

Motor insurance

When do you need motor insurance

While driving or parked on a public road

If you drive your vehicle on the road, or leave it parked in the street, the law says that you must have motor insurance. It is a criminal offence not to insure your motor vehicle.

The police can ask you to show them your insurance certificate or cover note. If you can't produce the right document on the spot, they will give you seven days to do so at a police station of your choice.

If you are stopped under the 'fixed penalty system', the police can tell you which police station you must go to. If you can't produce a document within seven days, the police can seize your vehicle and sell it (although you can claim back the proceeds of the sale)

While keeping a vehicle off a public road

If you keep your vehicle off a public road, even if it is in your driveway, garage or away from your home address, the law says that you must have motor insurance.

You will not need to have insurance if your vehicle:

- has a valid Statutory Off Road Notice (SORN)
- has been kept off a public road since before 1 February 1998
- has been scrapped, stolen or exported and proper notification has been made
- is in between keepers
- is held in stock by an authorised motor dealer

You can make a SORN using a V14 application form which is available from Post Offices or online at www.direct.gov.uk/vehicletaxrefund.

If your vehicle appears to be uninsured, you will receive a letter from the Motor Insurers' Bureau (MIB). This letter will tell you that you are uninsured and warn you to either:

- insure your vehicle or
- ensure that your insurance company has correctly entered the correct insurance policy details on the MIB database (MID).

If your record does not appear on the MID, then you should contact your insurance company immediately to get the MID updated. You can check the MID for free at: www.askmid.com.

If you do not insure your vehicle within a specified time the DVLA will give you a fixed penalty. If you still fail to insure your vehicle it could be clamped, seized and destroyed or you could be taken to court. If you think that there has been an error you will be able to appeal to the DVLA, using their official complaints procedure.

You can find more information about what to do as a vehicle keeper on the Motor Insurers' Bureau website at stayinsured.askmid.com.

Choosing motor insurance

Before you buy motor insurance, decide who will be driving your car, and how much cover you would like. There are three main types of motor insurance:

Third party insurance

This is the minimum amount of insurance cover that you must have by law for your vehicle. Third party insurance only covers you for damage to someone else's vehicle or property, or injury to someone else in an accident which involves your car. This includes accidents caused by your passenger. If your vehicle is damaged in the accident you will have to pay for the repairs yourself.

Third party, fire and theft insurance

This includes third party cover and, additionally, damage to or loss of your car by fire or theft.

Comprehensive insurance

This includes third party, fire and theft insurance. In addition, it will also pay for repairs to your car. There is a range of extra cover that some policies provide, including:

- cover for your own death or injury, or that of your partner or other member of your family, up to a limited amount
- cover for your personal belongings if they are stolen from your vehicle or damaged
- cover for your medical and legal expenses
- hiring a replacement vehicle.

The cost of an insurance policy is called a 'premium'. Ask for quotes from several insurers to help you to get the best deal for your circumstances. You will need to compare:

- what each policy covers, and any **exclusions** (risks which are specifically excluded, for example, allowing drivers under 21 to drive your car)

- the amount of any **excess**. This is the first amount of any claim, for example the first £50, that you will have to pay yourself. Some policies allow you to pay a higher excess in return for a cheaper premium. Most young drivers (under 21 or 25 depending on the policy), and inexperienced drivers are expected to pay a **compulsory excess** which is higher than usual
- **discounts** offered, for example a 10% discount for older drivers
- the **no claims bonus** which increases for every year that no claims are made on your policy, up to a maximum amount. Most insurers will let you transfer the discount, if you want to change your insurer. You will also need to compare the amount by which your no claims bonus would be reduced if you made a claim
- any **policy restrictions**, for example, only named drivers are covered.

Things to remember

- you must give your insurer or the person who sells you the insurance as much information as you can about yourself and your vehicle. You must, for example, tell your insurer or the person who sells you the insurance about any driving convictions, any medical condition which could affect your driving ability, or any motoring accidents, even if you have not claimed on your insurance as a result. The information you give will affect the level of your premium, and whether your insurer will pay out on any claim
- if you want to include anyone else on your insurance, you must give details about them to your insurer, or the person who sells you the insurance
- you must tell your insurer, in writing, about any change in your circumstances, for example a change of occupation. You should tell them as soon as the change occurs, and not wait until it's time to renew your policy
- if you take out an insurance policy in your name, you should be the person who drives the vehicle most. If you take out motor insurance in someone else's name because it's cheaper, and they are not the main driver, the insurer can refuse to pay out on a claim
- if the vehicle has been bought on credit, the finance company will usually insist that it is insured in the name of the person who has taken out the credit agreement.
- Motor insurance policies normally run for a year. Your insurer does not have to send you a notice reminding you to renew, but most insurers do send out reminders

- When you take out or renew motor insurance, you will get a cover note at first. This will be valid for 30 days or until you get a copy of the full insurance certificate. **It is a criminal offence to drive without a cover note or full insurance certificate**, so do not rely only on a telephone conversation where someone has told you that you are covered
- You can cancel an insurance policy if you sell your vehicle, if it is stolen, or if it is written off. You should check your policy to see if you have a right to a refund of your premium.

