



# Removing the insurance check when taxing a vehicle

A Public Consultation Document

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An executive agency of the  
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**Transport**

## Contents

<b>Introduction</b>	<b>3</b>
<b>Background</b>	<b>3</b>
<b>The proposal</b>	<b>5</b>
<b>How the new vehicle tax process will work</b>	<b>5</b>
<b>The impacts of removing the check</b>	<b>6</b>
<b>Customer insight and feedback</b>	<b>7</b>
<b>Conclusion</b>	<b>7</b>
<b>Questions and answers</b>	<b>7</b>
<b>Your views</b>	<b>8</b>
<b>What happens next</b>	<b>10</b>
<b>Annex A – The Consultation Principles</b>	<b>11</b>
<b>Annex B – Consultation response form</b>	<b>12</b>
<b>Annex C – Impact Assessment (in separate document)</b>	

## Introduction

1. This consultation is being issued by the Driver and Vehicle Licensing Agency (DVLA) on the proposal to remove the current check for a valid insurance policy at the point where an application is made to tax a vehicle.
2. The DVLA handles more than 200 million interactions each year and constantly reviews the processes that support these transactions to find more effective ways of working. The proposal to remove the insurance check when taxing a vehicle supports this aim in providing improvements to customer experience and delivering sustainable, long-term savings in line with the Government's commitment to digital services and information sharing.
3. Please tell us your views on the issues which affect you or which you wish to comment on. We would especially welcome your responses to the questions highlighted throughout the document.
4. We also invite your feedback on any of the assumptions made, estimates presented, or evidence used in the Impact Assessment at Annex C. In particular, we would welcome any new evidence that you can provide on the costs and benefits in order to improve our evidence base.

## Background

5. In Great Britain, the DVLA collects vehicle tax for the Government. This involves the processing of around 46 million vehicle tax applications every year. Motorists are able to use a variety of different channels to complete their application, including online, over the telephone, or by visiting (or posting an application to) a Post Office® branch or DVLA Local Office.
6. As part of the vehicle tax collection process, the law requires the production of an insurance certificate indicating that valid insurance is in place before a tax disc can be issued. Current UK law requires all motorists to be insured against their liability for injuries to others and for damage to other people's property resulting from use of a vehicle on a road.
7. Checks for valid insurance are made by:
  - A physical check of the insurance certificate when an application for a tax disc is made in person at a Post Office® branch or DVLA Local Office. Clerks have to manually inspect the insurance certificate to validate the details held on it against the information on the vehicle registration certificate (V5C).
  - An electronic check of the the central record of all insured vehicles in the UK (Motor Insurance Database (MID)) when an application for a tax disc is made through the DVLA's Electronic Vehicle Licensing (EVL) system. Before an application can be processed online, a check is made of the MID to confirm that a valid insurance policy is in place.
  - The Police are able to check for valid insurance by downloading information held on the MID to detect uninsured drivers at the roadside.
  - The DVLA and the Motor Insurers Bureau (MIB) introduced the Continuous Insurance Enforcement (CIE) scheme in June 2011 in an attempt to counter the amount of uninsured drivers.

8. There are around 34 million taxed vehicles on the road. Up until June 2011, these vehicles were monitored for insurance compliance through the Police spotting uninsured vehicles on the road and the check of insurance when taxing a vehicle. However, the check at the point of taxing only ensured that there was a valid insurance policy in place on the day that the tax disc came into force. There was nothing in place to stop the applicant cancelling their insurance the next day and driving until their tax expired without valid insurance, albeit with the risk of Police enforcement proceedings.
9. It's estimated that there are around 1.2 million uninsured drivers in UK – a fall of around 40% in the last 8 years.

