



Continuous Insurance Enforcement Fact Sheet – October 2018

What is continuous insurance enforcement?

It is an offence to be the registered keeper of a motor vehicle which does not have motor insurance.

A vehicle is deemed to be uninsured if it does not appear on the Motor Insurance Database (MID) or it has not got a valid statutory off road notification (SORN) shown on the DVLA vehicle keeper database.

Registered keepers whose vehicles do not appear on the database are sent an advisory letter as a warning in the first instance advising that the vehicle appears to have no insurance. If no action is taken then the registered keeper is issued with a fixed penalty.

The BVRLA secured a simpler process for fleet vehicles in recognition of the fact that these are not uninsured vehicles, however, there may have been an administration error in adding a vehicle to the motor insurance database.

The police already have powers to seize vehicles being driven without motor insurance.

Details of the enforcement process

The scheme operates as follows:

- The Driver Vehicle and Licensing Agency's (DVLA) vehicle keeper records will be regularly compared against the MID to identify vehicles which appear not to be insured.
- If, after several periodical checks, the vehicle still appears to be uninsured then an advisory letter will be sent to the registered keeper, [click here for a sample letter](#).
- On receipt of this letter, the registered keeper must do one of the following:

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- obtain confirmation from the motor insurer or the customer if it is their responsibility to insure the vehicle that the vehicle is insured and is recorded on the motor insurance database;
- inform the DVLA that the vehicle has been sold or SORN'd, with appropriate evidence being provided as proof of this;
- inform the DVLA that the vehicle is stolen and provide a crime reference number;
- get the vehicle insured
- Further checks will be carried out on the records (i.e. DVLA vehicle keeper records and MID) and if the vehicle continues to appear as being uninsured then the registered keeper will be issued with a £100 fixed penalty notice (£50 if paid within 21 days of issuance).
- Once a fixed penalty notice has been issued the vehicle may also be subject to wheelclamping or impounding by the DVLA if the vehicle is found on public roads (defined as any road or area which the public has access to). The vehicle may be destroyed or disposed of if the fixed penalty notice and release fee, paid to the clampers to release the vehicle are not paid.
- Non-payment of a fixed penalty notice – If the fixed penalty notice is not paid in full then a court summons will be issued for an appearance at a Magistrates Court or Sheriff Court (conviction of a continuous insurance enforcement offence at a Magistrates Court or Sheriff Court will count as a criminal offence) with a maximum fine of £1,000.
- Persistent offenders – If a vehicle has already had one advisory letter issued against it, and the vehicle shows as uninsured again with the same registered keeper it can be taken straight to enforcement action without the issuance of an advisory letter.

Fleet Scheme

It is possible to get bulk notification by letter or spreadsheet of any of your vehicles which are showing as uninsured on the motor insurance database. This can be arranged by calling the Motor Insurers' Bureau on 0845 165 2886. You will need to be registered with the Driver Vehicle and Licensing Agency (DVLA) as a fleet and have been issued with a DVLA fleet code. For more information on getting a DVLA fleet code [click here](#).

Practical steps to be taken

Members may wish to consider taking the following steps to reduce the likelihood of an advisory letter being issued. This could include:

- Working with your customers to ensure robust procedures are in place for them or their appointed agent to update the MID accurately and efficiently for all vehicles you have provided.

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- Consider the commercial benefits of providing an added value service by updating the MID for your customers.
- Require your customers to submit evidence that your vehicles have been added to the MID through screen prints or similar evidence.
- Carry out random audits of your fleet to check vehicles are insured using <https://ownvehicle.askmid.com/> . There is a subscription service which you may wish to apply for so you can check vehicles are on the database and this is available [here](#).

SORN'd vehicles

If the vehicle is due to be off the road for a period of time (for example you are preparing the vehicle for sale) it is important that a SORN declaration is made to the DVLA and the current tax disc surrendered. This step will ensure the vehicle is excluded from the insurance checks explained above.

Sold vehicles

Once the vehicle is disposed of it is important that members or their agents notify the DVLA of disposal as soon as possible to ensure that advisory letters are not received for vehicles that are no longer in your possession. If the vehicle is notified as being in trade the trader has 90 days before the vehicle should be registered to a new keeper.

Cherished transfers

Cherished numberplate transfers can often cause problems, especially where the vehicle's cherished numberplate or replacement numberplate has not been put on to the MID. It is important that the MID is updated once the cherished numberplate transfer is complete.

