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## **UNINSURED VEHICLES. CONTROLLING THE EXISTENCE OF MTPL POLICIES**

### **THE SPANISH EXPERIENCE**

The controlling of MTPL policies is a double role that affects the State and the insurance Market on two different levels: legal and administrative.

**THE ADMINISTRATIVE ACTIVITY** has to include:

System of control means the system established to make the effective control of insurance of vehicles or the way in which the competent authorities will act in each case in which a non insured vehicle has been detected.

Banning of circulation: The necessary stopping of non insured vehicles until the owner acquires a MTPL policy to cover the civil liability..

Penalties and fines: the different sanctions and fines or penalties for having a vehicle without insurance or to circulate without being insured.

### **THE SPANISH EXPERIENCE**

The Spanish MTPL law has been compulsory since 1965.

The National Guarantee Fund was created in 1962 and has covered the risk of uninsured vehicles since 1968. The National Guarantee Fund is a public entity with independent juridical personality and with financial capacity independent of the national wealth but assigned under the dependency of the Ministry of Finance. The National Guarantee Fund is financed by means of 3% of the total of the premium collected by the insurers.

In 1995 the FIVA was created as a public register composed of the data base of all insured vehicles in Spain. Each authorised insurer must provide daily information about the insured vehicles, the make and the type of vehicle and the number of the policy including the periods of cover.

The FIVA is administrated by the National Guarantee Fund under the authority of the Ministry of Finance. It is really a data base of all Spanish insured vehicles in which it is possible to find the number plates, the type and the make of vehicle, the policy number and the insurer

for this vehicle and the period of validity of the insurance cover. The cost of FIVA implementation in 1995 was 635,086€.

### WAY OF CONTROL:

By means of a system such as FIVA it is possible to access the list of non insured vehicles and the Traffic Police can check the real situation of those vehicles but in practice this method has not operatively started to work. Vehicles that are not in FIVA are uninsured vehicles.

The police traffic control, the Association of insurers and the tax authorities agree that the real level of uninsured vehicles in 2004 has been reduced in 12% of level in 2003 (16%), just to one million vehicles which represent 4% of total vehicles. The total number of vehicles in 2004 was 28.347.313 and the number of insurances issued by the insured was around 27.200.000 insurances.

The Statistic in 2004 that refers to the accidents caused by uninsured vehicles enables us to see 23.351 cases with payments and reserves of 59.225.525€. This is a 39% decrease in relation to the cost of damages in 2003.

The customs authorities have the responsibility to control the access to the national territory at the external borders with non-European countries.

The customs authorities reject access to the Spanish territory for vehicles belonging to third non-European countries if they are not in possession of a green card or one border insurance.

### PROCEDURE OF SANCTIONS, PENALTIES AND FINES.

. The Spanish Law shows two possible types of infringement:

- a) Circulating without proof of MTPL insurance in the vehicle. It is sanctioned with a fine of 60 €.
- b) Circulating without insurance is sanctioned with a fine between 601€ and 3001€.

### CONCLUSIONS:

- 1) THE ROLE OF THE STATE TO CONTROL UNINSURED VEHICLES AND THE ROLE OF THE INSURANCE MARKET MUST BE COORDINATED.
- 2) A SOLID LEGAL SYSTEM ENABLES THE EFFICIENT CONTROL OF THE INSURANCE OF VEHICLES.
- 3) AN OFFICIAL REGISTER (FROM THE STATE OR FROM THE INSURERS) WHICH DETAILS THOSE INSURED VEHICLES IS ABSOLUTELY NECESSARY.
- 4) A STRICT CONTROL BY THE TRAFFIC POLICE IN RELATION TO UNINSURED VEHICLES IS ABSOLUTELY NECESSARY.
- 5) AN ADMINISTRATIVE SYSTEM OF SANCTIONS, FINES AND PENALTIES MUST BE MAINTAINED AND ENFORCED.