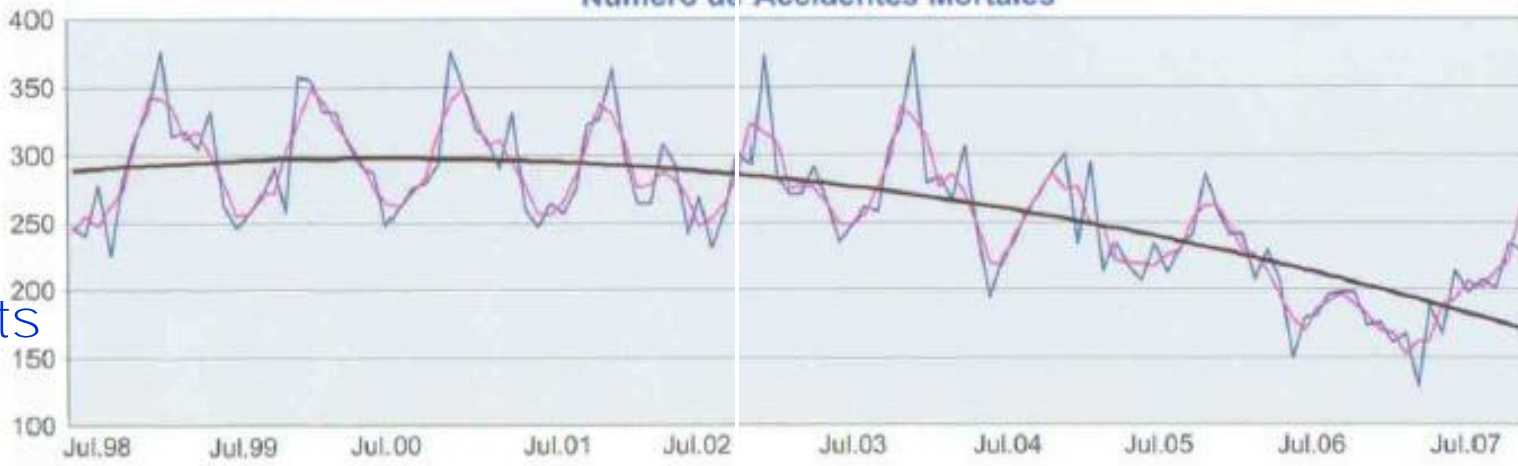
Premiums vs. accidents



Evolution of Road Accidents 1996-2007



Número de Accidentes Mortales



Mensual

Media Trimestral



Accident Statistics 2006

Accidents in Spain

Total cost of compensation payments: 8,617 million

Number of accidents with material damages: 2,8 million €

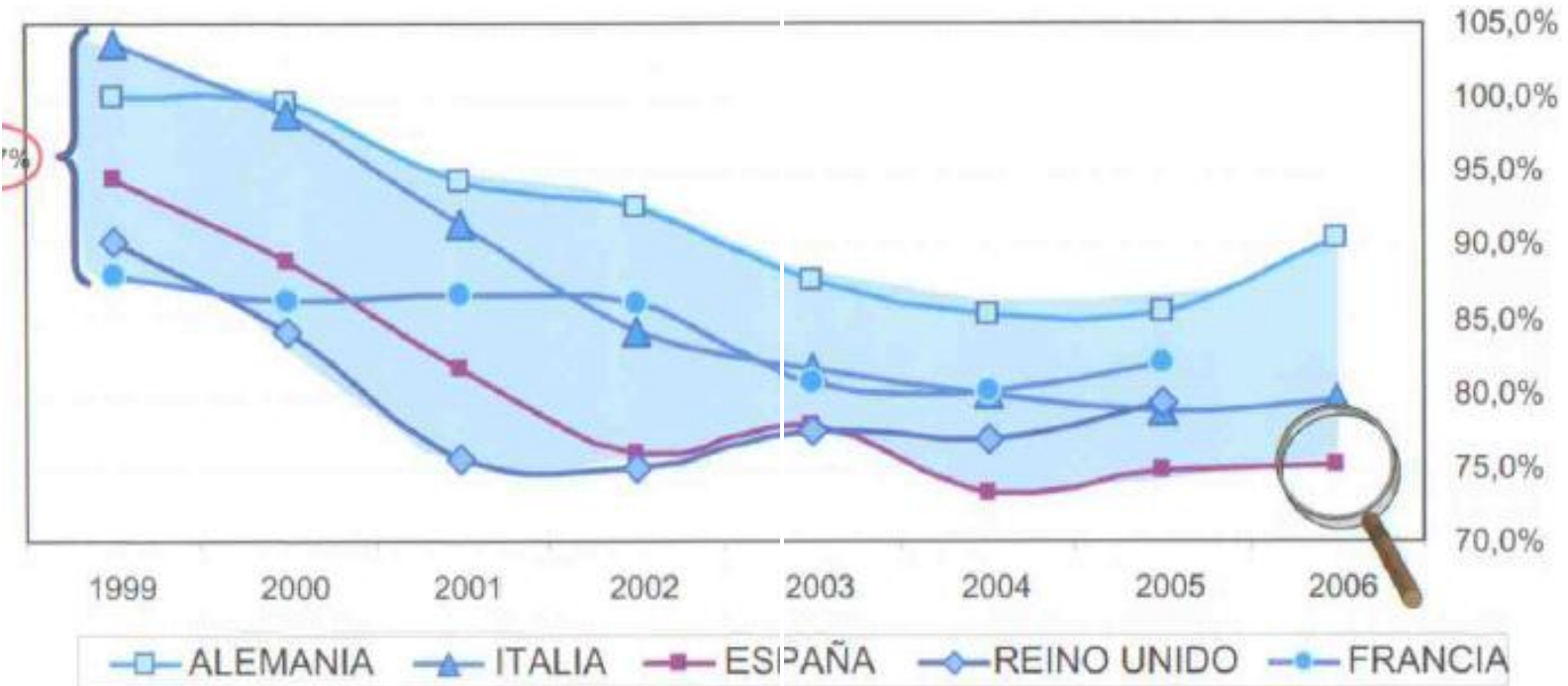
Number of accidents with bodily injuries: 99,797 (8.610 less than 2005), of which

- 49,221 occurred in urban zones and
- 576 occurred on highways

Number of victims: 147,554

- Deaths 4,104
- Severe injuries 21,283
- injuries 112,068.

Accidents in Europe Comparative Ratios



New Spanish legislation

Royal Legal Decree 21/2007 of 11 July introduced the obligations deriving from the 5th Motor Insurance Directive concerning Motor Third Party Liability (MTPL), in Spanish Law (RDL 8/2004)

we are going to see the most important changes.....



Limits of Spanish MTPL

As of 1 January 2008:

BODILY INJURIES:

70 million € per accident

MATERIAL DAMAGES:

15 million € per accident

BODILY INJURY

Bodily injuries, even the value of loss, loss of income; moral damages (pretium doloris) are calculated according to a legal scale in the Compulsory MTPL Law (named Scale).