You may wish to carry out additional checks on www.askmid.com once the cherished transfer process is complete to ensure the vehicle appears on the database.

Vehicles rented on a customers' own insurance

If as a rental company you do not add all your vehicles to the MID because the majority of your customers are business customers who rent vehicles on their own insurance there could be circumstances where your vehicles are insured but not on the MID. This would be because the vehicles are continually rented for short periods and there is no obligation to update the database for vehicles on rent for less than 14 days. To avoid vehicles in these circumstances being issued with an advisory letter rental companies may wish to add these vehicles to their own insurance policy as a default or consider a contractual obligation on the customer which requires them to update the MID with all rental vehicles regardless of the length of hire.

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Contractual terms

It is important that the lease or rental (if vehicles are rented on a customers' own insurance basis) agreement has a contractual terms which holds the customer responsible for insuring your motor vehicle and updating the MID within a specified period after the rental or lease agreement commences. An acceptable period for updating the database with new vehicles is 10-14 days.

Unlike parking fines, the registered keeper is unable to transfer liability for the penalty to the customer. You should therefore ensure that in the unlikely event that you do have to pay a penalty you can recover this and any administration costs you may incur from your customer.

A sample clause could be:

'It is your responsibility to hold a valid comprehensive motor insurance for all vehicles supplied under this agreement. It is also your responsibility to ensure details of all vehicles supplied by us are entered onto the motor insurance database within [X] days of the vehicle being supplied to you. If we do receive any notices or penalties relating to the vehicle being uninsured then we will ask you to pay our reasonable costs for dealing with such notices and any penalties, storage and recovery costs we incur.'

For rental companies who are renting vehicles on a customers' own insurance an insurance indemnity form should be used or incorporated into a master hire agreement. The BVRLA's sample indemnity form includes the obligation on the customer to update the MID for all vehicles that are rented for more than 14 days. The form can be downloaded from [here](#).

Handling advisory letters

If an advisory letter is received by a rental or leasing firm a procedure should be in place to action the letter. This could include:

- Checking www.askmid.com to see if the vehicle has subsequently been added to the MID.
- Checking to see if the vehicle has been SORN'd or disposed

of

- Contacting your insurer or broker to understand why the vehicle is not on the MID.
- Contacting the customer if they have the responsibility for insuring the vehicle.
- Determining what evidence is required from the customer to confirm the vehicle is now on the database.
- Warn the customer about the risk of a penalty if no action is taken.

What if the vehicle is genuinely uninsured?

In most cases, the reason a vehicle will not appear as insured on the MID will be due to an administration or keying error. The advisory letter will help you and your customer identify any procedural issues with updating the MID which can be addressed.

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In the unlikely event that the customer has failed to insure your vehicle, then you should check if this has breached your agreement. Being notified that your vehicle is uninsured will also help you to identify whether your customer is keeping to the terms of your agreement.

You may also wish to consider further actions particularly if they have several vehicles on rent or lease with you, for example terminating the agreement.

Persistent Offenders

Where an advisory letter has been issued against a vehicle and the vehicle is subsequently added to the MID, if the vehicle fails to appear again on the motor insurance database then a fixed penalty notice will be issued straight away. It will therefore be important for rental and leasing firms to keep good records of any advisory letters issued so they can ensure no fines are received.

Vehicles on finance

Where the leasing firm is not the registered keeper of the vehicle you will not be issued with an advisory letter or a fixed penalty. You may be unaware that your vehicle is being kept without a valid motor insurance.

If the vehicle is seized or impounded due to no insurance or non-payment of a fixed penalty notice the DVLA will check to see if the vehicle has any financial interest registered before it disposes the vehicle. Currently this is a premium service from HPI which members can subscribe to so that they will be alerted to a vehicle which has been seized and be informed of the value of the vehicle. For more information visit the HPI website by clicking [here](#).

The regulations for the seizure of vehicles allow for appeals in circumstances where the vehicle which you have a financial interest in has been seized and disposed of or sold. The appeal can be made to the magistrates court.

Further Information

Members are advised to review their obligations as policy holders for updating the MID under the BVRLA fact sheet 536 motor insurance database which can be accessed by clicking [here](#).

BVRLA Contacts:

legal@bvrla.co.uk or call 01494 434747

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