

Statement of intent on the Consultation on the Review of the Uninsured and Untraced Drivers' Agreements.

Thank you to those that responded to our recent consultation on the Untraced Drivers Agreement 2003 and Uninsured Drivers Agreement 1999, held between the Secretary of State for Transport and the Motor Insurance Bureau (MIB).

These agreements fulfil the UK's obligations under EU motor insurance law to ensure that the UK has a compensation fund of last resort for victims of accidents caused by uninsured and untraced drivers respectively. However, it is the MIB which holds and distributes the UK compensation fund and all insurers selling motor insurance policies must be members of it. The MIB covers its costs by means of a levy on its members.

We review the agreements periodically to ensure the Agreements are fully up to date and provide appropriate compensation and associated procedures for claimants in accordance with the jurisprudence of Great Britain and the European Union.

The recent consultation is the result of a full review following discussions with the MIB over the past three years. The consultation sought views on some of the changes that we propose to make to the Agreements. It concentrated on the most significant issues which we consider require addressing, but also included reference to some minor changes intended to clarify existing clauses. We must ensure we balance reducing the Department's exposure to risk with agreements that are workable for the MIB to implement.

The agreements cannot be changed unless both parties agree. We expect that it will be a number of months before we can fully agree with MIB the details of changes that should be made. We are opening the detailed discussions on this now. The MIB is able to provide valuable perspective on how the processes work in practice and what practical issues the MIB and claimants face in pursuing a claim.

We have decided to publish a summary of responses to the consultation in the meantime. We will produce a complete government response document at a later stage, following our discussions with the MIB. Publication of this is planned for autumn 2013.