



Northern Ireland
Assembly

Committee for Infrastructure

OFFICIAL REPORT (Hansard)

MOTs and Motor Insurance:
Association of British Insurers

20 October 2021

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Jonathan Buckley (Chairperson)

Mr Roy Beggs

Mr Cathal Boylan

Mr Pádraig Delargy

Ms Cara Hunter

Ms Liz Kimmins

Mr Andrew Muir

Witnesses:

Mr Alastair Ross

Association of British Insurers

The Chairperson (Mr Buckley): I welcome, via StarLeaf, Mr Alastair Ross, assistant director, head of public policy for Scotland, Wales and Northern Ireland from the Association of British Insurers (ABI). I invite you to make a presentation to the Committee.

Mr Alastair Ross (Association of British Insurers): Thank you very much, Chair, for the invitation to brief the Committee today. I will take you through the motor insurance position in relation to the current delays in booking MOT tests. I will then briefly cover the longer-term situation since January last year, and I will do my best to answer any questions that you have.

On driving without a valid MOT certificate due to the current delays in booking a test in Northern Ireland, insurers recognise that this is a worrying time for everyone and will take a pragmatic view until the delays in the Driver and Vehicle Agency (DVA) testing system are resolved. Where motorists in Northern Ireland have a confirmed MOT appointment booking for their test, they should not be prejudiced by a lack of a valid MOT certificate if it has run out before the test takes place. That applies regardless of whether their insurance cover is coming to an end and they want to renew with their existing provider or whether they are looking to take out a policy with a different insurer. That is something that has been agreed by the ABI's motor insurance committee. However, it remains a decision for individual insurers, including insurers who are not members of the ABI, to decide how they will respond to the current MOT test situation in Northern Ireland.

It is also important to point out that insurers expect motorists to comply with their legal obligation under the insurance contract to keep their vehicle in a roadworthy condition if they take it out on the road. I take the opportunity to remind the Committee and motorists of the importance of maintaining the roadworthiness of their vehicle at all times, not just when they have an MOT test coming up. The MOT test confirms whether a vehicle is roadworthy at that point in time, but wear and tear between tests — tyre tread falling below the legal requirement for example — needs to be monitored and addressed if it becomes a problem. Those affected by the ongoing MOT testing delays should continue to service

their vehicle, to look after it and to carry out basic checks such as looking out for brake wear, making sure that the lights are working, regularly checking the tyre pressure and, as I said, tread depth.

If motorists are in any doubt, they should contact their insurer, but the ABI members to whom I have spoken to about this recognise and are aware of the situation in Northern Ireland. During the delays to booking tests, ABI members have agreed to maintain cover for customers who, through no fault of their own, cannot get a test. That means that motorists whose MOTs are due must keep trying to book a test with the DVA. Please do not give up on the system: get your vehicle booked in, even if the date falls after your MOT certificate expires. The DVA has advised us that, if motorists are within five days of their MOT expiring and it is required for tax renewal or their insurer says that they will not cover the vehicle, they can email DVA customer services and get an earlier appointment. I understand that the DVA has shared that information with the Committee.

With regard to the longer-term position, as this has been going on for a while, we have been liaising with the Minister for Infrastructure and the DVA on MOT testing delays and the implications for motor insurance since January of last year. The DVA has kept the ABI advised of the delays, which were initially due to the problems with test centre lifts and subsequently due to COVID-19 lockdown and, more recently, the test booking system. At each stage, we have shared the DVA's updates with the ABI's motor insurer members, so they have been aware of the situation over the past 22 months. We have regular contact with the DVA, and I discussed the situation with the Minister for Infrastructure when I met her at Stormont in March of last year.

I rephrase that, at the outset in January 2020, our advice was this: if your car is due for an MOT, make sure that you get an exemption certificate from the DVA. Insurers will generally take a pragmatic view and not penalise policyholders for something that is entirely out of their control. Driver safety, however, is paramount, so, in the meantime, drivers should carry out the basic checks that I mentioned earlier on tyre pressure and tread and insuring that windscreen liquid and oil are at the correct levels.

In May of last year, we reminded motorists of the importance of continuing to service their vehicle and look at the basic checks. During the prolonged suspensions at that time due to COVID and the lockdown, we recommended checking the previous MOT certificate for any minor defects or advisory notices that had been identified and, if any had been, addressing those by speaking to a mechanic and making sure that things such as tyre tread were within the legal limits.

