

## Questions And Answers

1. What do I have to do and why? .....	2
2. What is the difference between MID1 and MID2? .....	2
3. How quickly must data be supplied? .....	3
4. I'm a manual broker, how can I meet a 7-day target?.....	3
<b>Data Requirements.....</b>	<b>4</b>
5. Which vehicles does the law require to be submitted to the MID?.....	4
6. If insurers cover unregistered vehicles not designed for road use, must these be submitted to MID?.....	4
7. What about Temporary Additional Vehicles (TAVs)?.....	4
8. What about vehicles covered by a Statutory Off-Road Notification (SORN)? .....	5
9. Do motor traders have to submit all the vehicles passing through their hands? .....	5
10. If both hirer and "hired" add a vehicle to MID, won't there be a problem?.....	5
<b>Legislative Background.....</b>	<b>6</b>
11. What is the MID used for?.....	6
12. On what basis can the Police use the MID? .....	6
13. What is the Fourth EU Motor Insurance Directive?.....	6
14. Some of my clients have specified policies for multiple commercial vehicles. Do they have to do anything? .....	7
15. If the Police can't find a vehicle on the MID, will anyone be charged with a criminal offence? .....	7
<b>Compliance .....</b>	<b>7</b>
16. If commercial clients refuse to submit data, who will be held responsible?.....	7
17. What are the penalties for non-compliance? .....	8
18. How long do my clients have to keep records? .....	8
19. Is this compatible with the Data Protection Act?.....	8
20. Will MIB give clients' details to enquirers?.....	8
21. Are brokers obliged to help clients submit their data?.....	9
22. What is the new "continuous enforcement" regime?.....	9
<b>Supplying Data to the MID.....</b>	<b>9</b>
23. Who will give me access to the MID? .....	9
24. Can I search for vehicles on the MID?.....	9
25. My clients/I don't have Internet access. How should data be sent to insurers?.....	10

### 1. What do I have to do and why?

Uninsured driving costs over £500 million per year, meaning that every one of your clients pays an additional amount in their motor insurance premium to cover the cost of these uninsured cheats. Brokers play a vital role in combating uninsured driving, by helping make the Motor Insurance Database (MID) more reliable and up-to-date.

Information about what you can do to help make the MID effective can be found on the MIIC website ([www.miic.org.uk/brokers/best\\_practice.htm](http://www.miic.org.uk/brokers/best_practice.htm)), but in summary you should:

- Pass data to insurers as quickly as possible
- Make sure EDI transmissions are not delayed and made daily
- Confirm all renewals by the renewal date
- Process MID-critical changes as soon as you have been notified
- Encourage fleet and motor trade policyholders to report vehicle changes immediately to their insurer – or to you if that is the agreed approach

Many questions about processes can be answered by reference to the best practice guides on the MIIC website issued by the industry through MIB - [www.miic.org.uk/brokers/best\\_practice.htm](http://www.miic.org.uk/brokers/best_practice.htm).

By helping make the MID more reliable and up to date you are helping your clients and improving your relationship because:

- Enforcement agencies use the MID as the primary electronic reference point for motor insurance details, so by helping to ensure your clients' details are on the MID accurately and quickly, you are reducing their chances of getting stopped by the Police and bearing the costs associated with recovering vehicles that have been seized (which the Police are now able to do).
- If your clients use the DVLA's internet-based electronic vehicle excise duty payment system (EVL), then the MID will be used to check that insurance is in force. By helping to ensure your clients' details are on the MID accurately and quickly, you are helping your clients use this time-saving process.
- You could enhance your relationship with your commercial clients by offering them support in their obligations to supply vehicle data – for example a data submission service – see question 21.

### 2. What is the difference between MID1 and MID2?

The phrases "MID1" and "MID2" identify the different types of records that can be supplied to the MID.

- MID1 largely relates to personal motor business, generally single vehicle policies, where the vehicle registration mark is shown on the certificate of insurance.
- MID2 relates to commercial motor business, e.g. Fleet and Motor Trade, where, more often than not, certificates are on a blanket or unspecified vehicle basis.

Tighter timescales apply to MID1 information.

### 3. How quickly must data be supplied?

The MIB has agreed targets with the Department for Transport (DfT) for insurers to supply data. From January 2008, 95% of all MID1 data must be supplied within 7 days or insurers will be liable to sanctions applied by the MIB.

For MID2 data the targets to be met by January 2008 are 95% of all policy updates must be supplied within 14 days, and 95% of vehicle updates within 21 days. Sanctions will be applied to policy data from this date. These targets apply from the day the change is effective, not the day the information arrives from the broker, so brokers will need to pass on the information about client policies and vehicles as quickly as possible.

