

EXPLANATORY MEMORANDUM TO

The Motor Vehicles (Electronic Communication of Certificates of Insurance) Order (Northern Ireland) 2011

SR 2011 No. 23

1. Introduction

- 1.1. This Explanatory Memorandum has been prepared by the Department of the Environment to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under section 1(1) of the Electronic Communications Act (Northern Ireland) 2001 and is subject to the negative resolution procedure.
- 1.3. The rule is due to come into operation on 21st March 2011.

2. Purpose

- 2.1. The purpose of the Order is to amend the Road Traffic (Northern Ireland) Order 1981 to allow insurers (or their agents) to deliver motor insurance certificates by electronic means. The amendments include provisions to allow the insured (whether he has a paper or an electronic certificate) to declare to the insurer by electronic means that the policy has ceased to have effect, and to provide for a legible printed copy, or on-screen version in the case of production to the police, of an electronic certificate to be accepted as evidence of insurance.
- 2.2. The Order also makes consequential amendments to the Motor Vehicles (Third-Party Risks) Regulations (Northern Ireland) 1994.

3. Background

- 3.1. The main change made by the Order is to permit the delivery of an insurance certificate by electronic means. Current legislation does not permit this. The Order will allow a certificate to be issued as an email attachment or to be issued by means of giving the insured person access to it via a website. The insurer will be able to do this only where the insured person has agreed to electronic delivery. Whether issued as an email attachment or by giving access via a website, the certificate must under the new provisions be communicated to the insured person no later than 4 days after its issue or renewal. This mirrors existing provisions for the delivery of a paper document certificate.
- 3.2. The Order also makes changes as regards the surrender of a certificate where the policy has been cancelled by mutual consent or by virtue of any other provision in the policy. The Order provides that, for certificates electronically communicated, the insured person must either confirm to the insurer electronically (email) that the policy has ceased to have effect or deliver to the insurer a legible printed copy of the certificate endorsed with a signed statement confirming that the policy has ceased to have effect. For other certificates, a person will be able either to confirm electronically (email) to the insurer that the policy has ceased to have effect or to return

the certificate to the insurer (as already provided for in the provisions in force prior to the amendments made by this Order).

- 3.3. In cases where the insured person applies to pay for a vehicle excise licence (tax disc) at the Post Office, the amendment to the Regulations will allow the insured person to produce a legible printed copy of the electronic certificate as evidence of insurance. The Regulations will not permit the insurance to be evidenced to the Post Office by showing the certificate in any other format (for example via access to the web).
- 3.4. If the police ask for evidence of insurance, the Order will allow the insured person to show a certificate accessed via a website, or to show the email attachment if that was how the certificate was sent to him, or to produce a legible printed copy of the certificate. The officer must of course be satisfied (as with production of paper certificates) that he is indeed seeing the insured person's certificate if he is shown it on the web or as an email attachment.

4. Matters of Special Interest to the Environment Committee

- 4.1. None.

5. Consultation

- 5.1. On 27 March 2007, the Department for Transport (DfT) issued in GB a public consultation document on the proposals. The Department, with the then Ministers, approval, issued the DfT document to Northern Ireland consultees on 5 April 2007. Five responses were received in Northern Ireland and the overall response both here and in GB was largely positive.

6. Position in Great Britain

- 6.1. The corresponding legislation for GB was made on 30 March 2010 and came into operation on 30 April 2010 (S.I. 2010 No. 1117).

7. Equality Impact

- 7.1. A full EQIA was not required as it was not deemed to impact negatively on any of the groups identified by section 75 of the Northern Ireland Act 1998.

8. Regulatory Impact

- 8.1. A regulatory impact assessment is not required as no adverse impact on the costs of the private sector or voluntary sectors is foreseen.

9. Financial Implications

- 9.1. There is no adverse impact on business, charities or voluntary bodies. The provisions inserted by the order are permissive; insurers can choose whether to deliver certificates as paper documents as they do currently or by electronic means. The insurance industry has estimated that the financial savings they could make from electronic certificates could amount to some £12 million in the competitive UK insurance market, lower industry costs should lead to reduced premiums for motorists.

10. Section 24 of the Northern Ireland Act 1998

- 10.1. The proposed Order is not incompatible with Section 24 of the Northern Ireland Act 1998

11. EU Implications

- 11.1. Not applicable.

12. Additional Information

- 12.1. Not applicable.