



Luxembourg, 14 June 2001

Press Release
Judgment in Case E-7/00

Halla Helgadóttir v Daníel Hjaltason and Iceland Insurance Company Ltd

The EFTA Court today delivered a judgment, rendering an Advisory Opinion in response to a request from the Héraðsdómur Reykjavíkur (Reykjavík District Court) concerning the question of whether a standardised compensation system for loss of future income for victims of road accidents with little or no income is compatible with EEA law, in particular the Motor Vehicle Insurance Directives.

In 1994, Halla Helgadóttir, then 17 years of age, was hit by Daníel Hjaltason's car while she was riding her bicycle. She suffered head injuries. Her permanent non-pecuniary loss has been assessed at 7%, and her permanent disability also at 7%. There is agreement that Daníel Hjaltason and Iceland Insurance Company Ltd. are jointly liable to Halla Helgadóttir for compensation for injuries resulting from this accident.

The dispute before the national court relates to the question of whether the compensation to be paid to her on account of her permanent disability is to be paid under sections 5 to 7 of the Icelandic Tort Damages Act, which contain provisions on disability compensation payable to a victim who has previously earned income, or under section 8, which, at the time of the accident, contained provisions on compensation to be paid to a victim who earned little or no income from employment. Compensation to persons coming under section 8 was not based on an assessment of occupational disability, as was the case with persons with previous earnings, but instead derived from an assessment of medical disability.

The EFTA Court observed that the basic aim of the three Motor Vehicle Insurance Directives is to harmonise insurance coverage. At the present state of Community and EEA law, the rules of the EEA Contracting Parties on liability for road accidents are not the subject of harmonisation, and the Directives do not aim at such harmonisation. The rules on insurance coverage may, however, have certain repercussions on the liability regimes of the Contracting Parties, notably with regard to the objective of the Directives of guaranteeing comparable treatment of victims of road accidents in the EEA States.

The EFTA Court also noted that, in the light of the basic aim of the Directives, and having regard to the nexus between considerations of comparable treatment and the rules and practices concerning insurance coverage, the possible effect of the Directives upon the liability regimes will be exceptional and limited, and the Contracting Parties have a wide margin of appreciation.

The EFTA Court held that it is compatible with EEA law, in particular the Motor Vehicle Insurance Directives, to determine compensation for loss of future income on the basis of a standardised system for victims of road accidents with little or no income.

The full text of the judgment may be found on the Internet at: www.efta.int.

The EFTA Court is composed of the Judges Thór Vilhjálmsson (President), Carl Baudenbacher and Per Tresselt.

This press release is not an official document. Please note that no comments on the case itself may be given.