### **Continuous Insurance Enforcement (CIE)**

10. The aim of CIE is to encourage responsible behaviour by motorists through targeting insurance evaders. The introduction of CIE has allowed DVLA to be able to identify uninsured drivers in a way that was not possible before. Rather than spotting uninsured vehicles on the road, CIE identifies offenders by comparing the DVLA record of vehicle keepers with the MID. Offenders are then identified and encouraged to become compliant. This allows the 'soft' evader to be targeted in a more proportionate manner whilst leaving a smaller group of persistent evaders to be tackled more effectively using the same level of Police resources as is currently available for on-road enforcement.
11. The CIE scheme involves regular checks of the MID to identify any insurance evaders. This is in addition to the further check of insurance when a motorist applies to tax their vehicle. The presence of CIE now means that there are systematic and duplicate checks of insurance being made.
12. Since the start of the CIE scheme, the MIB has sent more than 350,000 warning letters advising vehicle keepers that they appear to have no insurance, with 64% of keepers taking action by either:
  - contacting their insurance provider to ensure their record is accurate and appears on the MID
  - making a Statutory Off Road Notification (SORN) if the vehicle is being kept off the road
  - notifying the DVLA if they no longer have the vehicle in order to update their record, or
  - buying insurance.
13. Keepers that do not act on the warning letter face further DVLA-led enforcement measures.

### **Additional background**

14. Recent research has shown that every year, around 600,000 people apply to tax their vehicles via EVL but end up failing because of information validation errors. The main reason for this is that the insurance expires on the same day that the tax disc is due to start. These people are then forced to tax their vehicles via a different channel, with the majority choosing the Post Office®.

1. Do you think that the regular checks made by CIE are a more effective check of insurance than an annual/six-monthly check at the point of obtaining a tax disc? If not, why not?
2. Do you agree that two sets of checks on the same insurance policy via two separate methods creates an unnecessary burden? If not, why not?

## **The proposal**

15. The Government believe that the duplicate checks of insurance policies, as well as the validation errors resulting in customers being unable to tax on EVL, impose an unnecessary burden on the public and businesses. The Government believe that the time is right to challenge the value of checking insurance at the point of taxing now that a more comprehensive check is made through CIE.
16. The Government is proposing to remove the annual/six-monthly checks that are currently made for a valid insurance policy when an application is made to tax a vehicle, now that a more continuous check of motor insurance is carried out through CIE. The objective is to reduce the burden on motorists by removing the need to produce evidence of insurance when taxing their vehicles.
17. The proposal will not apply to vehicles registered in Northern Ireland. They will continue to check for evidence of a valid insurance policy as per current procedures.

## **How the new vehicle tax process will work**

### **How the tax process will be administered**

18. Post Office<sup>®</sup> and DVLA Local Office clerks will no longer ask for insurance details when an application is made.
19. Applications made via EVL will no longer be confirmed with the insurance details held on the MID. The check of the MID made by the CIE scheme will continue to identify any insurance evaders.

### **How we will enforce against insurance evasion**

20. Insurance evasion will continue to be enforced through on-road measures by Police and through the current arrangements of the CIE scheme. This means that registered keepers of vehicles who are identified as not being insured are sent an Insurance Advisory Letter (IAL) by the MIB. The letter sets out what options the registered keeper can take to comply with CIE. The keeper is advised to either insure their vehicle if it is being used/kept on the road, or surrender their tax disc and make a (SORN) if the vehicle is being kept off-road. If the registered keeper does not comply, their details automatically fall to DVLA for enforcement action.
21. After the IAL is issued, the MIB conduct another check of the MID to see if the vehicle is recorded as insured. If the vehicle is recorded as insured, no further action will be taken.
22. If the vehicle remains uninsured and has not been declared SORN, a CIE offence case is created and an automatic penalty letter is issued. The automatic penalty letter is called a Fixed Penalty Notice. If there is no response to this, a Fixed Penalty Notice Reminder (FPNR) is then issued. Finally, no reply to the FPNR leads to DVLA instigating legal action via a summons.

23. By identifying these uninsured drivers direct from the record and noting their compliance before any enforcement is taken, it should mean that there will be less uninsured drivers on the roads for the Police to identify as part of their enforcement process.
24. The enforcement measures that accompany CIE are designed to complement the enhanced police powers of seizure. CIE also makes use of the MID in conjunction with the accuracy of the DVLA vehicles register.

## The impacts of removing the insurance check

### Expected DVLA impacts

- The removal of the insurance check will need a change to current legislation. More detail on the impacts can be found in the Impact Assessment at Annex C.
- By removing the check of insurance at the point of applying for a tax disc, it is forecast to save the Government around £1.2 million per year, as DVLA would no longer have to check the MID and more customers would transact successfully on EVL.
- There is a possibility that short term evasion could rise, as customers may choose to delay getting insurance for their vehicle as evidence of insurance would not be required when applying for a tax disc. However, CIE and on-road enforcement will continue to act as an effective deterrent, so we view the impact as being small. Furthermore, this risk currently exists in scenarios where the insurance policy does not expire at the same time as vehicle tax. Motorists may not choose to renew their insurance policy until the tax is due for renewal.