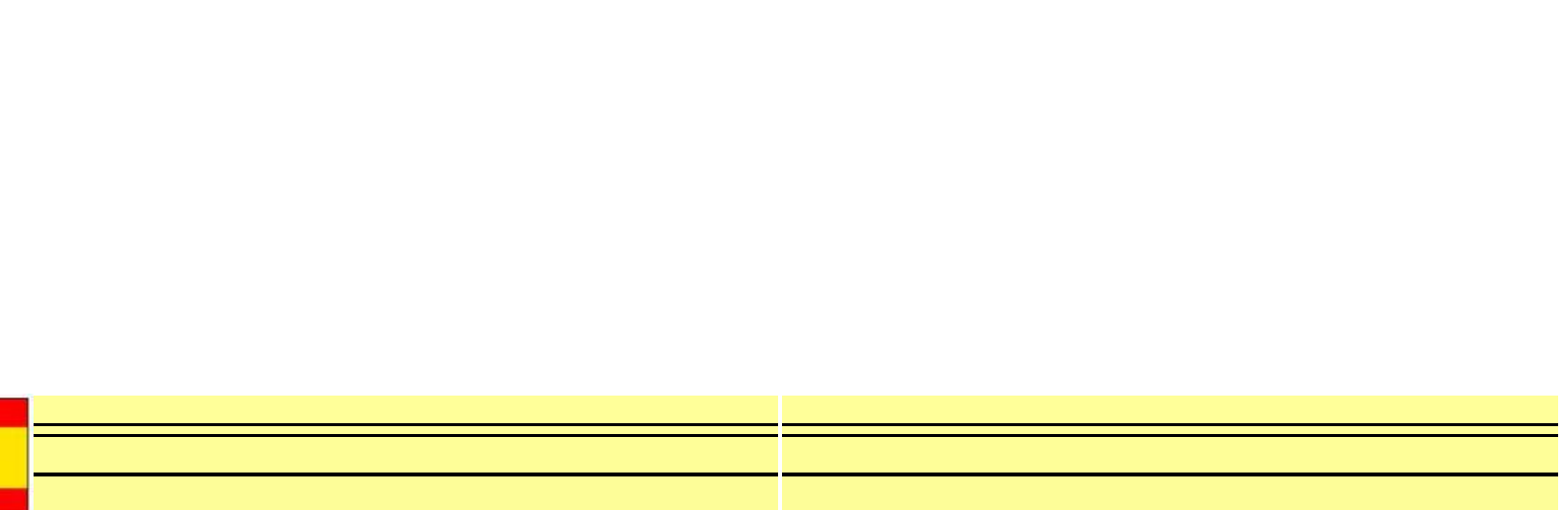
The legal amounts of payments to the victims are free of legal taxes (payments made according Compulsory MTPL Law).

Annex of law: Legal scale

Annex 1 to the Law of Civil liability and insurance in circulation of Motor vehicles.

System for the evaluation of the damages and prejudices caused to the people in traffic accidents.

Criteria for the determination of responsibility and indemnification.



Annex of law: Legal scale

TABLE I. Basic indemnifications for death including moral damages.

TABLE II. Correctional factors for the basic indemnifications for deaths.

TABLE III. Basic indemnifications for permanent injuries (including moral damages).

TABLE IV. Correctional factors for the basic indemnifications for permanent injuries.

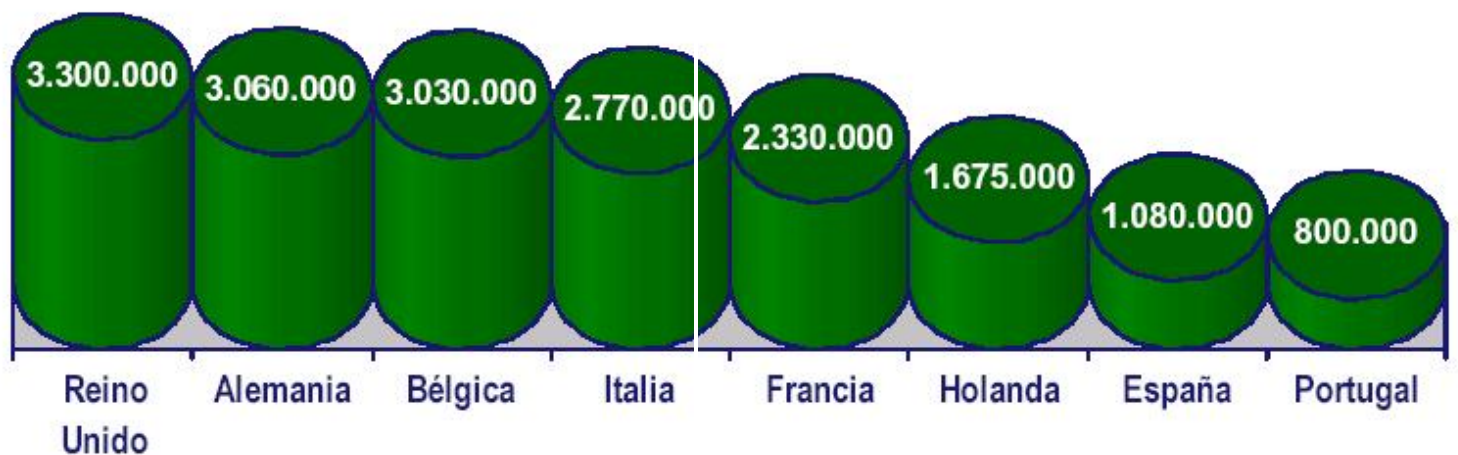
TABLE V. Indemnifications for temporary incapacity.