When you may not be covered by your insurance

You may not be covered by your insurance if:-

- someone else, who is not included in your insurance policy, drives your car
- your car is found to be **unroadworthy**. Third party claims should still be accepted
- you have bought a stolen vehicle, even if you did not know it was stolen when you bought it. Third party claims should still be accepted
- you are driving someone else's vehicle
- you do not have a valid **driving licence**. Third party claims should still be accepted
- your insurer believes that you have been partly to blame for an accident, it may only pay part of your claim
- your insurance does not cover all your losses, for example time off work, personal injuries, vehicle hire, or excesses. You may be able to claim these expenses from the other driver, but you may have to go to court and may need legal advice
- your insurer has gone out of business and is unable to meet their claims. You may be able to get compensation from the **Financial Services Compensation Scheme (FSCS)**. Contact the FSCS on: 020 7892 7300. If your insurer is a member of Lloyds, contact the Lloyds' complaints department on: 020 7327 5693.

How to make a claim if your car has been stolen

If your car has been stolen, tell your insurer and the police immediately. Your insurer will wait a few weeks before settling your claim to allow time for the car to be found. Check your policy to see whether it covers the cost of **hiring another car** during this time. If you were paying your premium by instalments, you may have to carry on paying, even though you have no vehicle to insure. If your car is found after your claim has been settled, it will belong to your insurer. If your car is not found, your insurer will offer to pay you the **market**

value of the car, which is the amount you could have sold it for before it was stolen. This payment may bring your policy to an end, depending on the policy. You will not have the rest of your premium refunded, unless this is included in your policy. If you are not satisfied with the offer, try to get evidence that the car is worth more, by using car price guides or prices of similar vehicles in local papers. If your negotiations fail, you may wish to take further action. For information on how to take further action, see **How to make a complaint** in this fact sheet.

How to make a claim if your car has been in an accident

If you have an accident:

- never admit that it was your fault at the scene of the accident, as this could make your policy invalid
- exchange names, addresses, and insurance details with the drivers of the other vehicles involved, and get the details of any independent witnesses. If someone refuses to give you details about themselves or their insurance, your insurer may be able to trace them through the registration number of their car
- tell your insurer about the accident straight away, even if you do not intend to make a claim. If you do not make a claim for the accident, you will not risk losing your no claims bonus
- if someone has been injured you must produce your insurance certificate (or cover note) to a police officer or anyone else with reasonable grounds for wishing to see it. If you cannot do this at the scene, you must produce it at a police station within seven days. If you don't do this, the police can seize your vehicle and sell it (although you can claim back the proceeds of the sale).

Third party, and third party fire and theft policies

Third party and third party fire and theft policies do not cover accidental damage to your car, but they may cover damage or personal injury to the other party, depending on who is to blame for the accident. Always make a claim against the other party first, and allow the insurer to decide who is responsible for the accident. If they decide that you are responsible, you will have to pay for the repairs yourself.

To make a claim from the other driver, write to them saying that you intend to make a claim from them. Say that you hold them responsible for the accident and ask them to tell their insurer. Tell your own insurer that you are claiming from the third party. The other driver must report the accident to their own insurer before the claim can be dealt with. The insurer can only act on the instructions of their own policy-holder. You can find out if there is an insurance policy covering the other driver's vehicle, by looking up the **Motor Insurance Database**. You can access this by contacting the **Motor Insurer's Information Centre** (tel: 0845 165 2800, website: www.miic.org.uk).

If the driver was uninsured, or cannot be identified, the **Motor Insurers Bureau (MIB)** may be able to settle your claim. In certain circumstances, an insurer may be able to deal with your claim, even where the driver is technically uninsured. To find out more about these circumstances, contact the MIB on 01908 830001.

Comprehensive insurance policies

If you have a comprehensive insurance policy, you should claim from your own insurer. Be aware that you may lose your no claims bonus if your insurer is unable to recover the money from the other driver's insurer. You will still need to claim from the other driver's insurer for any injuries you have suffered or any losses which are not covered by your insurance policy.

