



BRIEFING PAPER

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Uninsured drivers and the Motor Insurers Bureau

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Summary

The Motor Insurers' Bureau (MIB) was established in 1946 as a private company limited by guarantee for the purpose of entering into agreements with government to compensate victims of uninsured and untraced motorists. Every insurer underwriting compulsory motor insurance is obliged, by virtue of the Road Traffic Act 1998, to be a member of MIB and to contribute to its funding.

This note gives information on both the untraced and uninsured drivers' schemes run by the MIB. More information can be found on the MIB website.

There has been a consultation to review the agreements between government and the MIB culminating in a new agreement covering uninsured (as opposed to untraced) drivers in August 2015.

1. Introduction

The Motor Insurers' Bureau (MIB) was established in 1946 as a private company limited by guarantee for the purpose of entering into agreements with the Government to compensate the victims of negligent uninsured and untraced motorists. Every insurer underwriting compulsory motor insurance is obliged, by virtue of the *Road Traffic Act 1988*, to be a member of MIB and to contribute to its funding.

The 'Group Mission' is to:

- operate as a centre of excellence to:
- Significantly reduce the level and impact of uninsured driving in the UK
- Compensate victims of uninsured and untraced drivers fairly and promptly
- Provide first class asset management and specialist [claims](#) services¹

¹ [MIB website](#)

2. General

MIB operates two agreements with government on behalf of the insurance industry. The first covers personal injury (but not property loss) which is caused by a hit and run incident against the claimant ('untraced driver').² The second covers circumstances in which the claimant is injured or suffers property loss as a result of a motor accident in which the motorist at fault is uninsured.³ MIB is also responsible for operating the 'Green Card' system in the UK.

In either case, the procedure for submitting a claim, as stated in MIB literature, is as follows:

Make inquiries to see if the motorist is insured. This will include contacting the motorist in person, and tracing the registered keeper via DVLA and contacting him. Make a formal complaint to the Police. You are entitled to do this as a refusal to give insurance information is a criminal offence under section 154 of the *Road Traffic Act 1988*;

Contact your insurers. Your insurance policy requires all accidents to be reported and your insurers may be able to trace the other party's insurers. Your insurer also has access to the Motor Insurers' Database which may contain details of the motorist's insurers;

Advise your legal expense insurers. If you have no insurance for legal expenses, speak to a local solicitor concerning an arrangement under which you can be protected against legal costs. The MIB are able to offer free legal expense insurance;

On the MIB website, download an MIB Claim Form, which you can print out, complete by hand and post to MIB, or to fill in your details online and submit your claim to MIB. You should provide as much information as you can about the motorist; and

Collect as much documentary information as you can concerning your losses. MIB will also need details of any insurance policies which you hold which may cover those losses. If your vehicle has been damaged, try and get two estimates, but if the vehicle is not drivable one will be sufficient. Do not delay your claim to wait for estimates to arrive. MIB can arrange to have your vehicle inspected by an independent engineer if necessary.⁴

Full information can be found in the MIB document "[Guide to making a Motor Insurers' bureau claim](#)".

² MIB, *Motor Insurers' Bureau (Compensation of Victims of Untraced Drivers) Agreement 2003*, February 2003: <http://www.mib.org.uk/NR/ronlyres/67992486-8FB7-4808-B014-C67DE5BD5FBA/55/14thFebruary2003.doc>

³ MIB, *Motor Insurers' Bureau (Compensation of Victims of Uninsured Drivers) Agreement 1999*, August 1999: <http://www.mib.org.uk/MIB/en/Downloads/Agreements/GFAGREEENGSCOT1999.htm>

⁴ <http://www.mib.org.uk/MIB/en/Claims/SubmittingClaims/DEFAULT.htm>

2.1 Untraced drivers' agreement

The *Untraced Drivers' Agreement* that currently applies was drawn up in 2003. It is a legal agreement which sets out the conditions under which the MIB, which is funded by the motor insurance companies, will pay compensation to those who suffer personal injury or death as a result of an accident involving a motor vehicle where the driver of the vehicle cannot be traced. There are a number of eligibility criteria, of which the most important are set out in sections 4 and 5 of the agreement. The agreement applies where:

- the death of, or bodily injury to, a person or damage to any property of a person has been caused by, or arisen out of, the use of a motor vehicle on a road or other public place in Great Britain;
- it is not possible for the applicant to identify the person who is, or appears to be, liable in respect of the death, injury or damage;
- the applicant has made an application in writing to MIB for the payment of an award not later than three years after the date of the event which is the subject of the application in the case of a claim for compensation for death or bodily injury or nine months after the date of that event in the case of a claim for compensation for damage to property; and
- in a case where the applicant could not reasonably have been expected to have become aware of the existence of bodily injury or damage to property, the application must have been made as soon as practicable after he did become (or ought reasonably to have become) aware of it and in any case not later than fifteen years after the date of the event which is the subject of the application in the case of a claim for compensation for death or bodily injury or two years after the date of that event in the case of a claim for compensation for damage to property; or
- the applicant, or a person acting on the applicant's behalf, must have reported that event to the police in the case of an event from which there has arisen a death or bodily injury alone, not later than 14 days after its occurrence, and in the case of an event from which there has arisen property damage (whether or not a death or bodily injury has also arisen from it), not later than 5 days after its occurrence.