For MID2 open cover contracts (commonly known as “fleet and motor trade policies”) the legislation requires policyholders to submit this data to their insurers “immediately”. The DfT has advised MIB that their view is that this requirement will be interpreted by the courts as “the time taken by a person using reasonable efforts”. “Reasonable efforts” will vary from case to case, but an acceptable range would typically be 10-14 days.

Although insurers will be measured against a vehicle timeliness target of 21 days, policyholders should be advised to supply their vehicle data to their insurer within **14** days. This is in line with the legislative requirement and allows insurers (and brokers, if assisting policyholders) time to process the data and pass it on to MID within the 21-day target. Obviously, it will be difficult for brokers to achieve these deadlines if policyholders delay notifying details, which is why the MIIC best practice guidelines ask brokers to encourage policyholders to report vehicle changes immediately.

### 4. I'm a manual broker, how can I meet a 7-day target?

Where a policy has been issued but the proposal form is not yet complete, a copy of the cover note and key policy information – whether new or amended – should be faxed/e-mailed to insurers **on the day the broker makes the change** (or sent immediately by first class post if fax/e-mail is not available). This approach should be used for the cases where a proposal form cannot be completed because of missing information, but does not remove the need for the proposal to be submitted as soon as possible. In such a case, the preferred approach is to send the quote sheet printout. If this is not available, brokers should confirm with the insurer concerned whether they should use the MIB form, or a form provided by the insurer.

For further details about this manual business process, please see [www.miic.org.uk/brokers/best\\_practice.htm](http://www.miic.org.uk/brokers/best_practice.htm).



### Data Requirements

#### 5. Which vehicles does the law require to be submitted to the MID?

Every UK-registered vehicle which is covered by a third party motor insurance policy must be on MID.

For vehicles insured under “open cover contracts” (commonly known as “fleet and motor trade policies”) these details must be supplied by policyholders to insurers (or brokers if agreed), who must then pass on the information. Insurers may allow policyholders to meet their obligations by supplying their data direct to the MID. For specified policies (including those written on commercial vehicles) the obligation falls wholly on the insurer. The Regulations require the data to be held by insurers and supplied on request by the MIB. The MIB “requests” all data to be supplied in accordance with the self-regulation process i.e. constantly and within the agreed target timescales.

The legislation requiring this data to be supplied is the Motor Vehicles (Compulsory Insurance) (Information Centre and Compensation Body) Regulations 2003. These regulations implement the Fourth EU Motor insurance Directive.

You need to ensure that your clients are aware of the above legal requirements.

#### 6. If insurers cover unregistered vehicles not designed for road use, must these be submitted to MID?

Your clients need to be aware that the Regulations only relate to registered vehicles, so there is no requirement for such vehicles to appear. It would, in fact, be difficult to enter these vehicles because they would not have standard registration numbers, which are the key to the MID.

#### 7. What about Temporary Additional Vehicles (TAVs)?

Yes, TAV's should be submitted for private motor vehicles, as the Regulations provide no exemption for the provision of private motor vehicles. The only exemption relates to excepted vehicles, which are defined below. Therefore, our literal interpretation of the Regulations is that, any temporary additional, adjustment, amendment or vehicle substitution (TAV's), the use of which is to be covered under a standard contract, must be notified to MIB ‘immediately’ (pursuant to clause 5(2) of the Regulations) upon a request by MIB. This obligation would apply even to those TAVs intended to be insured on the standard policy for less than 15 days.

The Motor Vehicles (Compulsory Insurance) (Information Centre and Compensation Body) Regulations 2003 provide that an insurer is not required to provide information regarding any “excepted vehicle”, i.e. any vehicle the use of which is covered under an “open cover contract” for a period of less than fifteen days.

It should be noted, however, that the 14-day exception for excepted vehicles does not mean that vehicles covered on very short term policies, or for very short periods, need not be notified, if there is no other cover for the vehicle. Every insured vehicle must be present on the MID. When continuous enforcement is introduced (see question 14), vehicles not appearing anywhere on the MID may be identified for enforcement action (even if insurance is subsequently proved).

The Regulations exempt vehicles on open cover contracts for 14 days or fewer from the requirement to notify. **However**, fleet/motor trade policyholders must keep records of these “excepted vehicles” and be prepared to provide information to the information centre on request. These vehicles may be notified to the MID if the policyholder/insurer wishes to do so.

In the event of a claim relating to a TAV it will be up to the insurer identified by a MID search to liaise with the policyholder to trace the person responsible for the vehicle – and their insurer – on that day, if the vehicle was temporarily insured elsewhere, and inform MIB. This must be done rapidly or the insurer first identified will have to handle the claim.