To make a claim, get a claim form from your insurer, or write to the other driver or their insurer, giving full details of the accident and the driver's policy number. Tell the insurer about any independent witnesses, and send them any witness statements as soon as possible (you will need to provide estimates if you are claiming on the other driver's insurance). If you used a broker or an agent to buy your insurance policy, they may help you to prepare your claim. Be sure to **keep copies of all documents**, including letters, claim forms and statements.

Don't arrange to have your car repaired without the insurer's permission, as you will be responsible for the cost. The insurer may ask an engineer or a motor claims assessor to inspect your car, and use an approved repair firm to carry out the work. Alternatively, you may be asked to get estimates yourself, and send them to your insurer for approval before you can go ahead with the repairs. You may have to pay part of the repair costs yourself if your vehicle ends up in a better condition after it has been repaired than it was before.

Driving abroad

You will have third party motor insurance to drive in any **European Union (EU)** country, as long as your policy was bought from any EU-based insurer. This includes those based in the UK. However, third party cover is often inadequate, and it is advisable to contact your insurer to arrange extra cover.

Your policy may also give you third party cover to drive in some **non-EU countries**. Check with your insurer to see if the country you are travelling to is included in your policy. If it is not, you will need to take out extra cover.

Your insurer can issue you with a **green card** to show that you have increased insurance cover. Some countries abroad require you to have a green card.

If you hire a car in the USA, check the level of insurance cover you have been given. If it is only the basic minimum, it may not be enough to cover the full costs of any claim. You should buy extra cover, including **collision**

damage waiver insurance. If you do not have collision damage waiver insurance, you may have to pay for any damage to the hire vehicle, even if it is not your fault.

Motor cycle insurance

There are two different types of motor cycle insurance:

Specified cycle policy

This is the more common type of motor cycle insurance policy. It insures you to drive one specific motor cycle.

Rider policy

This type of policy insures you to drive any motor cycle up to a certain cc rating, with the owner's permission.

Motor cycle insurance is usually limited to one person only. If you want someone else to drive your motor bike then you must either name them on your policy, or make sure that they have their own motor cycle insurance. There is usually a compulsory excess on motor cycle insurance, and you do not generally get a no claims bonus.

How to make a complaint

If you have a problem with your insurance policy or an insurance claim, write to your insurer first, giving details of your complaint, and how you would like it to be resolved. If you are not satisfied with the response, make a formal complaint, using their official complaints procedure.

If you are not satisfied with the outcome of the formal complaints procedure, consider taking the complaint further. All insurers must be covered by the rules of the financial watchdog, the Financial Services Authority (FSA). This means that if you have a complaint about an insurer, you can take it to the Financial Ombudsman Service. This is a free service available to policyholders who have already followed their insurer's complaints procedure. The Financial Ombudsman will try to resolve the complaint through mediation. If the dispute cannot be resolved this way, the Financial Ombudsman will begin a formal investigation. The final decision given at the end of this investigation is binding on your insurer, but if you do not agree with it, you are free to take your insurer to court. For more information about the Financial Ombudsman, you can visit their website at www.financial-ombudsman.org.uk, or phone them on either:

- **0800 023 4567** free for people phoning from a "fixed line" (for example, a landline at home) or

- **0300 123 9 123** free for mobile-phone users who pay a monthly charge for calls to numbers starting 01 or 02.

If your insurer is a **member of Lloyds**, contact Lloyd's Complaints Department on: 020 7327 5693. If you are not satisfied with the outcome of this complaint, complain to the Financial Ombudsman.

If you have tried all the options for resolving your complaint through the complaints procedures, but have not met with success, or if your insurer is based outside the UK, you may want to consider taking legal action. However, you should only consider going to court as a last resort. This is because the amount of compensation a court may award you could be reduced if you have not tried other ways of resolving the problem before taking legal action.

Before taking legal action, you need to consider whether you have sufficient evidence. If you are taking your insurer to court, you will have to prove that your claim is covered by your insurance policy, and you may have to provide expert evidence. Alternatively, you may want to consider taking the other driver to court, if they were at fault. You will also need to find out whether the person or company you are suing is solvent.

Your local Citizens Advice Bureau can give you advice on insurance problems, and on how to take legal action. To search for details of your nearest CAB, including those that can give advice by e-mail, visit www.citizensadvice.org.uk.

Other information on Adviceguide that might be helpful

- Insurance
- Alternative dispute resolution

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