Ms Louise Ellman MP  
Chair, Transport Select Committee  
House of Commons  
London  
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Dear Louise

Thank you for your letter dated 7 March regarding the Transport Committee’s inquiry into vehicle fires. Please accept my apologies for the delayed reply – the questions you raised required significant research and consultation with our members and Thatcham Research.

I read the Committee’s report Vauxhall Zafira Fires, published 28 April, with considerable interest and would welcome the opportunity to explore its recommendations further with the incoming government and relevant departmental and industry bodies.

Even though the inquiry has come to an end I would still like to take the opportunity to address your questions in the paper attached. The answers I have provided reflect our best understanding of how vehicle fires are dealt with by insurers, recognising that approaches and approaches vary across the industry.

General comment on the inquiry into Vauxhall Zafira fires

I want to emphasise that the insurance industry fully understands the safety concerns the public, and the Committee, have regarding poorly built or maintained cars. The Committee is right to investigate what more can be done to ensure underlying faults with vehicles are identified quickly as well as the role played by all groups affected by this process.

The first priority for the insurance industry is providing vital protection for individuals and businesses affected by vehicle fires by ensuring they are appropriately compensated for any injury or financial losses they sustain, and ensuring that owners of these vehicles are able to get back on the road as soon as possible.

The industry works with manufacturers and regulators on a range of safety issues, including through allowing access to insurer-owned data that may help inform their decision making. However, the insurance industry can only ever play a limited role in addressing concerns relating to underlying faults with manufacturing processes and the regulation of new vehicle designs.

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The ABI is not in a position to comment directly on how the ongoing issues with the Vauxhall Zafira model have been managed. However, having followed your inquiry, it is clear that there are clearly a number of technical challenges associated with this vehicle model. Given that the technological issues were not satisfactorily resolved after two product recalls, it is highly unlikely that an insurer conducting an inspection of a single vehicle would be better placed to identify the underlying cause of a fire.

I have provided answers to your specific questions below after consultation with Thatcham Research, the insurance industry funded and Euro NCAP approved automotive research centre specialising in vehicle safety technology, vehicle security and crash repair.

**Inspection of Vehicles**

1. Inspecting a vehicle to determine the underlying causes of a fire requires a detailed forensic inspection of that vehicle. In many cases, a vehicle fire will cause such damage as to destroy any evidence that would indicate the cause of a fire.

   As I explained in my letter dated 27 January, the engineers who inspect vehicles involved in serious incidents on behalf of insurers perform an important function. They inspect the level of damage and assess whether it would be appropriate to repair the vehicle and return it to the road. The purpose of the Salvage Code of Practice is to ensure that vehicles not considered safe for repair are classified appropriately and are not returned to the road when it is unsafe to do so, thus providing important protection to the driving public.

   However, these engineers do not have sufficient expertise to perform the kind of forensic inspections that would be required to understand the underlying causes of a vehicle fire.

   It would not be feasible to arrange for an engineer with this level of specialist skill to inspect every fire-damaged vehicle. In practice, the insurance industry simply does not have access to the numbers of trained engineers that would be required to perform this task. Evidence provided to your Committee suggests that the number of suspected fires caused by flaws in the design of the Zafira is 287. Though clearly far too many, this is only a tiny proportion of the estimated 100,000 vehicles fires that happen each year. Given the considerable resource, time and expertise entailed in performing forensic vehicle inspections, the overall cost of performing a large number of inspections would considerably outweigh the very limited number of potential recoveries and would have a negative impact on the cost of car insurance.

2. The insurance industry does not, to our knowledge, track the number of requests made by manufacturers to inspect individual vehicles. Therefore we are not able to state how many such requests have been accepted or declined.

   As set out in my response to your first question, it is very rare for an underlying vehicle fault to be identifiable as the cause of a fire. Therefore, it is reasonable for an insurer
to seek to settle claims in an efficient manner that minimises cost and disruption for customers. This would include, where necessary, quickly passing the vehicle to a salvage agent in order to minimise storage costs.

We would expect insurers to accept any reasonable and timely request from manufacturers to inspect a vehicle and cannot see any reason why such a request would be denied if an insurer still had possession of the vehicle. However, it is important to note that an insurer’s ultimate contractual responsibility is to the premium paying customer, who is therefore entitled to prioritise finalising how their claim is settled over allowing a manufacturer access to their vehicle.

3. The ABI does not hold any information regarding the handling of individual cases between insurers and manufacturers, therefore we are not able to state how many such requests have been accepted or declined. We would be happy to consider with our members any specific examples of requests to access a vehicle that have been turned down.

4. As explained in answer to question 1, the engineers who inspect vehicles on behalf of insurers are not in a position to recognise when a fire has been caused by an underlying manufacturing fault. Therefore, for an insurer to consider whether they may be able to pursue a recovery against a manufacturer, they would likely need to have already received information from another source that there may be a fault with the vehicle that merits detailed investigation.

