

27 January 2017

Louise Ellman MP
Transport Select Committee
House of Commons
London
SW1A 0AA

Dear Mrs Ellman,

In response to your letter dated 18 January 2017, please find below the Society of Motor Manufacturers and Traders' (SMMT) response to the Transport Select Committee's questions on the sharing of data between manufacturers and insurers in relation to the issue of vehicle fires.

SMMT response

Background – safety recall

In order to provide context to the Committee's questions and the issue at hand, we believe it would first be useful to describe the current safety recall process for vehicles, to make distinct the issue raised by the Committee.

The automotive industry has a robust and effective safety recall process in place. Mandatory registration of vehicles at the DVLA (whereby the registered keeper is recorded on the V5 certificate or "log book") means that manufacturers have a reliable route to contact the consumer in the case of the identification of a safety defect that requires a safety recall. Safety recalls are carried out in accordance with Safety Recall Codes of Practice covering vehicles and components, which are overseen by the DVSA.

As an industry, we are continually looking to enhance consumer awareness of the status of safety recalls on vehicles. For example, we are currently analysing the feasibility and effectiveness of the introduction of safety recall reminders when a consumer takes their vehicle for an MOT test.

An online look-up tool developed by SMMT in 2015 allows vehicle owners to check the safety recall status of a car or van at www.theMotorOmbudsman.org/vehicle-recalls by keying in the vehicle's Vehicle Identification Number (VIN). This service is free to use, gives advice on what to do if a safety recall is outstanding, provides the manufacturer's customer services contact details, and allows consumers to link to their nearest dealer online so they can book their car in for any necessary work.

Vehicle fires

The current issue surrounding vehicle fires, however, has brought to light a structural challenge in how vehicle manufacturers first become aware of issues which may be safety-related. This challenge is defined by the fact that vehicle manufacturers can only act to remedy a safety defect once they are aware of it, whether that be through customer feedback or their own testing, investigations and analysis.

Vehicle manufacturers utilise a number of processes to ensure they are alerted to vehicle fires which may have resulted from vehicle defects, ranging from engagement with insurers, with the fire and police service, the monitoring of social media channels and direct engagement with consumers themselves. However, the current issue has made clear that there is a gap in data flow on vehicle fires. SMMT has therefore been exploring the reasons for this and is looking into potential solutions with the Association of British Insurers (ABI). These discussions are currently at a preliminary stage as there are fundamental structural challenges, detailed below, which preclude any quick solutions.

An insurer's role is to evaluate and then pay out or dismiss a claim raised by a consumer. As a consequence, inspections of damaged vehicles do not extend to an analysis of whether a vehicle fire was caused by product defect, by circumstance, or by other reasons of which the most common is arson. This is the fundamental challenge in implementing a mechanism for the transfer of data from an insurer to a manufacturer - the process itself does not produce meaningful data. It is potentially possible to implement a mechanism for the bulk transfer of data on vehicle fires (although this is likely

to also have data protection implications); however, this would not serve any useful purpose. Manufacturers would not be able to use such bulk data to identify safety defects, as it would be too distorted by causes not attributable to the product.

Additional to this fundamental challenge are significant logistical and administrative hurdles that would need to be addressed. In order to investigate a vehicle prior to a claim being settled, a manufacturer requires the consent of both the consumer and the insurer. In this scenario, the consumer's priority is likely to focus solely on the settlement of their claim and therefore they would likely not welcome, or give consent to, any delay which an investigation would cause. In the scenario where an insurance claim has already been deemed valid, then the insurer will be the owner of the vehicle and will seek to sell the vehicle on to a salvage agent as soon as possible. It is therefore likely that the vehicle would be scrapped by the time the manufacturer was able to investigate it.

SMMT plans to further its discussions with the insurance industry to ensure that any mechanism that would be beneficial to the consumer on this issue, and that is logistically possible, can be implemented.

In addition to the above analysis of the structural challenges faced in resolving this issue, taken from SMMT's dialogue with members and insurers, SMMT sought out specific answers to the Committee's questions. A summary of SMMT's members' views on these questions is provided below.

We have heard from Vauxhall that access to data held by insurers on vehicle fire reports would be extremely useful to its own investigation of this phenomenon. To what extent would greater access to data held by insurers be generally welcomed by your members? How frequently do your members request such data from insurers? If such requests occur, how often are they refused, and on what grounds?

SMMT members would welcome greater access to meaningful data by insurers on vehicle fire reports that would allow them to establish patterns of any fire risk in their vehicles. Such data would only be useful, however, if it contained additional information, such as on known causes of the vehicle fire, e.g. arson, to isolate any product related occurrences. Due to the outlined structural issues, the data currently held by insurers would not allow such analysis, which is why the majority of SMMT members in the past infrequently or never requested such data. Members do not commonly experience any refusal of data, other than with requests which have data protection implications.

The Committee was also told that in some cases manufacturers are denied access to vehicles involved in fires by insurers. Do you have any data on whether this is an issue for other manufacturers? What reasons are given by insurers denying access to vehicles?

The majority of SMMT members did not articulate any examples of being denied access to vehicles by insurers other than for logistical reasons relating to the vehicle no longer being available for inspection due to scrappage/destruction. A minority of members did state that there was occasionally difficulty in securing inspections on vehicles, which should have been made available, due to administrative reasons such as miscommunication with the salvage agent. It was also noted that in some cases when manufacturer inspections had taken place, the vehicle had not been stored securely, which impacted upon the validity of the investigation.

Yours sincerely,



Mike Hawes
Chief Executive