The DVA got in touch with us in August of this year, and we responded to a request that it made by saying that not having a valid MOT certificate would not necessarily invalidate your insurance, but, if you are in that situation due to delays in vehicle testing in Northern Ireland, it is important to check your policy documents or speak to your insurer. Again, it is a condition of insurance that owners maintain their vehicle in a roadworthy condition.

Over the course of the end of last month and the start of this month, we responded to the delays in booking tests. That was set out previously.

I will stop there. I hope that that is helpful to the Committee, and I will do my best to answer your questions.

The Chairperson (Mr Buckley): Thank you very much, Alastair, for your briefing. You have answered one of my questions, which was about the dialogue between the ABI and the Department. It seems to have been continuous and extensive, which is good. Those conversations obviously continue to take place to keep you abreast of the issues that we face in Northern Ireland with MOT testing and backlogs.

As far as you are aware, is the advice offered by your members on the validity of insurance policies in line with the Department for Infrastructure?

Mr Ross: I am sorry. I do not quite follow the question, Chair.

The Chairperson (Mr Buckley): Is the advice offered by your members on the validity of their insurance policies in sync with the Department for Infrastructure's advice as you know it?

Mr Ross: As far as we are aware, yes. As I said, we have discussed it regularly with the DVA, it has kept us updated, and we have shared the information with our members so that they are aware of the situation.

The Chairperson (Mr Buckley): Obviously, the MOT issues and the crisis that we face in Northern Ireland around the backlog will not go away any time soon. Is the Association of British Insurers comfortable with that situation? Will there eventually come a time when the relationship will have to change, given the issues that our MOT system faces?

Mr Ross: As I said, we are regularly updated by the DVA. It has advised us that it is up to almost 100% capacity. I am aware of the measures that it is taking in opening centres at weekends to try to get through the backlog. I do not know how long that will take, whether it will be a matter of weeks or months, but the message that we are getting is that it is working through it as fast as it can. It has put in extra capacity and extra inspectors. We are operating on that basis and will receive further updates as and when we get them from the DVA. However, at the moment, we are operating on the basis that it will be months rather than weeks.

The Chairperson (Mr Buckley): From a national perspective, Scotland, Wales and Northern Ireland are a concern to you. Have you had similar experiences across those jurisdictions? Would you say that, given your briefings with the Department, Northern Ireland is in a worse place with the backlog than those other jurisdictions? Is the request from the other jurisdictions in line and similar to that which Northern Ireland has requested?

Mr Ross: The position in Northern Ireland is different. In Scotland, Wales and England, there is far greater capacity with the number of garages that can carry out tests as opposed to the situation in Northern Ireland where the test centres are operated by the DVA. Commercial garages in Scotland, England and Wales can take on that work. There is much greater capacity, so, there has not been the same issue with backlogs.

There were issues during the lockdown with access to garages and getting tests carried out, but that backlog was cleared over last year and into the early part of this year. The backlog has not been raised with us this year in those other parts of the UK, but the circumstances in Northern Ireland are different, and that contributes in large part to the situation that we see at the moment.

The Chairperson (Mr Buckley): OK. This policy flexibility applies just to Northern Ireland.

Mr Ross: Yes.

The Chairperson (Mr Buckley): Finally, obviously, a large aspect of insurance is to cover breakdown services as well. Constituents have highlighted to me that extending existing MOT coverage has not applied when car owners have contacted the likes of breakdown cover organisations, whether that be the Automobile Association (AA) or other organisations; in fact, one cited that, because their MOT had run out five days previously, the AA did not cover the breakdown element of their insurance policy. Is that an issue that is reflected across the board in Northern Ireland? Are you aware of the situation? Have there been continual conversations with those breakdown companies to ensure that policyholders are adequately covered?

Mr Ross: That is the first time that I have heard of that aspect. I suggest that, if members have constituents who have been affected by that, they get in touch with me, and I will look at that. However, if insurers are providing breakdown cover as part of a policy, that would normally be a bilateral arrangement between the insurer and the breakdown cover provider. You mentioned the AA, and there are others on the market. If you can share the details, I will be happy to look into that and come back to you.

The Chairperson (Mr Buckley): I appreciate that. That has potential to be a wider issue, particularly as we move towards the winter months when breakdown cover is leant on more than at other times of the year. Breakdown cover organisations such as the AA or others cite that, because an MOT has expired, their breakdown coverage does not apply. It is an issue that you could take up for the Committee. We will also write to you about that specifically to see whether you can take that up to ensure that that does not happen. I will go to members now.

Mr Boylan: Alastair, thanks very much for your presentation. Are you aware of any insurance provider that is not recognising the unique circumstances of the backlog and accessing MOTs?