TABLE VI. Classifications and valuation of sequels.

Non pecuniary loss

- 1.- Pain and psycho-physical injury
- 2.- Temporary and permanent injury.
- 3.- Aesthetic Damage.
- 4.- damage to sexual function.
- 5.- Loss of earning capacity, loss of congenial employment, and loss of housekeeping ability.
- 6.- Loss of life expectancy.
- 7.- Damages for spoiled holidays.
- 8.- The protection of mental health.

Indemnification corresponding to a young disabled tetraplegic (C6-C7), 25 years with 30,000 € annual income in 2006
(considering that the expenses of medical attention were identical in all the countries)





Whiplash problem in Spain

98% of whiplash injuries occur in traffic accidents caused by rear or lateral impacts.

Approximately 25,000 people sustain whiplash injuries in Spain every year.

According to data facilitated by the CTAG, the treatments for whiplash injuries amount to more than 1000 million € annually within the territory of the European Union.

The average time for the treatment of whiplash is between 30 and 90 days, but it depends on each tactical mission and the intensity of whiplash.

The role of the medical experts in assessing compensation for personal injury

Civil jurisdiction: Private legal experts

Criminal process: Forensic doctor

Offer & motivated response

Supply an offer or a motivated response within three months from the date of the accident in all cases (including green card incidents).

Requirements, terms and procedures for their emission.

The damages and prejudices are calculated according to the criteria and the amounts listed in the annex of this Law. (Legal Scale)



Offer & motivated response

Consequences of the verification through a double system of:

Moratorium interests.

Administrative sanctions.



The Spanish Guarantee Fund

has covered the risk of uninsured vehicles since 1968;

is a public entity with an independent juridical personality, with financial capacity independent of the national wealth but assigned under the dependency of the Ministry of Finance;

is financed by means of 3% of the total premiums collected by the insurers;

is the Information Centre.

Two changes in civil liability

Law introduces the civil responsibility of the owner of an uninsured vehicle together with the driver for material damages and bodily injuries (art. 1).

The insurer could repeat against police holder or insured in case of accident caused by driving without driving license (art. 10).

Material Damages Claims

Repair costs:

cost of repairing or value of damage caused.

Total loss:

the value of the vehicle according to its age, deducting the salvage value

Decrease in value:

only recognised if the vehicle was relatively new

Cost of expert's report:

fees for an expert's report are not paid

Material Damages Claims

Towing Charges:
can be claimed

Costs of overnight accommodation and meals:
only paid in special cases and after presentation of the invoice.

Hire car costs:
starting to be recognised as lost of use

Loss of use:
number of days of immobilisation of the vehicle multiplied by the average profits

