ABI response to the European Commission Questionnaire on Car Registration

About the ABI

The ABI is the voice of the UK's insurance and investment industry. Its members constitute over 90 per cent of the insurance market in the UK and 20 per cent across the EU. They control assets equivalent to a quarter of the UK's capital. They are the risk managers of the UK's economy and society. Through the ABI their voice is heard in Government and in public debate on insurance, savings and investment matters.

The ABI was formed in 1985 to represent the whole of the industry and today has over 300 members, accounting for some 90% of premiums in the UK. Underpinning their business activities members have assets under management of £1.5 trillion and in addition manage substantial sums on behalf of third parties such as pension funds.

The ABI's registration number on the European Commission's Register of Interest Representatives is: • • • • • • • • • • • •.

The ABI welcomes the opportunity provided by the Commission to comment on the consultation on a new initiative on the registration of cars previously registered in another Member State.

Summary

The insurance industry notes the Commission's aim to streamline further the process of registration of a car in another member state from where it was bought. Simple and easy methods of registering vehicles in different member states have the potential to facilitate the movement of people and goods, as well as help businesses develop their cross-border activity, thus promoting the key principles of a flourishing single market.

The insurance industry is actively involved in efforts to enhance road safety and has a close interest in the registration of vehicles.

Some of the key elements that contribute to an increase in road safety include the need for: a) all laws to be enforced, particularly those referring to statutory requirements, excise duty and compulsory insurance; b) each vehicle to be in keeping with legal standards and be fit for use on the road; c) insurers to have a thorough understanding of the vehicles that are being used on the roads in each member state, in order to assess the risk associated with each make and model; this enables insurers to offer the right level of protection to consumers.

Any new initiative on registration of vehicles in different member states should ensure that the process of registration remains robust, in order to avoid unintended negative consequences on, for instance, crime and road safety. Any such initiative should be considered alongside other initiatives promoting road safety to ensure that there is a comprehensive approach that delivers better consumer protection.

Knowing which vehicles are on the road

Insurers need to know which vehicles are on the road in the country in which they operate. At present, they do this through automated look-up systems, which carry records of each vehicle's make and model, year of construction, etc. These are based on the vehicle registration mark (VRM), which the customer enters when they want to get an insurance quote. These systems present a number of advantages. First, they enable insurers to get full and accurate information about the vehicles they insure. This allows insurers to assess risk accurately and to provide customers with a fair product that is tailored to their needs. Secondly, this integrated approach makes it easier for drivers to adhere to current legislation, such as insurance law and vehicle excise duty. Thirdly, these processes present an easy and rapid way for customers to choose and purchase the insurance they require.

When examining ways to facilitate the registration of cars in another member state, careful consideration must be given to the interoperability of these current systems. For instance, some vehicles with VRMs from other member states might not be recognised by the automated systems in the new member state.

Furthermore, the systems which ensure high levels of registration accuracy must also be considered. Registration accuracy is a key element of road safety, as it enables the enforcement of insurance laws, it reduces the number of uninsured drivers on the road and it limits the accident claims that have to be settled by the Motor Insurers' Bureau.

For example, the UK uses two main systems to ensure that all motorists are buying the insurance they need. The first is through Automatic Number Plate Recognition (ANPR) which allows the police to recognise VRMs which are not on the Motor Insurance Database (MID). The second is through comparing the records held by the UK licensing authority, DVLA, with the records on the MID. These two systems help to maintain very high levels of registration accuracy which also leads to the enforcement of insurance laws. It is essential that any new registration requirements maintain the high levels of registration accuracy.

Vehicle Crime

In order to improve road safety and to enhance consumer protection, it is essential for the police and licensing authorities, as well as for insurers, to know the history of vehicles. Many vehicles are currently taken into different Member States in order to facilitate crimes, and vehicles which are involved in collisions can be used to create cloned cars and sold to the public who are unaware of their history or real identity. VRM plates can be removed from damaged cars and put onto stolen vehicles in order to hide their true identity. Vehicles can also be used to cause deliberate collisions in order to make insurance claims.

These are only a few examples of current cross-border vehicle crime. A weakening of the registration requirements could lead to an increase in these crimes. Therefore, we believe that any new initiatives on registration should ensure that registration

requirements remain robust, leading to greater consumer protection and greater prevention of vehicle crime.

Vehicle Standards

Insurers use a system of rating vehicles that helps to make them safer and more secure, and also allows the insurance industry to price insurance policies. This system, called 'group rating', encourages high standards for cars that are sold to UK consumers, giving the public confidence, and helping to make insurance markets more efficient through accurate and fair pricing. This system relies on insurers knowing the exact make and model of the car they are insuring.

For example, the widespread use of immobiliser technology from the middle of the 1990s helped to cut vehicle theft from very high levels to the moderate levels the UK enjoys today. Insurers require continuing high levels of anti-crime technology and therefore knowledge about whether vehicles have them fitted, in order to deliver reasonably priced insurance policies. Detailed knowledge comes from adequate registration processes, whereby information is shared with licensing agencies to help customers, insurers and others involved in the sector to know which cars are on UK roads.

When looking at facilitating the re-registration process we must also examine ways in which the standards of new types of models can be assessed and used when pricing insurance. Current requirements contribute to improving the standards of the cars on the roads and, more generally, road safety. We must ensure that any new systems would facilitate a continued raise in standards and would not hinder the progress that has been made in the field of combating crime and enhancing road safety.

The way forward

We support easy to manage registration requirements that make it easier for customers to register their vehicles in a different member state. We believe that many people currently avoid this requirement, and, for reasons of law enforcement and maintaining standards, we agree that it is important to achieve higher levels of re-registration.

Any new registration system needs to be a part of the greater agenda of road safety. It must be a system that makes re-registration easier for consumers and businesses alike, one that delivers registration accuracy, one that is robust and able to raise standards and contribute to combating cross-border vehicle crime.

Any solution must involve a partnership between law enforcement agencies across the EU, national governments, licensing authorities, and insurers.

We would welcome an opportunity to engage with the Commission as it looks into possible solutions.