

European motor insurance directive: removal of Vnuk from UK law

On 21 February 2021, the government announced it intended to [remove the effects of the 2014 European Court of Justice's ruling in the Vnuk case from GB law](#).

The government has been clear since the ruling in 2014 that it does not agree with it. The decision directed the unnecessary extension of the provisions requiring motor insurance to private land as well as a greater range of vehicles that potentially includes motorsports, agricultural machinery and light electric vehicles.

This has led to excessive liabilities on the insurance industry and to potential increases in motorists' insurance premiums. Delivering on this commitment is a priority for the government and we will continue to explore bringing forward the necessary legislation as soon as parliamentary time allows.

The Hon. Member for Wellingborough has introduced a private member's bill entitled 'Motor Vehicles (Compulsory Insurance)' which aims to deliver the necessary legislative change. The government will follow passage of this bill with interest.

Background

Vnuk is a 2014 European Court of Justice (ECJ) ruling on the case of a Slovenian farmer, Mr Vnuk, who was knocked off his ladder by a reversing tractor-trailer on a private farm in 2007.

The ruling directed that the compulsory motor insurance requirement must be extended to include vehicles being used on private land, as well as a greater range of vehicles – potentially including those used in motorsports, agricultural machinery and light electric vehicles (LEV).

This contrasts sharply with the scope of the domestic compulsory insurance requirement (in GB) under the [Road Traffic Act 1988 \(RTA\)](#), which is limited to accidents on roads and other public places and has a narrower definition of 'motor vehicle'.

Implementing Vnuk would have been costly, in the region of £2 billion (covering existing motorcars, existing motorcycles, existing business vehicles, motorsports and other business), [according to the Government Actuary's Department](#) (GAD).

Focusing just on existing motorcars, GAD calculates that insurance policyholders could face an estimated additional cost of £1.227 billion if Vnuk was implemented – expressed as a potential increase in individual insurance premiums of around £50 for 25 million consumers.

In order to remove the impact of the Vnuk decision from GB law, primary legislation is required and a slot to introduce this will be sought at the earliest possible opportunity.