## 8. What about vehicles covered by a Statutory Off-Road Notification (SORN)?

Vehicles covered by a SORN need not be notified whilst off the road. There is no requirement to remove them from MID if they continue to be insured, but if they are laid up or the policy is cancelled, then the MID should be updated appropriately.

## 9. Do motor traders have to submit all the vehicles passing through their hands?

The Regulations make no special provision for vehicles in the motor trade. Therefore all taxed vehicles in the custody or control of motor traders, for whatever reason, for 15 days or more, must be notified to the MID.

In the case of untaxed vehicles, the number to be supplied by the user will be the trade plate. All trade plates used by a motor trader should be notified to MID.

## 10. If both hirer and “hired” add a vehicle to MID, won't there be a problem?

The MID is designed to accept duplicate vehicles as long as they are on different policies, and the record will not be rejected. Clients who have contingency policies for vehicles which they hire out should **not** remove vehicles from the MID during periods of temporary hire unless the period is **very** long, e.g. 3 months.

When the Police or other insurers enquire on the MID, the most recent record in force for that vehicle on the date is provided to them. Therefore if Kwikhire Rentals put a vehicle on cover from 1 July 2005 to 30 June 2006, and Billy's Bakers hire one of them in January 2006, and add it to MID, Billy's Bakers' insurance will appear first.

## Legislative Background

### 11. What is the MID used for?

The MIB, Police, authorised solicitors, the relevant insurer, DVLA and the policyholder can access the data on the MID, and then only in strictly controlled circumstances. Broadly speaking:

- The police use the MID to determine at the roadside whether a vehicle is insured;
- Solicitors, insurers, private individuals and others can access the MID to trace third party insurers in the event of an accident.
- The MID is used to provide insurance information for DVLA's on-line vehicle licensing service.

### 12. On what basis can the Police use the MID?

Police access to the MID pre-dates the 4<sup>th</sup> Directive and is unconnected with it. The Motor Insurance (Third Party Risks) Regulations 1972 require an insurer to supply details of motor insurance policies to the Police on request. An amendment to these Regulations in 2001 allowed the Police to submit these "requests" by electronic means and hence use the MID. Since insurers are obliged to meet these requests by law, there is no option for the policyholder to opt out of the MID.

Enquiries made direct to the MID must relate to a road traffic matter. However, the Police may also ask MIB to make an enquiry on their behalf for other purposes, e.g. in respect of a serious non-traffic crime. This access is permitted under section 29(3) of the Data Protection Act which allows data to be used in ways other than those required by law, or for which a person has given permission, for the prevention and detection of crime. Before meeting such a request MIB requires the Police to demonstrate that there is a connection between a vehicle and a crime, and that they are unable to obtain the information by other means.

### 13. What is the Fourth EU Motor Insurance Directive?

The 4<sup>th</sup> Directive was introduced to make it easier for those injured in accidents (including your clients) whilst visiting another EU state to receive compensation by:

- Requiring there to be an Information Centre which can identify the insurer of the other party from the registration plate;
- Allowing the injured party a direct right of action against the insurer;
- Requiring the insurer to nominate a representative in the injured party's own country who has sufficient powers to settle the claim;
- Ensuring that there is a compensation body to pay the claim in the event that the insurer cannot be identified or is unreasonably slow in settling a claim.

A full guide can be found on the website - [www.miic.org.uk/public/fourth\\_directive.htm](http://www.miic.org.uk/public/fourth_directive.htm). The MID implements only one element of the Directive. If you have further questions about the other requirements after reading the guide, please contact the ABI.

The Motor Vehicles (Compulsory Insurance) (Information Centre & Compensation Body) Regulations 2003 implement the parts of the Directive relating to the supply of motor insurance data. They came into effect on 19 January 2003 and can be found on <http://www.legislation.hmsso.gov.uk/si/si2003/20030037.htm>.

#### 14. Some of my clients have specified policies for multiple commercial vehicles. Do they have to do anything?

Your clients should be aware that under a specified policy the insurer obliges them to notify vehicles in order for them to be insured. They should therefore continue to do this in the normal way – the new Regulations do not change the position. However, insurers may ask for this to be done by a different method, such as the MIDUpdate website. If the policyholder does not notify vehicles they will not only be contravening the Motor Vehicles (Compulsory Insurance) (Information Centre & Compensation Body) Regulations 2003, but, more seriously, they are probably uninsured.

#### 15. If the Police can't find a vehicle on the MID, will anyone be charged with a criminal offence?

If a vehicle is not on the MID it does not necessarily mean it is uninsured, although the Police will clearly wish to make further enquiries and may ask to see proof of insurance – the certificate is still the proof, whether a vehicle is covered by an individual or a “fleet” policy. If brokers ensure that the correct policy details are passed on to insurers in good time, it should be rare for a policy not to be returned to the Police on a vehicle with valid insurance when they make an enquiry.