Liability in case of towing vehicles

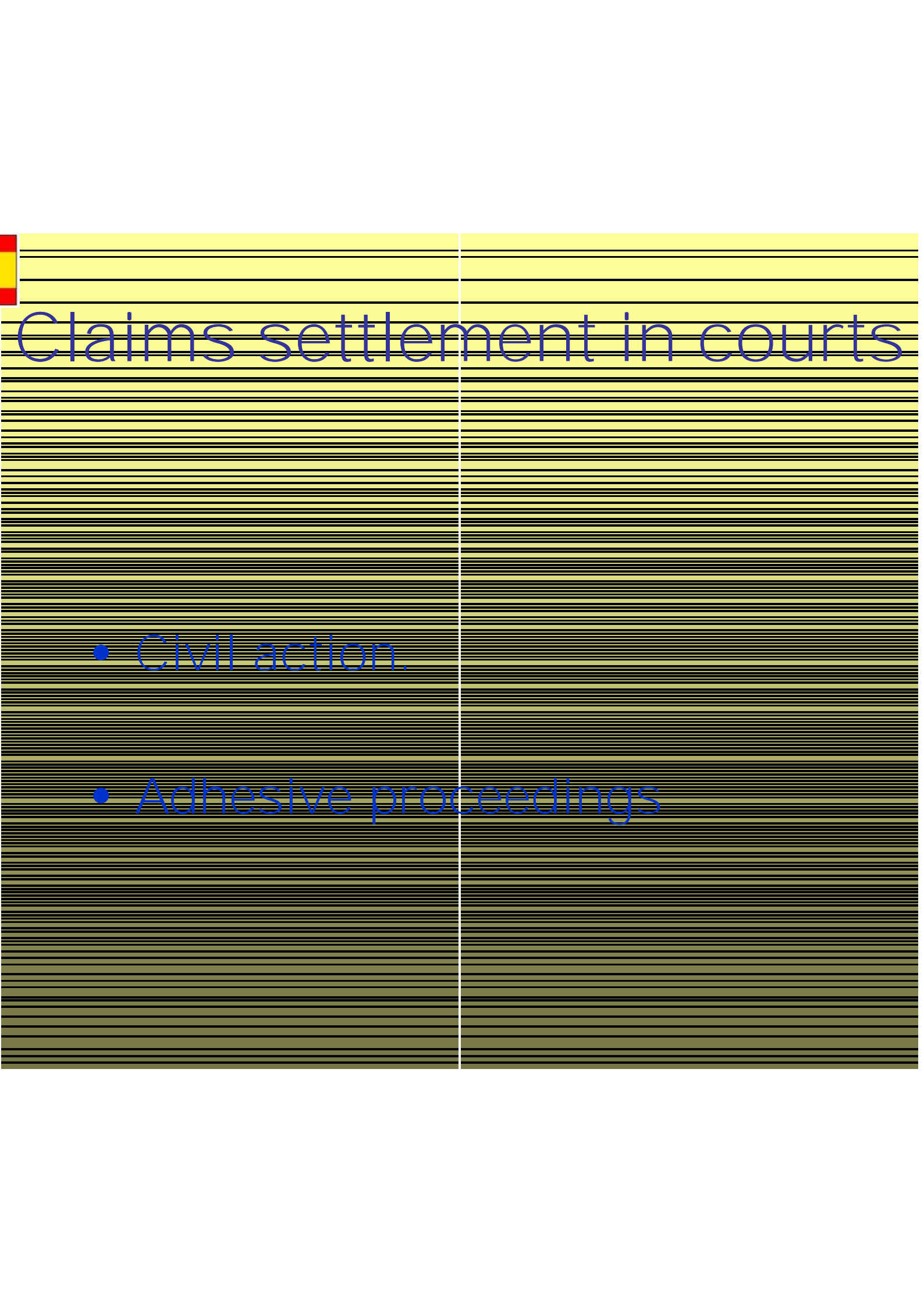
An agreement for towing vehicles shares the liability according to the following rule:

70% for the truck and

30% for the trailer

Out-of-court claims settlement

- Investigation of the circumstances of the accident.
- Identification of the MTPL - insurer.