Mr Ross: As I said, the ABI does not represent the entire insurance market. We represent the bulk of the companies that provide insurance in Northern Ireland but not every one. All the major insurers that

I have spoken to on the matter are aware of it through the briefings that were provided to them. They say that motorists should not be penalised where it is a situation beyond their control.

The short answer is that I am not aware of any that do not recognise the circumstances. However, if you have details of any, I will be happy to look at those, and, if they are ABI member companies, I can certainly raise it with them and look into that.

Mr Boylan: I appreciate that. Obviously, the question was hanging there, and I could not resist asking it, because there may be such situations.

Let me move on to the next question. You are right about responsibility. You need to keep your car roadworthy. You mentioned tyre tread checks, lights and all those things. Are you aware of any specific incident where somebody was not covered? Has that raised its head? I am just being the devil's advocate here. If somebody was unfortunately involved in an accident of some description, where is the test in all that? Many of us know that, for years, you needed to have tax, insurance and the MOT certificate. All of a sudden, these unique circumstances presented themselves. I just wonder whether, in those circumstances, you are aware of any incidents in which people were not covered.

Mr Ross: Not that I can recall, going right back to January of last year. You are right: these things could happen. However, I think that, if they had happened, they would have been raised through the Assembly or picked up in the media. I have not seen any indications of that in Northern Ireland. If you are aware of examples, please share them with us.

Mr Boylan: OK. Thank you very much.

Mr Muir: Thank you, Alastair, for joining us. One of the benefits of these virtual meetings is that you are able to join us without having to fly across to be in Parliament Buildings. In some ways, things have changed for the better.

I have two questions. One touches on the MOT situation and the backlog of tests, which has been raised. Let us be clear that responsibility rests with DVA to tackle that backlog and to give people MOT certificates. There are a number of issues. For example, my MOT is due in January, but I am able to go online only next week to book a slot. If I were able to do that earlier, I could have that sorted and have an appointment in place.

An issue about road safety, which my Committee colleague Roy Beggs has also raised, is whether temporary exemption certificates (TECs) can be issued for newer vehicles. I am interested to know your view on the issuing of TECs for newer vehicles and whether you feel that the Department should be able to explore that to help it to deal with the issues. Perhaps you would answer that first. My other question is about HGV drivers.

Mr Ross: The issuing of temporary exemption certificates is not a suggestion that has been put to us. That is the first that I have heard about it. We would certainly have a look at that, if you can provide more detail. The issue here is the roadworthiness of the vehicle, as I said. The MOT provides a check on whether the vehicle is safe and roadworthy at that particular point, but it is then important to keep checking and to carry out the checks that I mentioned to make sure that the vehicle continues to be roadworthy. You would expect that, in newer vehicles, there would be fewer of those issues, but they may still present themselves in things like the tyre tread wearing down if you have done a high mileage. It is not something that has been raised with us yet. I should probably take that away to consult the members and take a look at the detail to understand that.

In your situation, you are obviously doing the right thing in planning ahead and trying to book as early as you can. The advice that the DVA has given to us and others is to get in and book an appointment as early as you can but then keep checking to see whether earlier appointments become available. It advises us that it regularly releases more appointments as capacity improves. Hopefully, people in a situation that is similar to yours can plan in advance. It may be that the first appointment that they can get is after their MOT expires, but, if they keep checking, they might be able to get an earlier appointment, and then it should not be an issue.

Mr Muir: Thank you. I appreciate that. Roy will probably come back to it.

On the point about HGV drivers, getting people into the industry and retaining them in it is a real issue for the sector. I question you not about retaining people in the industry but about getting people in. A

particular problem is that HGV driving is not considered as a career option by young people because of the insurance issues: the costs for operators of insuring people under the age of 25. It is a real issue. We need to get people into the industry, and the industry needs to attract and then retain them. The cost of insurance is a key barrier and is the reason why a lot of people in the industry do not employ people under the age of 25. What is the insurance industry doing and what more could it do to provide more affordable insurance for drivers under the age of 25?

Mr Ross: I certainly appreciate that action needs to be taken to tackle supply issues with HGV drivers across Northern Ireland and other parts of the UK. The problem has been well publicised, and we are all well aware of it. It is important to ensure, however, that the steps taken to bring new and potentially younger HGV drivers into the supply chain and onto the roads do not compromise the safety of other drivers and road users more generally.

You touch on the level of risk that younger drivers present. Motor insurance pricing has to reflect the level of risk involved. Unfortunately, the fact is — the data shows — that younger drivers are at greater risk of being involved in a serious road accident, regardless of the type of vehicle that they drive. Our best advice for people in the position that you described — young, newly qualified HGV drivers — is to speak to an insurance broker, who will be able to look at the market and explore all the possible insurance options for individual drivers or for the fleet in which they work and their fleet manager.