The insurance industry does not routinely request any additional information from DVSA on product recalls, beyond that which is in the public domain. If the Committee feels there is information that DVSA hold that insurers should have access to, we would welcome the opportunity to discuss this further.

5. As outlined above, the ABI does not hold any information regarding the handling of individual cases between insurers and manufacturers. However, our expectation would be that any successful settlement with a manufacturer would depend on being able to demonstrate conclusively that a vehicle fire was due to an underlying vehicle fault, which would require the vehicle to be available for inspection.

6. As stated above, we cannot foresee any situations where an insurer would suspect an underlying vehicle fault where the manufacturer was not already aware of the issue. If an insurer was aware that a particular vehicle model was already suspected to be prone to fires or have an underlying fault (because other cases had been reported), they may seek to conduct a forensic examination, provided that the vehicle itself had not been so badly damaged as to make this impossible.

Data Sharing

It is important to emphasise that it is not the role of the insurance industry to inspect every vehicle to understand the underlying cause of vehicle fires. The data the industry holds would
only be able to identify any issues after a clear trend has emerged (i.e. after the safety issues has already affected a significant number of consumers). For this reason, we believe the onus should be on manufacturers to monitor the real-world performance of their products and address any safety issues at the earliest possible stage.

However, I would like to reassure the Committee that the insurance industry is fully committed to sharing information and data that could help to improve public safety, and is already doing so. An example of this is the Motor Insurance Anti-Fraud and Theft Register (MIAFTR) database, through which the insurance industry voluntarily provides considerably more detailed data to DVLA than insurers are statutorily obliged to under the Road Vehicles (Registrations and Licensing) Regulations 2002, for the purpose of protecting the public from rogue elements within the wider vehicle salvage industry. In doing so, insurers go beyond other organisations who manage large numbers of vehicles, who do not provide the same level of information to future potential owners of these vehicles. Any suggestion, therefore, the insurance industry has been unwilling to share vehicle safety data is inaccurate.

Data sharing between the insurance industry and the Government should cut both ways. I’d like to take this opportunity to point out that, notwithstanding initial positive discussions with the industry, last year the DVLA rejected the ABI’s applications for additional permitted uses of the KADOE (Keeper at the Date of Event) System maintained by the DVLA. In light of the recommendations on data sharing by the Government’s Insurance Fraud Taskforce, this was a disappointing outcome. Allowing additional permissions would benefit both insurers and their customers by helping insurers in paying legitimate claims expeditiously; providing insurers with a legitimate justification to void a policy rather than cancel it, therefore lessening opportunities for fraudsters to initiate claims; and establishing the identity and tactics used by fraudsters with a view to referring their activity to law enforcement.

I have answered your specific questions below.

7. The MIAFTR database is managed on the insurance industry’s behalf by the Motor Insurers’ Bureau (MIB). Of the entries contained on this database, 2% relate to vehicle fires. The vast majority of entries (88.9%) relate to vehicles damaged after a collision or accident. Of the remaining entries, the cause of the damage was unknown in 8% of cases and a small number are the result of water damage (0.7%) or vandalism (0.4%). These figures relate to records from 2009 onwards.

8. The insurance industry has no objection to the DVSA being able to use the MIAFTR database to inform its decision making, and indeed, I understand that DVSA are in active discussions with the MIB with regards to access to the database. As I am sure you will appreciate, any database containing a significant amount of personal and commercial data requires specific protocols to be in place before any new organisation has access. However, in practice, I do not expect there to be any significant challenges entailed in providing this access. The MIB are currently working with DVSA to establish what format the data should be provided in and how regularly they would want this.

9. As far as I am aware, neither Vauxhall nor any other individual vehicle manufacturer has held any discussions with the insurance industry with regards to access to MIAFTR
data. The ABI has regular engagement with the Society of Motor Manufacturers & Traders (SMMT), through which issues such as access to data can be discussed.

However, in my view, any form of data analysis would be best approached on an industry-wide basis via the DVSA. The information held on MIAFTR could not be used in isolation to identify the causes of vehicle fires, and the DVSA is best-placed to cross-compare the data against other sources of information. A process that could be considered further is allowing the DVSA to periodically review MIAFTR data and raise any findings with relevant stakeholders such as Thatcham Research and the SMMT. The DVSA would then be best placed to take action in light of any trends that appear.

10. The insurance industry does not currently routinely access vehicle fire data held by the fire brigade. We would be happy to discuss any proposals to share such data further. However, as with the MIAFTR database, my view would be that DVSA are best placed to cross-compare the various data sources available and determine whether further action is needed.

Yours sincerely

James Dalton
Director, General Insurance Policy