

**EXPLANATORY MEMORANDUM TO**  
**THE ROAD VEHICLES (REGISTRATION AND LICENSING) (AMENDMENT)**  
**REGULATIONS 2018**

**2018 No. 52**

**1. Introduction**

- 1.1 This explanatory memorandum has been prepared by the Department for Transport and is laid before Parliament by Command of Her Majesty.
- 1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

**2. Purpose of the instrument**

- 2.1 The registration of motor vehicles is governed by the Road Vehicles (Registration and Licensing) Regulations 2002 (S.I. 2002/2742) (“the 2002 Regulations”). The 2002 Regulations impose duties on insurers and keepers of self-insured fleets in relation to registered vehicles that have sustained damage and will not be repaired by the insurer or the keeper. These duties, which include notifying the Secretary of State and the keeper of a vehicle’s condition and surrendering or destroying registration documents for such vehicles, are amended by these regulations to accommodate the introduction of a new code of practice in the motor insurance industry.

**3. Matters of special interest to Parliament**

*Matters of special interest to the Joint Committee on Statutory Instruments*

- 3.1 This instrument contains provisions that correct defects introduced into the 2002 Regulations by the Road Vehicles (Registration and Licensing) (Amendment) Regulations 2015 (S.I. 2015/403), which referred to the “registration document fee exemption” as the “registration fee document exemption”. Accordingly, this instrument is being issued free of charge to all known recipients of that instrument.

*Other matters of interest to the House of Commons*

- 3.2 As this instrument is subject to negative resolution procedure and has not been prayed against, consideration as to whether there are other matters of interest to the House of Commons does not arise at this stage.

**4. Legislative Context**

- 4.1 The Vehicle Excise and Registration Act 1994 provides that the Secretary of State may by regulations make provision in respect of the registration of vehicles. The relevant regulations are the 2002 Regulations, Part 3 of which sets out the requirements for the registration of vehicles and the issue of registration documents and Part 4 of which sets out provisions in relation to notifications and changes to these documents.
- 4.2 This instrument amends the 2002 Regulations to ensure that the Secretary of State is informed of a damaged vehicle’s categorisation by the motor insurance industry –

whether it is suitable for repair and, if so, whether it has sustained any structural damage - and that duties related to vehicle registration documents are met.

## **5. Extent and Territorial Application**

5.1 The extent of this instrument is the United Kingdom.

5.2 The territorial application of this instrument is the United Kingdom.

## **6. European Convention on Human Rights**

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

### *What is being done and why*

7.1 The Code of Practice for the Categorisation of Motor Vehicle Salvage (“the Code”), which is published by the Association of British Insurers, sets out how insurers and keepers of self-insured fleets should categorise damaged vehicles that are unrepairable or are repairable but will not be repaired for economic or policy reasons. Many repairable vehicles are salvaged by third parties, repaired and returned to traffic.

7.2 The Code, which is endorsed by the Driver and Vehicle Licensing Agency (“DVLA”) and the Department for Transport, has been updated to categorise vehicles based on their suitability for repair and, for repairable vehicles, if the damage was structural or non-structural. This provides the DVLA and the purchasers of repairable vehicles with more relevant information about a vehicle’s condition than the previous commercially-orientated categorisations.

7.3 The 2002 Regulations impose duties on insurers and the keepers of self-insured fleets in relation to damaged vehicles (as described at 2.1). These duties exist so that a vehicle’s registration record will be updated to reflect that the vehicle was damaged and existing registration documents will be removed from circulation. If a vehicle is unsuitable for repair, new documents will not be issued by the DVLA. If it is suitable for repair, it may be noted on new documents that the vehicle was salvaged.

7.4 The Code is not a statutory document and the industry is continuing to comply with the existing duties under the 2002 Regulations. This instrument amends the 2002 Regulations to accommodate the new Code and provides that:

- the Secretary of State/DVLA and the vehicle’s original keeper must be notified of a vehicle’s suitability for repair and, if suitable for repair, whether the damage sustained was structural or non-structural;
- in addition to the duties to notify being triggered when a vehicle is a total loss (the cost of repair exceeding the vehicle’s pre-accident value - better known as a ‘write-off’), these duties now also apply for constructive total losses (repair costs plus ancillary costs – e.g. a temporary vehicle) or the replacement of a damaged vehicle under a policy of insurance (i.e. a ‘new for old’ policy);
- registration documents must be destroyed when structural damage is sustained (the destruction of documents for non-structural damage is unnecessary as this is not noted on new registration documents); and
- the registration document fee exemption, which allows for the standard fee for new documents to be waived if the previous documents were destroyed in

specified circumstances, will apply in relation to vehicles that have sustained structural damage.

### ***Consolidation***

7.5 No consolidation is planned by the Department for Transport.

## **8. Consultation outcome**

8.1 A consultation was not required or carried out for this instrument. The new Code, which is owned and has been compiled by the motor insurance industry, was agreed following consultations with stakeholders undertaken by Thatcham research on behalf of the Association of British Insurers and Lloyd's Market Association.

8.2 The Code has been approved by the Association of British Insurers, Thatcham Research, the Motor Insurance Bureau, UK Motor Insurers, the Department for Transport, DVLA, Driver and Vehicle Standards Agency, British Vehicle Rental Leasing Association, British Vehicle Salvage Federation, Department of Environment Northern Ireland, Environment Agency, Federation of British Historic Vehicle Clubs, Motorcycle Industry Association, and National Police Chiefs Council / Police Scotland. It is supported by The Society of Motor Manufacturers and Traders.

8.3 The Code can be accessed via the website of the Association of British Insurers: <https://www.abi.org.uk/globalassets/files/publications/public/motor/2017/09/salvage-cop-v10-september-2017.pdf>. A printed copy of this document is available for viewing at the Department for Transport, 33 Horseferry Road, London, SW1P 4DR.

## **9. Guidance**

9.1 There is no guidance to this instrument.

## **10. Impact**

10.1 The impact on business, charities or voluntary bodies is zero. This instrument does not change the processes or the extent of the processes operated by the motor insurance industry to notify DVLA about damaged vehicles.

10.2 There is no impact on the public sector.

10.3 An Impact Assessment has not been prepared for this instrument.

## **11. Regulating small business**

11.1 The legislation applies to activities that are undertaken by small businesses.

11.2 The basis for the final decision on what action to take to assist small businesses is that, as this instrument does not change the processes that are operated by the industry, no action is required.

## **12. Monitoring & review**

12.1 Jesse Norman, Parliamentary Under Secretary of State, has made the following statement in accordance with the duty under section 28(2)(b) of the Small Business, Enterprise and Employment Act 2015:

“Regulation 15A of and Schedule 3A to the 2002 Regulations are already subject to a statutory duty to review under regulation 48 of the same regulations. This review of the regulations and policy is planned for 2020.

Having had regard to the Statutory Review Guidance for Departments published under section 31(3) of the Small Business, Enterprise and Employment Act 2015, in my view, it is not appropriate in the circumstances to provide for a review of the other provisions of the 2002 Regulations because it would be disproportionate taking into account the economic impact of these provisions.”

**13. Contact**

- 13.1 Duncan Price at the Department for Transport (Telephone: 020 7944 2241 or email: [duncan.price@dft.gsi.gov.uk](mailto:duncan.price@dft.gsi.gov.uk)) can answer any queries regarding the instrument.