



FIVA. A Management Model

Juan Antonio Rodrigo
Technical department
MAPFRE Mutualidad

«Special emphasis is placed on the advantages that arise from the use of advanced information technology and communications techniques for the management of this database - as compared with the other more traditional paper-based systems used until now in other countries. The system allows immediate access to data, and minimal management costs.»

The computerised database of insured vehicles, henceforth referred to as FIVA (in Spanish this acronym stands for Fichero Informatizado de Vehículos Asegurados), to which all insurance companies send the daily information regarding changes (policy inceptions and terminations) in insured vehicles in their portfolio, has been set up in Spain to monitor the underwriting of compulsory third party liability motor insurance.

To provide the victims and those affected by road accidents the identification of vehicles involved, and to the state, monitoring of compulsory insurance compliance are the principal objectives of this database.

As an added benefit it is clear that this database also improves the handling and settlement of claims on the part of companies and the Consorcio de Compensación de Seguros* in its role as national guarantor to road accident insurance.

Special emphasis is placed on the advantages that arise from the use of advanced information technology and communications techniques for the management of this database - as compared with the other more traditional paper-based systems used until now in other countries. The system allows immediate access to data, and minimal management costs.

The inclusion of cover for third-party liability for traffic related losses within the lines of social insurance (health, pensions, workers' compensation, etc.), where the state accepts subsidiary liability to victims and those affected, is the determining factor in the existence of compulsory insurance and, consequently, systems to monitor compliance with this insurance obligation. The implementation of legislation facilitating aid to those affected has also been brought about by policies aimed at defending the rights of consumers and users in these types of policies. Databases of this type are made necessary by compliance with these aims in countries with this type of legal framework.

LEGAL FRAMEWORK

In Spain, the obligation to take out cover against motor third-party liability is imposed by Act 122/1962, of December 24, and the *Compulsory Insurance Proposal and Certification* models, which serve to verify the existence of that insurance was imposed by Ministerial Order of the Finance Ministry of May 13, 1965.

That legislation put the monitoring of this compulsory insurance into the hands of the government authorities responsible

for traffic, with fines of ESP 1,000 to 5,000 (EUR 6,01 to 30,05) to in case of non-compliance, with no other effective monitoring of compliance.

When Spain joined the European Union this led to the need to harmonise its legislation with the other member states. Therefore European Economic Community Directive 90/232 of May 14, 1990, on the approximation of the legislations of member states with respect to third-party liability deriving from motor vehicles established, in article 5, that it was obligatory for all member states to establish a system to guarantee that persons and others affected by a road accident would be assigned an insurance company covering all vehicles implicated in the accident.

The Regulation and Supervision of Private Insurance Act 30/1995 of November 8, through its 8th additional regulation and 13th stipulation incorporates the aforementioned article 5 of the Directive to the legislation which allows the national legislation to set the requirements, and form and frequency, with which insurance companies must present the corresponding information, as established through resolution of the Directorate General for Insurance of March 8, 1996 which was ratified by Royal Decree 7/2001 of January 12 which approved the Motor Vehicle Third-party Liability and Insurance Regulation which sets out:

- Firstly, article 23.2 creates the public automated database of personal information denominated FIVA - computer database of insured vehicles.
- Secondly, article 27.1 gives the database a dual purpose: on the one hand, as already detailed, to

* Regarding the functions with which this entity complies in relation to insured vehicles, see issue No. 21 of TRÉBOL.



quickly provide persons involved in a road accident with information as to the insurance company covering third-party liability risks arising from the vehicles involved, and on the other, to monitor compliance by owners of motor vehicles habitually used in Spain with the obligation to take out an insurance policy for each vehicle of which he or she is owner and which covers - up to the limits set by the legislation concerning compulsory insurance - the third-party liabilities of the driver.

- Thirdly, article 23.1 sets the obligation which insurance companies have of providing the Consorcio de Compensación de Seguros - which acts as national guarantor for compulsory third-party liability insurance - with information pertaining to vehicles insured with each one of them, including foreign companies trading in Spain through the regime of Right of Establishment or Free Provision of Services, defining periods, form and content of this information.

- Lastly, it establishes the authority of the Directorate General for Insurance to set the specifications pertaining to the specific information that must be recorded and the computer procedures for transmitting and consulting information.

It also authorises the transmission of information between the databases held by the central vehicle register of the Directorate General for Traffic and the FIVA databases for the general monitoring of compulsory insurance compliance.

CONTENTS AND PROCEDURES

With respect to the contents, the principal data are those pertaining to the vehicle owner's identity, his or her insurance company and the current status of the insurance. The formats of the risk identification (licence plate/chassis number) and all other information are duly codified and regulated in order to avoid possible inconsistencies in these data.

The information is sent through a file transfer system based on EDItran to the data-

processing centre which at present is administered by TIREA (Tecnología Informática y Redes para Entidades Aseguradoras, S.A.) which monitors and formats the records in accordance with the specific procedures which have been established. The process of record handling and formatting is completed with the designation of technical support and information technology personnel in order to solve possible incidences.

This is done on a daily basis on working days so that records are as up-to-date as possible, each insurance company sending policy inceptions and terminations occurring in their portfolio on the previous day (batch process).

The procedures used for consultation of the database by private individuals, insurance companies and institutions taking part in the resolution of accidents (government and judicial authorities) are also regulated. These consultations may be carried out by mail or by electronic means on declaration as being an interested party in the resolution of an accident.

PRESENT SITUATION AND FORESEEABLE DEVELOPMENT

In the year 2000 the number of policies in force registered were 21,688,686 and the number of database consultations (Est) were 625,000. The processing and communication costs are minimal and marginal, and companies they are compensated for because of greater ease in the management of claims in the case of a loss.

The main problems that the database has had in its development are as follows:

- Principally at the beginning, the normalisation and formatting of data sent by the companies. In some cases there was a lack of co-operation on the part of some companies. This is thought to be due to the fact that they may have considered, initially, that this database was just one more imposition on the part of the state, to the exclusive benefit of the state insurance guarantor which would possibly avoid being liable for a large percentage of losses caused by

uninsured vehicles. The situation has not turned out to be significant, since the amount of claims paid for uninsured vehicles has remained the same (ESP 9.8 billion, EUR 58.9 million) in the year 2000, with a variation of 0.1% with respect to 1999.

- Given the degree of changeover of policyholders between insurance companies, duplication or "multi-insurance", even of vehicles which are covered by two or more companies simultaneously, whether this be due to a period of grace, proposal, suspension of cover or other reason, the criterion which has been adopted is to consider the last communicated cover to be the one in force.

- There have also been cases of fraudulent use, in the respect that identified policyholder records have been obtained in order to use them as a commercial offering on the part of other companies when the policies are to be renewed.

- Lastly, as of July 5, 2001, the Directorate General for Traffic carried out its first compulsory insurance compliance campaign, where it was shown that, of a sample of 96,304 vehicles, 2,955 (3.06 percent) vehicles did not appear in the FIVA database - this confirms the initial estimate of the large number of uninsured vehicles on the roads.

It is thought that the interchange of information between FIVA and the Directorate General for Traffic's central register will take place during the year 2002, this will confirm whether the estimate obtained from the previously mentioned sample is real, as this would indicate the existence of around 700,000 uninsured vehicles.

With regard to the foreseeable development of this database, the determining factor will be the application of that laid down in with respect to Information Centres in article 5 of the 4th Community Directive (2000/26/CE) on motor insurance. This sets the obligation of providing identification of vehicles involved in an accident; this obligation is pending incorporation into Spanish legislation. ■