### Expected public/business impacts

- Removing the insurance check would see an end to the amount of people who fail when attempting to tax their vehicles via EVL because of information validation errors.
- The proposal is expected to deliver benefits because trips to tax a vehicle in person, having failed on EVL, will no longer be required. We have identified that the removal of the insurance check could generate an average saving of around £1.1 million per year in public leisure time savings and £0.5m to businesses.
- Although this proposal would require a one-off IT cost for DVLA, we do not envisage any additional costs to the public or business.

3. Do you think that the analysis of costs and benefits of the proposal (as contained in the Impact Assessment) is an accurate representation of the proposal? If not, why not?
4. Are you aware of any other impacts associated with the proposal?

## Customer insight and feedback

25. DVLA understands that the expectations of customers are changing. To provide a better service, DVLA continually reviews its policies and procedures by listening to its customers and stakeholders. In the formulation of this proposal, DVLA has sought the views of the Insurance Industry and the Police and we will continue to work closely with them throughout the consultation process.
26. The Government is committed to reducing the burden on the motoring public. Through the Government's recent Red Tape Challenge, the requirement to produce evidence of insurance when taxing a vehicle was identified as imposing an additional burden on the compliant motorist. This has led to the proposal being incorporated into the [Red Tape Challenge package of measures](#) being taken forward.

## Conclusion

27. The Government considers that the current insurance check at the point of taxing a vehicle is an unnecessary and disproportionate burden on the motorist. The Government believes that removing the insurance check would reduce this burden.

5. Do you agree that the proposal to remove the annual/six-monthly check on insurance when taxing a vehicle should be implemented? If not, why not?

## Questions and answers

### Q1: What is DVLA proposing to do?

We propose to remove the need for motorists to provide proof of insurance when purchasing a tax disc. Due to the introduction of the CIE scheme, this insurance check is viewed as no longer necessary.

### Q2: Why is the change being made?

Since the introduction of CIE regular checks for valid insurance are made, therefore a further check when applying to tax a vehicle is seen as unnecessary duplication.

### Q3: When are DVLA intending to stop the checks?

We intend to stop the checks in 2013.

### Q4: Will the level of insurance evasion increase?

The law is clear that if you are the registered keeper of a vehicle you must either make sure you have appropriate insurance or that your vehicle has been declared off road with DVLA. This is in addition to on-road enforcement by the Police. The Police seize 180,000 vehicles each year for this offence, and offenders also face a £200 fixed penalty or a court fine of up to £5,000 and possible disqualification.

**Q5: What will happen if a motorist chooses to not insure their vehicle?**

The seriousness of the offence is reflected in the level of the maximum fine of £5000 and the automatic endorsement of an offender's driving licence with six to eight penalty points. The courts can order the immediate disqualification of the offender. The police also have powers to stop vehicles and inspect certificates.

**Q6: What is the benefit for customers?**

This will simplify the process for motorists and cut the amount of paperwork needed when taxing a vehicle.

**Q7: How many people are affected by this change?**

There are around 34 million licensed vehicles on the road. This change will benefit all of these vehicle keepers.

**Q8: My insurance and tax expire on the same day – will I now be able to tax online?**

Yes. This change will benefit around 600,000 motorists who are currently unable to tax their vehicle online.

**6. Do you have any other questions/comments about the proposal?**

**Your views**

**What we need from you**

**28.**The DVLA's customer base is diverse with differences in outlook and needs. We also know that whatever the DVLA does to update its services will impact on the wider public. In framing the work we are doing, we need to make sure we:

- consider the needs and views of all our customers and those affected;
- take account of wider implications; and
- have a clear understanding of the impacts of any proposal.

**How to respond**

**29.**If you are affected by the changes proposed in this consultation, please consider the questions found at Annex B. As part of your response we would be interested in receiving any views on the matters included within this document. As the proposal was supported through the Red Tape Challenge and the Insurance Industry feel the time is right to consider this proposal, the consultation will run for a 6 week period. The consultation began on **15 October 2012** and will run until **26 November 2012**. Please ensure that your response reaches us before the closing date.

