

**SERIOUS ORGANISED CRIME AND POLICE BILL
FINAL REGULATORY IMPACT ASSESSMENT
SEIZURE OF UNINSURED VEHICLES**

1. Title of Proposal

Powers to seize uninsured vehicles

2. Purpose and intended effect of measure

(i) The objective

The intention is to give the police a statutory power to seize immediately vehicles which are detected being used by uninsured drivers and release them only on payment of prescribed charges and production of a valid insurance certificate. Exercise of the power would directly affect the driver from whom the vehicle was seized and the owner or registered keeper of the vehicle where that was a different person. It would indirectly affect other motorists, insurance companies and the general public. The proposal does not involve the imposition of any new requirement on business or the charitable and voluntary sector.

(ii) The background

In the UK it is estimated that there are around 1.2 million persons - one in twenty motorists - driving regularly whilst uninsured. (This is a national figure, which is likely to vary from area to area; one police force has suggested that in its area, 1 in 5 motorists are uninsured.) Uninsured drivers impose a financial burden on honest motorists. The damage they inflict in road traffic accidents results in claims against the industry-maintained Motor Insurers' Bureau or against the policies of insured drivers. In addition, uninsured driving imposes other costs on society. These drivers are more likely to be involved in road traffic accidents, to be non-compliant with other road traffic requirements and obligations and potentially to be involved in other criminal activity. The involvement of uninsured drivers in fatal road traffic accidents has been the subject of considerable public and media pressure for action

Driving without insurance against third party risk is an offence contrary to Section 143 of the Road Traffic Act 1998. Detection of the offence and therefore the possibility for enforcement is being increased significantly by the expanded use of Automatic Number Plate Recognition technology which enables the police to make immediate checks against relevant databases, including the Motor Insurers' Database. At present, however, the only action police can take after detecting a person driving without insurance is to issue a fixed penalty notice or summons. The person is therefore able, albeit illegally, to continue driving whilst uninsured.

(iii) Risk assessment

Because they wish to effect an immediate stop to a person's uninsured driving, some police forces are already seizing vehicles in this situation, provided the driver consents. There is no statutory provision for them to do this, and legal advice is that their action is ultra vires and could be challenged in court.

It is possible that the person detected driving uninsured is not the owner or registered keeper of the vehicle and the vehicle is not being driven with that person's consent. To avoid any unfairness it is proposed to excuse from any payment a registered keeper or owner who could demonstrate to the satisfaction of the police that a seized vehicle had been used by an uninsured driver without his consent.

3. Options

Option 1 – Do Nothing

This option would allow continuance of the present situation, with the problems identified, i.e. significant economic and social costs from uninsured driving falling on honest motorists and society at large and apparent condonation of criminal behaviour through motorists being able, practically, to continue driving whilst uninsured.

Option 2 - Allow a power of seizure

This option would meet the objective of the policy, which is to stop people continuing to drive once they have been identified as driving whilst uninsured but have not yet paid a fixed penalty for the offence or been convicted of it.

4. Benefits

Economic

Industry estimates suggest that claims against uninsured drivers add around £30 on average to the annual premium of honest motorists. It is perhaps unlikely that reducing uninsured driving would lead to an immediate reduction in premiums, but it would reduce demands on insurers and pressure for increases, to the benefit of the motoring community at large

As regards the public purse, there is a high correlation between lack of insurance, no MOT certificate, failure to register and no valid licence. The likelihood of uninsured drivers being involved in a road traffic accident is therefore almost certainly higher than average. Accordingly, any measure that reduces uninsured driving is likely to help reduce accidents and the costs associated with them. The total value of preventing all accidents involving death or injury has been estimated, for 2002, at £17,760 million. The number of accidents involving vehicles being driven by someone who is uninsured is not known, nor is it known whether the total cost of an accident involving an

uninsured driver is greater than the total cost of an accident involving an insured driver. There is however research suggesting that those who drive uninsured are five times more likely than insured drivers to suffer car crash injuries.

Environmental

Cars driven by drivers who are uninsured are more likely to be in poor condition and more likely to be abandoned. This provision will help reduce their numbers and the contribution they make to environmental degradation.

Social

Given that uninsured drivers are more likely to be non-compliant with other road traffic requirements and obligations and potentially to be involved in other criminal activity, reducing uninsured driving will promote safer communities.

5. Costs

Economic

The measure does not introduce a new offence or impose a new duty, any costs of which the police would have to meet. It gives the police a power they can use when they think appropriate, if it seems likely to be effective and the best use of their existing resources. A number of forces are already seizing vehicles on this basis; the measure simply puts the legality of this practice on a surer footing.