We are not aware of specific problems with young HGV drivers accessing motor insurance. Motor insurance is available. We are aware, though, that the premiums will reflect the risk, so I appreciate the distinction that you made at the start between affordability and availability. As I said, we are not aware of specific problems in the Northern Ireland market or the wider UK market. Certainly, the Department for Infrastructure has not raised that during our discussions as an issue in Northern Ireland.

Mr Muir: From our engagement with the industry, it is fair to say that the issue has been highlighted. There is a concern to which I want to know your response that most insurance companies adopt the same policy. Why are they all aligned on this? It is a real issue. I understand the point about risk, but there are ways to mitigate that through telematics and other IT measures. Why is that not being explored? Until we address the issue, young people will not consider HGV driving as a career. That will affect our economy and our communities across Northern Ireland, so we need to get real and turn this around. I understand what you say about risk, but I am not getting the feedback that there is a full exploration of how to mitigate it or an explanation of why all the companies are aligned on the issue. There is obviously a pricing arrangement around it, but the result has been that the industry cannot afford it.

Mr Ross: To be clear, I am not aware of any industry agreement on that for Northern Ireland or for the rest of the UK. I am cautious about any references to pricing arrangements in view of competition law. The pricing of motor insurance is a decision for individual companies, and each will have a slightly different approach. You are absolutely right to mention mitigation measures such as telematics, which can be very effective with young car drivers. I am not immediately aware of how telematics applies to HGV drivers, but the same principle operates, and it would be easy to do: telematics would gather the data that demonstrates how safe a driver a person is, and that data could then be fed into future insurance premiums. There are a lot of factors at play, however.

As I said, the issue has not been raised with the ABI, but, if you have information about it or can put me in touch with people who have concerns, we can pick that up offline. I am keen to understand the specific concerns. There are a number of factors that go into underwriting and pricing premiums for motor insurance. Those take account of things like the data, which, unfortunately, as I said, shows that younger drivers are more likely to be involved in serious accidents that result in significant injury as well as damage to vehicles. The statistics are there and will be fed into the pricing.

Another relevant factor for motor insurance premiums that is more specific to Northern Ireland is the personal injury discount rate. That is set by the Department of Justice, specifically for Northern Ireland. Earlier this year, the Department decided to set that at -1.75% , which is the lowest discount rate in the world. That would be applied in the event that a policyholder is involved in a serious accident, and it puts significant inflationary pressure on insurance costs and affects underwriting and premium pricing. The Assembly is looking at that, and the Committee for Justice is just finishing its scrutiny of the Damages (Return on Investment) Bill. If you will allow me one small plea, all that I would say about that is that that Bill really needs to go through; the Bill must be passed before the end of the current Assembly mandate. The discount rate in Northern Ireland is based on a flawed and outdated model. I

will not go into the details of that here — I have gone into those details with the Committee for Justice, so you can pick it up with it if you are interested — but it is really important that Northern Ireland has a new and fit-for-purpose method for setting that discount rate. When that is in place, we would expect that to be reflected in the premiums that people are charged.

Mr Muir: I have one last point on the telematics etc for HGV drivers. Will you come back to the Committee in writing and let it know whether the insurance industry has any understanding of whether that issue has been explored by the HGV sector? Would that be OK?

Mr Ross: Yes. I can send that information to the Committee Clerk. That is no problem.

Mr Muir: Thank you.

The Chairperson (Mr Buckley): Thank you.

Ms Kimmins: Alastair, thank you. Some of what I was going to ask has been answered.

Is the ABI in a position to give assurances that people's insurance will not be affected by the MOT backlog alone? Are there ways that we could publicise the position of insurers better so that nobody is in any doubt about their insurance status?

Mr Ross: Yes. I went on BBC Radio Ulster earlier this month to talk about that. Obviously, people who are listening to this evidence session will be aware of it, but, if there are other ways to promote it, we can look at those. I know that the DVA has regularly updated information on its website, and, as I said, the ABI has set out its position and communicated that through the media in Northern Ireland. If you think that there are other things that we can use to get that position through to drivers, please let us know.

The issues are twofold. As I said, on the one hand, insurers will not penalise motorists who cannot get an MOT or who are driving without a valid MOT when that is beyond their control. That is why, as I said, it is really important to book an appointment, even if it is after the MOT expires. The other half of the message — I apologise for repeating it — is that it is really important for drivers to maintain the roadworthiness of their vehicles. That is a legal requirement under an insurance policy. That is not terribly difficult to do, and I set out the measures and checks that they need to carry out. Those two aspects combined are really important. You cannot have one without the other.