**30.**When responding, it would be helpful if groups could indicate the people and organisations they represent.

**31.**You can respond in the following ways:

- Post to Corporate Affairs Directorate, D16, DVLA, Swansea, SA6 7JL
- Email to [insuranceconsultation.cad@dvla.gsi.gov.uk](mailto:insuranceconsultation.cad@dvla.gsi.gov.uk)
- Online by clicking on the link in Annex B

**32.** Please use one of the above contacts to request a copy of the consultation in an alternative format (hard copy, Braille, audio CD etc) or if you have any questions.

### **Freedom of information**

Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the Freedom of Information Act 2000 (FOIA) or the Environmental Information Regulations 2004.

If you want information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential.

If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department. The Department will process your personal data in accordance with the Data Protection Act (DPA) and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

## What happens next

<b>DVLA reply</b>	<p>We do not intend to acknowledge receipt of individual responses unless you indicate that you would like an acknowledgement. We are unable to reply individually to the points you may raise as part of your reply.</p> <p>A summary of responses, including next steps, will be published within 3 months of the consultation closing on <a href="http://www.dft.gov.uk/consultations">www.dft.gov.uk/consultations</a>.</p>
<b>Confidentiality of responses</b>	<p>We may publish all or some of the comments we receive in relation to this consultation. Please note that if DVLA receives a request from any third party for sight of such comments, we may be obliged by law (for example under the Freedom of Information Act 2000) to disclose such information to the applicant. If there are particular reasons why you would not wish your comments to be disclosed or published, please let us know. Although your wishes may not override any statutory obligations to disclose, they will be taken into account as far as possible. If you reply by email, the statements made above override any confidentiality disclaimer generated by your IT system.</p>
<b>Consultation Principles</b>	<p>This consultation complies with the Consultation Principles published by the Cabinet Office on 17 July 2012, which replaces the code of practice on consultation issued in July 2008 (see Annex A for further information on the Consultation Principles).</p>

## **ANNEX A – The Consultation Principles**

The Consultation Principles are published by the Cabinet Office:

<http://www.cabinetoffice.gov.uk/resource-library/consultation-principles-guidance>

A summary of the Consultation Principles (which are available in full via the above weblink) is as follows:

- 1.** Engagement should begin early in policy development.
- 2.** The evidence base for the proposed policy should be made available at an early stage.
- 3.** The timeframe for consultation should be proportionate and realistic to allow stakeholders sufficient time to provide a considered response.
- 4.** The amount of time required will depend on the nature and impact of the proposal and may typically vary between 2 and 12 weeks.
- 5.** Information should be presented in an accessible and useful form to the stakeholders with a substantial interest in the subject matter.
- 6.** The choice of the form of consultation will depend on the issues under consideration, and the available time and resources.
- 7.** Information provided should be easy to comprehend, use plain language and clarify the key issues.
- 8.** Consideration should be given to more informal ways of engaging that may be appropriate.
- 9.** The objectives of the consultation process should be clear.

If you consider that this consultation does not comply with the consultation principles or you have comments about the consultation process please contact;

Tim Ford  
Consultation Co-ordinator  
Corporate Affairs Directorate  
DVLA  
Swansea  
SA6 7JL

## ANNEX B – Consultation response form

Removing the insurance check when taxing a vehicle

Your details:

Name:	
Organisation you represent (if applicable):	
Postal address:	
Telephone number:	
Email address:	

1. Do you think that the regular checks made by CIE are more effective a check of insurance than an annual/six-monthly check when obtaining a tax disc? If not, why not?
2. Do you agree that two sets of checks on the same insurance policy via two separate routes creates an unnecessary burden on the public? If not, why not?
3. Do you think that the analysis of costs and benefits of the proposal (as contained in the Impact Assessment) is an accurate representation of the proposal? If not, why not?
4. Are you aware of any other impacts associated with the proposal?
5. Do you agree that the proposal to remove the annual/six-monthly checks on insurance when taxing a vehicle should be implemented? If not, why not?
6. Do you have any other questions/comments about the proposal?

**Please reply:**

- By post to Corporate Affairs Directorate, D16, DVLA, Swansea, SA6 7JL
- By email to **[insuranceconsultation.cad@dvla.gsi.gov.uk](mailto:insuranceconsultation.cad@dvla.gsi.gov.uk)**
- Or click [here](#) to submit your responses online

**THE CLOSING DATE FOR RESPONSES IS 26 NOVEMBER 2012**