



Department
for Transport

Consultation Document

on amending the Road Traffic Act 1988 to remove the
need for motor insurance certificates

Response from:

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Response to Department for Transport

Executive Summary

The BVRLA welcomes the opportunity to provide comment and feedback on the Department for Transport's proposals to remove the need for a printed insurance certificate to be issued as part of the red tape challenge.

The BVRLA in principle supports the proposal to remove the motor insurance certificate, as we recognise that a paper certificate is an antiquated notion in the 21st century. However, our support is offered provided all policy details are made available free of charge, electronically and in real-time to any interested party including rental and leasing companies.

The vehicle rental industry relies on having sight of the insurance certificate when they are renting to customers who are insuring the vehicle themselves. It is vital that the rental company has some form of proof that their vehicle will be insured whilst the vehicle is on rent. Leasing companies also need sight of an insurance certificate at the inception of a contract to ensure their vehicles will be insured. For all our members, having sight of the insurance certificate helps to support road safety and compliance with legislation in reducing instances of uninsured driving.

Currently, the only proof that is available to the rental company is the insurance certificate. Whilst the certificate provides a degree of confidence to the rental company that their vehicle and customer are fully insured the rental company has no way of knowing whether the insurance remains valid whilst the vehicle is on rent or lease and it is not always clear from the certificate which vehicles can be covered. We would therefore suggest that as part of the proposals to allow wider access to the Motor Insurance Database rental companies are provided with free, electronic, real-time access to the database which includes:

- details of insured parties
- details of policy terms
- policy expiry date
- 1 year claims history
- the ability for a rental company to register an interest in a policy and receive an alert if the policy is cancelled

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By providing access to this data it would help improve road safety and the risk of vehicles being driven without motor insurance. We also believe that this type of access would be helpful for other sectors who provide vehicles on a short term basis such as garages and bodyshops.

Specific Comments

1. Do you agree with the policy objective and that the law should be amended to abolish insurance certificates and instead make the record on the MID evidence of insurance? If not, why not?

We support the policy objective and believe the law should be amended to allow the record on the MID to be evidence of insurance, provided access to the motor insurance database is granted to rental and lease companies on a free of charge, electronic real-time basis including the information we have previously stated. This access is imperative for rental and leasing companies to ensure they have evidence that the customer has valid insurance in place to cover the vehicles they are renting or leasing.

2. If there were no certificate, in what ways do you feel that insurers could best communicate any changes to levels of insurance cover?

Insurers' should grant rental companies access to the motor insurance database so that full policy details and exclusions can be checked and insurers should allow rental companies to register an interest in an insurance policy so that the insurance company can alert them to any changes or cancellation of the policy. This alert system would help make sure that full insurance is always in place for vehicles, improve road safety and reduce the instances of uninsured motoring.

3. Do you feel any change in practice would be needed in respect of commercial policies? If so, what changes would you wish to see? What impact do you feel this would have on commercial policy holders?

Commercial policy holders may need to agree that third parties, such as hire companies are able to access the data we have mentioned above when they are renting vehicles which are to be covered by their own insurance policy.

4. What access or information do you think policy holders will want to see? Do you agree that policyholders would want the same information as they currently receive in the insurance certificate? If not, why not?

We agree that policyholders would want the same information as they currently receive in the insurance certificate.

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5. Do you have any data protection concerns? If so, what are they and what measures do you think should be introduced to resolve them?

We do not have any data protection concerns as the only people who should be able to access the data are those who have a genuine need.

6. Do agree that there should be an option to issue a hard copy of the record of insurance e.g. those travelling to other Member States in the EU?

Yes, but this could be something that the policyholder prints themselves.

7. Are there any other circumstances where you think a hard copy document should still be issued?

Not that we are aware of.

8. Is there further information that the Police should have?

We do not believe so.

9. What other parties do you think would need access?

As we have mentioned, rental and leasing companies will need access on a free of charge, real-time basis to the MID to ensure that when they are renting or leasing to customers on their insurance there is a valid insurance policy in place. We believe the access should include:

- details of insured parties
- details of policy terms
- policy expiry date
- 1 year claims history
- the ability for a rental company to register an interest in a policy and receive an alert if the policy is cancelled

10. What measures do you think would give motorists confidence in the accuracy of the MID to ensure it is effective as an alternative to the certificate of insurance as evidence of insurance?

Statistics could be published on an annual basis on the accuracy of the database to help alleviate any concerns that motorists may have. These could be distributed to motorists via motoring organisations, specialist motoring press etc.



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Closing Comments

We hope our comments add value to the department's current thinking on removal of the insurance certificate and we are happy to discuss our proposals in more detail at a meeting with regards to granting access to the MID for rental companies.

Leasing Members

In general, vehicle leasing is an arrangement where the user simply hires the use of the vehicle and assumes operational responsibility for a predetermined period and mileage at fixed monthly rental from the owner (the leasing company). Legal ownership is, in the majority of cases, retained by the leasing company.

Short Term Rental Members

Rental Members offer hourly, daily, weekly and monthly rental of vehicles to corporate customers and consumers. As explained above, rental members are the owners of the vehicle.



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Bona-fides **BVRLA, the industry and its members**

- The BVRLA is the trade body for companies engaged in the leasing and rental of cars and commercial vehicles. Its members provide rental, leasing and fleet management services to corporate users and consumers. They operate a combined fleet of 2.5 million cars, vans and trucks, buying nearly half of all new vehicles sold in the UK.
- Through its members and their customers, the BVRLA represents the interests of more than two million business car drivers and the millions of people who use a rental vehicle each year. As well as lobbying the Government on key issues affecting the sector, the BVRLA regulates the industry through a mandatory code of conduct.
www.bvrla.co.uk