The agreement does not apply where:

- the applicant makes no claim for compensation;
- the motor vehicle in question was owned by or in the possession of the Crown;

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- the person suffering death, injury or damage to property was voluntarily allowing himself to be carried in the responsible vehicle and knew or ought to have known that the vehicle was being used for criminal purposes;
- the death, bodily injury or damage to property was caused by, or in the course of, an act of terrorism; or
- property damaged as a result of the event giving rise to the application is insured against such damage and the applicant has recovered the full amount of his loss from the insurer.

2.2 Uninsured drivers

The current *Uninsured Drivers' Agreement* was drawn up in 1999. It sets out the conditions under which the MIB will pay compensation to those who suffer property damage, personal injury or death as a result of an accident involving a motor vehicle where the driver of the vehicle that caused the damage or injury was not insured.

There are a number of eligibility criteria, of which the most important to note are:

- the injury or property damage must be caused by an accident caused by the use of a motor vehicle;
- the driver must have been acting negligently (i.e. would be found liable to pay damages on the balance of probabilities);
- the agreement only applies to situations for which insurance is required by Part VI of the *Road Traffic Act 1988*. For example, it will not apply where the accident happens otherwise than on a road or in a public place, or where the vehicle that caused the damage is owned by the Crown or is exempt from the requirement to have insurance;
- personal injury and death are covered;
- property damage can also be recovered subject to an excess of £300 and a ceiling of £250,000. This is an important difference between the Uninsured Agreement and the Untraced Agreement (since the latter does not cover property damage);
- the claimant's own vehicle must have been insured at the time of the accident; and
- claims cannot be brought by passengers in the vehicle at fault if they knew or should have known that the vehicle was stolen, was not insured, or was being used to commit a crime or to escape arrest.

Those who wish to bring a claim are expected to make reasonable enquiries to find out whether the driver of the other vehicle was insured. This should be done as soon as is reasonably practical. The MIB suggests that such steps would include exchanging information at the

scene and making efforts to contact the driver and the registered keeper. If the registration number is known, information should be sought from the DVLA as to the identity of the registered keeper.

Section 154 of the [Road Traffic Act 1988](#) makes it an offence not to provide information about your insurer on demand. Anyone who fails to obtain insurance details from the other driver, and intends to make a claim on the MIB under the Uninsured Agreement, is obliged first to make a formal complaint to the police about the other driver's non-compliance with section 154.

If the victim is a motorist, they are required to inform their own insurers (as a condition of their motor policy). It is possible that their insurers may be able to identify the other driver from the motor insurers' database.

The Uninsured Drivers' Agreement in principle requires claimants to issue legal proceedings against the other driver in the civil courts. If the claimant succeeds in demonstrating that the other party is liable for the injuries or damage, the court would then make an award of damages in favour of the claimant. If that damages award is not settled by the other driver within seven days, then the MIB is required to settle the award itself.⁵

In practice, most cases do not actually proceed to court. The MIB prefers to reach an agreement to pay compensation without going to court. It is however necessary for the MIB to obtain the consent of the other driver before it intervenes in this way, since in principle that driver is entitled to handle his or her own affairs. Typically, the MIB will delegate the handling of the claim to an insurance company which is a member of the bureau. That company is authorised by the MIB to negotiate the claim, assess the scale of any losses, and agree a settlement.

There are situations where the other driver may have had insurance in place but that insurance did not extend to the use that was being made of the vehicle at the time of the accident. For example, the policy might have carried a restriction limiting the vehicle's cover to private use but the accident could have occurred while the vehicle was being used for business purposes. In such cases, although the other driver's insurer might be strictly entitled not to act, it is expected that it should nevertheless process the claim. This expectation is based on the fact that the MIB is essentially a co-operative venture and it is in the interest of all parties to keep down its costs (which are levied on its members).

An application for assistance is made in writing on a form which is available from the MIB. It seeks as much information as possible about the circumstances of the accident, the injuries and damage suffered, and efforts to establish the identity of the vehicle or driver involved. The

⁵ Strictly speaking, there is no requirement that the other driver does not have insurance: the obligation on the MIB is triggered by an unmet award for damages which arises from circumstances where insurance is statutorily required.

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MIB will also want evidence that the claimant was insured. The MIB aims to confirm receipt of applications within 21 days, at which stage it will describe how the claim will be taken forward. Settlement of claims, however, typically takes several months even for simpler cases. Where serious injury is involved or criminal proceedings are also underway, claims may take considerably longer. The MIB will take an assignment of a claimant's rights where it meets a claim, and seek recoveries where appropriate from other parties.

Claims against the MIB are judged by similar standards to those a court would apply in determining responsibility for an accident. Although it is possible to deal directly with the MIB, claimants may therefore want to consider appointing a representative or a solicitor to handle their claim. It is also possible for claims to be pursued in court: in such cases the MIB must be kept informed of all developments.

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