Costs that might be involved are those connected with the removal, storage and disposal of vehicles that are seized. Contracted removal operators usually undertake this work for the police. Set against these costs is the income that will be derived from the prescribed charges that will, subject to certain exceptions, have to be paid before a vehicle can be released or from any disposal value of an unclaimed vehicle. The charges will be payable to the police, but (along with any disposal income), may, according to individual contracts, be collected and retained by operators as police agents to defray their expenses.

It is impossible to provide any worthwhile estimates for these costs because of the number of unknown variables (including number of people driving uninsured in any particular area, number of these detected driving uninsured, number of vehicles seized following such detection, cost of removal in each case, duration of storage before a vehicle is reclaimed, percentage of vehicles reclaimed, percentage of cases where charges are excused, value if any of vehicles that are unclaimed and must be disposed of, level of prescribed

charges – these will be the same as charges currently levied in other circumstances, at the moment standing at £105 for a removal and £12 per day for storage, but with an increase on held pending Ministerial agreement which is dependent on other, unrelated, issues)..

Information and views on costs are being sought as part of the consultation exercise being launched in connection with this proposed measure. One force, already engaged in the seizure of vehicles, has reported seizing about 1400 over an 18-24 month period, with 10% of these being reclaimed. Their contractors currently recover costs by sale of unclaimed vehicles.

Apart from the removal, storage and disposal of vehicles by contractors, no other costs are envisaged. Since the proposal simply authorises an operational practice and does not introduce a new offence or new penalty, there are no implications for the courts or prisons. The police themselves will not be taking on new work or work requiring additional staffing or equipment- they already deal with uninsured drivers and this will simply give them a more effective tool.

Environmental Social

There are no identified environmental or social costs.

6. Equity and Fairness

The measure does not impact on equality issues. The requirement for insurance applies equally to all and action against those who do not comply with the requirement will be based on reference to an objective database.

7. Consultation with small business: the Small Firms' Impact Test

The measure does not directly affect the private sector. The general public consultation will include the Association of British Insurers and trade associations for the vehicle recovery operators.

8. Competition Assessment

The measure introduces no new element of competition. To exercise other powers of vehicle removal, storage and disposal, police forces already contract with removal operators who compete with one another to gain the contracts.

9. Enforcement and Sanctions

The measure introduces a new power to be exercised by the police. Its purpose is to improve the enforcement of existing legislation and provide a sanction for non-compliance. It does not introduce a new offence, impose a new requirement on individuals or lay a new duty on the police.

10. Monitoring and Review

Forces could be surveyed for information on their use of the new power and any problems encountered (a similar exercise has been carried out in respect of the power police already have to seize vehicles being driven both inconsiderately or off-road without authority and anti-socially). Otherwise, the value of the new power will be shown by a reduction in the number of offences of driving without insurance as recorded in the published annual statistics. This will however reflect more the identification of uninsured drivers by use of ANPR, which will enable action to be taken against them

11. Consultation

i) Within government

The proposal has been discussed with and approved by DfT. It is a recommendation within their recently concluded independent review of uninsured driving.

ii) Public Consultation

Insurers were involved in the recent review and did not oppose the recommendation. A six-week public consultation is being launched, with responses due by 26 November.

12. Summary and Recommendation

Option	Total cost per annum Economic, environmental, social	Total benefit per annum Economic, environmental, social
1. Do Nothing	Continuing cost to honest motorists, estimated at £30 on individual premiums; continuing avoidably high cost (£17,760 million pa) of accidents to society at large;	Nil

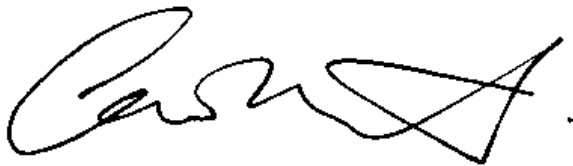
	continuing likelihood of environmental degradation and less safe communities	
2. Allow police power to seize vehicles being driven without insurance	Possible costs involved in the removal, storage and disposal of vehicles, when police decide it is appropriate to use the power. Views as to their level, where they might fall and their sustainability within existing resources, are being sought in a consultation exercise	Help diminish costs to motorists of meeting insurance claims against uninsured drivers (estimated £30 on premiums) and contribute to benefits of preventing accidents (estimated £17,760 million pa); reduce environmental degradation and promote safer communities

It is recommended that the police be given a specific power to put a practical stop to uninsured driving by seizing vehicles being driven by someone who is uninsured and releasing them only on payment of prescribed charges and production of insurance documentation.

13. Declaration

I have read the regulatory impact assessment and I am satisfied that the benefits justify the costs

Signed



November 2004

**Parliamentary Under Secretary of State for Reducing Organised and International Crime, Anti-Drugs Co-Ordination and Internationals and European Issues
Home Office**