Ms Kimmins: Thank you. If people contact their insurance providers directly, they will be able to update them, but there is maybe also a role for the insurers, who could send out a note or something to make sure that nobody is in any doubt about what is expected of them.

That is all from me, Chair. Thanks, Alastair.

The Chairperson (Mr Buckley): Thank you. Can the remaining members who speak be brief, succinct and to the point with their questions and responses? We have other business that we need to get to before we have to vacate the room.

Mr Beggs: Thanks for your update. My question is about the ramifications of not having an MOT. One of the issues with that is that you will be unable to tax your car. If someone drives an untaxed car, they risk a fine for driving an untaxed vehicle, failing to complete a statutory off road notification (SORN) etc. If they do that, would they also be driving an uninsured car? If a car is roadworthy, would the insurance still cover it?

Mr Ross: Thanks for that question. I will try to be brief in my answer. I will not touch on the tax aspects because I am not a tax specialist or a representative of the Driver and Vehicle Licensing Agency (DVLA) or anything like that. As we have said, the important thing is to make sure that the vehicle is roadworthy — apologies for repeating this — and that motorists do what they can to sort out their MOT. I described a situation in which a motorist gets a booking after their MOT has expired, and it is worth letting your insurer know about that situation. The insurers have said that, if the situation is beyond the control of the motorist, the cover should still be provided, and there should be no penalty for that. The opposite of that is someone who says, "The system is really bad. I can't even book a test, so I won't do that". Booking a test is within a motorist's control, so such an approach should not be

taken. Motorists should be able to demonstrate to their insurer that they have done all that they can to book a test before their MOT expires.

Mr Beggs: I take it that, whether a vehicle is taxed or not, it is insured as long as the vehicle is roadworthy and the motorist has attempted to get an MOT.

Mr Ross: Yes. As I said, tax is not our responsibility as insurers. However, the points that you have summarised are the priorities for insurers.

Mr Beggs: Thank you.

Mr Delargy: My question follows up on Liz's point. Do you foresee a situation where insurance prices will be impacted?

Mr Ross: It is difficult to say what future insurance premiums will be like. Northern Ireland has different factors and effects than other parts of the UK. As I mentioned, the Department of Justice's decision on the discount rate is having a significant impact. There are also cost factors such as the increasing cost of repair bills. If you are involved in an accident, the sophistication of the technology now used in cars means that it tends to be more expensive to repair them. There are supply issues with spare parts after the UK's departure from the European Union. There is the cost of compensation, including the legal costs. As a result of the legal system in Northern Ireland, that tends to be more significant than in England, Wales or Scotland. There are a lot of different factors, and that is a long way of saying that I cannot make predictions on the way that insurance premiums are likely to go.

Mr Delargy: To clarify that, will the specific issue of the MOT backlog have an impact on insurance prices?

Mr Ross: To be honest, that is not something that anyone has raised with us. The DVA updates show that it is getting through the backlog as quickly as it can. Hopefully, we will see that being resolved in the coming months and revert to the previous situation.

Mr Delargy: As we are pressed for time, can you give me a yes or no answer? Will the MOT backlog have an impact on prices?

Mr Ross: I am not aware that it will.

Mr Delargy: Thank you.

The Chairperson (Mr Buckley): Alastair, thank you for taking the time to come to the Committee this morning. That was a useful session. Any follow-up points will be provided by the Clerk.

Sorry, Cara. Do you have a question?

Ms Hunter: Just a quick one, if there is time.

The Chairperson (Mr Buckley): Yes.

Ms Hunter: Thank you for being here this morning, Alastair. I have a quick question on the back of Liz's question about the communication of policy flexibility. I welcome the fact that ABI is doing what it can to promote communication on the matter. Can the Committee or MLAs do anything better to ensure that the public engage with their insurers?

Mr Ross: Sessions like this will be helpful because constituents with queries can refer to the discussion we have had this morning. The DVA is the lead government agency for information and advice, and we have been happy to cooperate and support it. The DVA has also worked with the PSNI. We are open to ideas and suggestions about working together to promote the message. The more we can promote messages about road safety in order to reduce accidents, the safer the population will be on the roads, and we can reduce the number of motor claims to insurers. We are always open to suggestions about how we can work together.

Ms Hunter: That is great. Thank you.

The Chairperson (Mr Buckley): Alastair, thank you very much.

Mr Ross: Thank you for your time.