



Comment on LBC investigation into uninsured PHVs

The LBC investigation is a shocking reminder that uninsured minicabs still operate in London, and continue to pick up unsuspecting customers with ease. With the number of PHVs having grown by almost 40,000 in less than six months, TfL enforcement officers are completely unable to keep pace and cannot possibly check every one of them is adequately insured at all times. More and more uninsured minicabs are slipping through the net, and TfL has no plan in place to address this.

“Operator insurance” – whereby the licensed operator, rather than the individual driver, is responsible for insuring the vehicle – would guarantee that every single minicab passenger in London is covered in the event of an accident, and be much easier to enforce. TfL proposed implementing operator insurance as part of its updated regulation of the PHV market, but last month announced it will not be taking this forward. In 2016, uninsured minicabs have no place on our streets. TfL needs to explain why it has no plans to introduce the simplest, quickest and cheapest way of guaranteeing that all minicabs in London are comprehensively insured. It’s a no-brainer.

Notes for editors

Why operator insurance

- Hire and Reward insurance is required by anyone wishing to legally carry people or their goods in return for payment. It is essential for couriers, hauliers, removal companies and taxi drivers.
- Without Hire and Reward insurance, passengers will not be covered in the event of an accident or loss while travelling in the vehicle.
- TfL proposed requiring operators to have Hire and Reward “operator insurance” in place (proposal 22 of the recently proposed private hire regulations), which would have meant that operators would become responsible for insuring all their vehicles as a whole. At the moment, it is up to drivers to insure their own vehicles.
- Due to the high cost of taking out a Hire and Reward policy (in order to be approved by an operator), Private Hire drivers are often tempted to cancel it once their license has been granted and replace it with the cheaper Social, Domestic and Pleasure (SDP) policy – this practice is very hard to crack down on, as evidenced by the enforcement statistics below.
- Introducing Hire and Reward operator insurance (TfL proposal #22) would have categorically ensured that all passengers travelling in a PHV in London are covered in the event of an accident.
- Operator insurance is supported by insurers, as it is the only way to guarantee that all of London’s 100,000+ PHV drivers are insured correctly.
- TfL is not intending to take this proposal forward, committing instead to “exploring” the idea of requiring indemnity insurance for PHVs. Indemnity insurance only provides cover for claims made against the driver, it will do nothing to ensure passengers are covered in the event of an accident. Therefore



it remains the case that passengers travelling in PHVs in London will continue to be at risk from not being insured in the event of being involved in an accident.

The benefits: for operators, drivers, passengers and other road users

- TfL and Police ANPR cameras can only pick up uninsured vehicles – they cannot differentiate between types of insurance – and so it is hard to clamp down on drivers cancelling a Hire and Reward policy and replacing it with a SDP policy.
- This is especially difficult since TfL has not increased enforcement activity, despite this being set out as a key objective within its 2014-15 Annual Report.
- TfL only takes steps to ensure that private hire operators' vehicles are meeting their insurance obligations “through routine compliance checking and investigations into specific complaints”.
- Introducing Hire and Reward operator insurance would make TfL's job much easier: instead of having to check close to 100,000 individual policies on an ad-hoc basis, the regulator would only have to check those of around 3,000 operators – a much more manageable task which can realistically be completed on a regular basis.
- It is also the quickest and simplest way to guarantee that drivers are appropriately insured, as upgrading TfL's compliance infrastructure – be it more advanced cameras or more enforcement officers – will cost the public purse and not deliver in the short term.
- Companies with a large number of drivers, such as Addison Lee – the second largest PHV operator in London and the largest in Europe – already abide by an operator policy.
- Operator insurance can also be extended to drivers who have their own car, increasing flexibility for PHV operators and drivers.
- Operator insurance would also lead to cheaper policies for individual drivers as a result of bulk-buying by the operator on behalf of drivers.
- Operator insurance can take into account the no claims bonuses of different drivers, so that careful drivers are rewarded with lower policies.