Claims settlement in courts

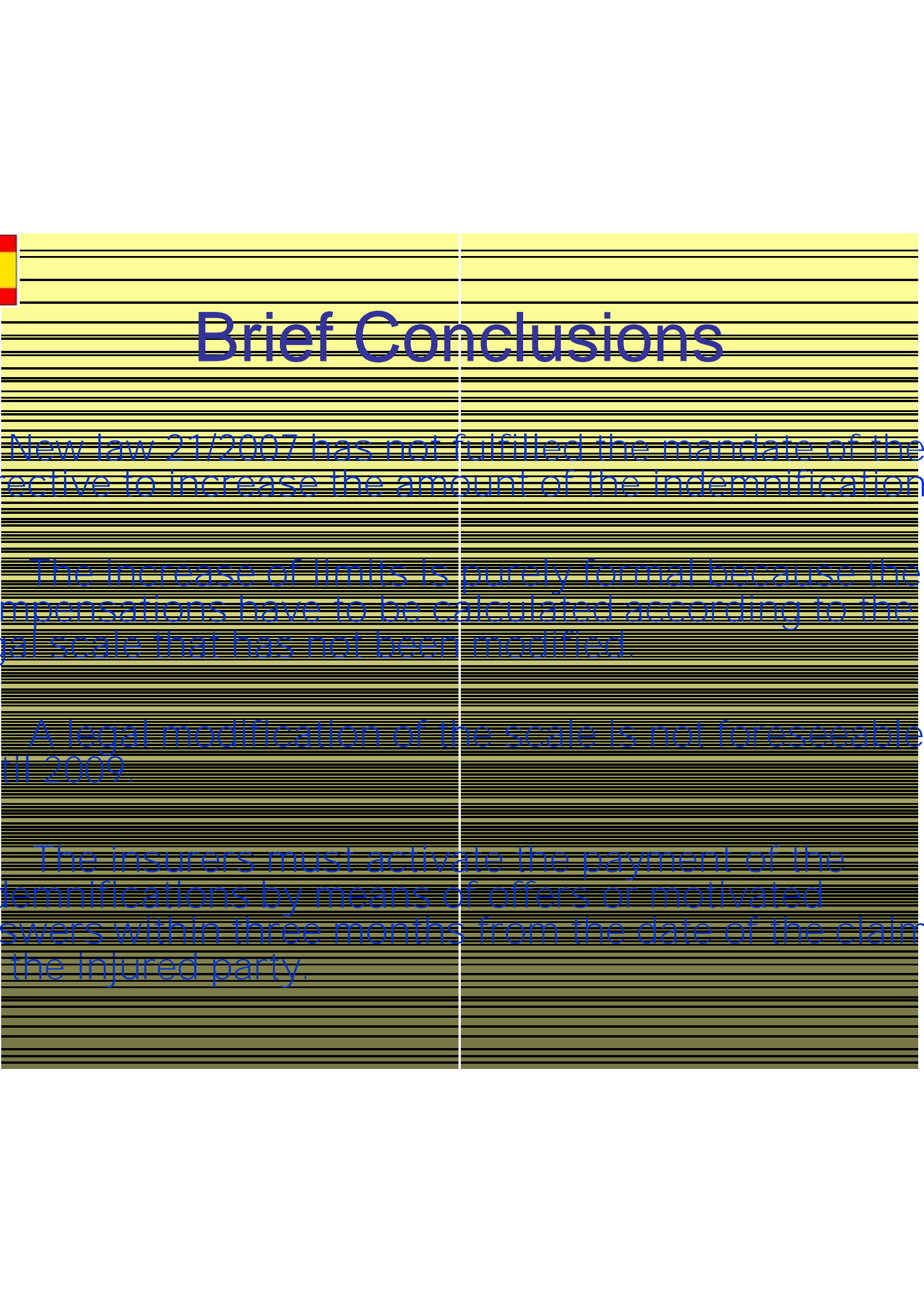
- Civil action.
- Adhesive proceedings



Spanish Time-barred

Prescription period is of one year from the date of the accident.

The prescription can be interrupted by means of a legal process, official claim, or answers of the insurer.



Brief Conclusions

New law 21/2007 has not fulfilled the mandate of the legislative body to increase the amount of the indemnification.

The increase of limits is purely formal because the indemnifications have to be calculated according to the legal scale that has not been modified.

A legal modification of the scale is not foreseeable until 2009.

The insurers must activate the payment of the indemnifications by means of offers or motivated answers within three months from the date of the claim by the injured party.

Brief Conclusions

V) Retard interests and penalties will be imposed to the insurers that do not fulfil the obligations of offer and motivated answers.

VI) It is foreseeable that the premiums of the insurance of the automobile must increase in the next years.

VII) The levels of compensation in case of severe injuries (great handicaped persons) are very low with respect to other European states: the protection of this class of victims is not guaranteed.

Thank you for your kind attention



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From

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