However, it is possible that your fleet client is guilty of non-notification if a vehicle on an open cover policy is not on MID, which can lead to prosecution for **that** offence.

## Compliance

#### 16. If commercial clients refuse to submit data, who will be held responsible?

If a client (policyholder) fails to submit data to their insurer, they are the person committing a criminal offence. However, if you have an agreement with the client to do this on their behalf and you do not pass on the data, they may have recourse to you if they are prosecuted. If insurers do not pass on data they receive, policyholders will not be held responsible, since the law requires them to pass the data to **insurers**.

## 17. What are the penalties for non-compliance?

Fleet and Motor Trade policyholder non-compliance with the Regulations is a criminal offence. The maximum possible penalty for not submitting data to insurers, or not responding to a request from the information centre if there is a query about a vehicle being covered is a fine of £5000.

For insurers, the action taken in the event of non-submission of data or tardiness of submission is governed by the self-Regulation scheme, details of which are available from the information centre.

Although brokers are not covered by the legislation or the self-Regulation scheme, insurers may take steps against brokers who are responsible for any penalty being imposed on them. This is a commercial matter for each insurer and its terms of business.

## 18. How long do my clients have to keep records?

The Directive requires Member States to ensure that information centres have access to information on insurers of vehicles for seven years after the expiry of the policy. Therefore the Regulations place a seven-year requirement on insurers and clients (policyholders), as providers of data. You will want to ensure that your clients have taken this into account in their arrangements, including if you have agreed to supply the data for them.

You should note that, where data is not supplied to MID, the seven-year obligation **would** unequivocally apply to clients (policyholders) (e.g. for “excepted vehicles”).

## 19. Is this compatible with the Data Protection Act?

The MID can only be used for very limited purposes (see Q11), and its operation is compliant with the data protection legislation. Policyholders are notified of these uses in policy documentation.”

## 20. Will MIB give clients' details to enquirers?

MIB is only required to give an enquirer the details of a claims representative for the insurer responsible for handling a claim. Details of registered keepers, policyholders and drivers will only be provided where the enquirer has a legitimate need for this information; this would not be done in the normal course of events where a claim was dealt with by the insurer concerned.

In cases where a policyholder disputes liability for, or involvement in, an accident, registered keeper or policyholder details for the vehicle in question may be provided to the claimant, to enable them to pursue their claim, where it appears to be valid.

## 21. Are brokers obliged to help clients submit their data?

Brokers are not obliged to help clients submit their vehicle data, but it could be one way of strengthening your relationship with your client if you do offer this additional service. You are also able to charge for this service, but are under no obligation to do so. A suitable agreement would need to be drawn up between yourselves and the client.

As a minimum, brokers should be able to advise policyholders of the specific data supply requirements made by the insurer they are recommending, and of possible sources of assistance in providing data if they do not offer this themselves.

## 22. What is the new “continuous enforcement” regime?

The Road Safety Act 2006 included a new offence, not yet implemented, designed to reduce the level of uninsured motoring. It will become an offence to be the keeper of a vehicle which is not covered by an insurance policy. It will therefore be necessary to have continuous insurance for a vehicle unless it is registered as being off the road, in addition to the driver of a vehicle requiring insurance for their use of the vehicle.

The requirement can be met by a specified policy covering the vehicle in question, or an open policy where the policyholder is the owner of the vehicle. Further details will be published when available.

## Supplying Data to the MID

### 23. Who will give me access to the MID?

Please note that not all insurers use the MIDUpdate site to collect data, so you should consult the relevant insurer before agreeing to submit data on behalf of clients. A list of most insurer approaches can be found on the MID website at [http://www.miic.org.uk/fleet/submission\\_routes.htm](http://www.miic.org.uk/fleet/submission_routes.htm). Ultimately it is for insurers to authorise access to policies – MIIC does not have the authority or access to do this. The insurer will issue the appropriate security access requirements needed by brokers granted access to the MID, and you should contact the relevant insurer for information.

Using MIDUpdate, brokers will be able to add, amend and remove vehicles from cover for clients, but will not be able to change policy data or give others access to the data. Other data collection facilities may offer slightly different functionality.

### 24. Can I search for vehicles on the MID?

If you need information from the MID for claims handling purposes you should discuss this with your insurer. Data supply services such as MIDUpdate do not offer the facility to search for insurers across MID.

### 25. My clients/I don't have Internet access. How should data be sent to insurers?

MID Update is only available via the Internet, as we believe that Internet access is the most straightforward and cost-effective means of data submission. However, some insurers collect data by other means, and you should discuss with them what would be acceptable.