

*These notes refer to the Deregulation Act 2015 (c.20)
which received Royal Assent on 26 March 2015*

DEREGULATION ACT 2015

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Section 9: Motor insurers

49. Under section 147(1) and (2) of the Road Traffic Act 1988 motor insurance certificates or securities must be delivered in order for a policy or security to be legally effective for the purposes of the Act. *Subsections (2) and (3)* of the section amend section 147 so that delivery of the certificate or security is no longer required for the policy or security to be legally effective.
50. For private policies many organisations, in particular the police, no longer rely on the insurance certificate and use information held on the Motor Insurance Database (“MID”) as evidence that a vehicle has an insurance policy in force. Therefore the change would largely reflect what happens in practice as the police and insurers hardly ever recognise delivery of the insurance certificate as significant. The MID, maintained by the Motor Insurance Bureau, is the UK repository of details of all motor insurance policies and insurers are required by law to enter details of all motor insurance policies onto the MID.
51. It will however still be a requirement for insurers or givers of securities to issue certificates, as the insurance industry wants to retain the certificates, in particular because they are valuable for certain types of policies, such as for fleets where individual vehicles are not entered on the MID.
52. Section 147(4) of the Road Traffic Act 1988 requires holders of insurance policies or securities to return their certificate of insurance or security if a policy is cancelled mid-term. *Subsection (4)* of the section removes this requirement as, when a policy is cancelled, the cancellation will be recorded on the MID. Consequentially, it will no longer be an offence not to return an insurance certificate when a policy is cancelled mid-term and so section 147(5) will be removed by subsection (4) of the section.
53. These amendments form part of the law of England and Wales and Scotland. These provisions come into force on a day to be appointed by the Secretary of State in a commencement order.