



Department
for Transport

Lord Davies of Gower
Minister for Maritime, International and Security

Great Minster House
33 Horseferry Road
London
SW1P 4DR

Tel: 0300 330 3000
E-Mail: Lord.davies@dft.gov.uk

Web site: www.gov.uk/dft

Baroness Bowles of Berkhamsted
House of Lords
London
SW1A 0PW

05 December 2023

Dear Baroness Bowles,

Automated Vehicles Bill 2nd Reading – Follow Up Letter

Following the recent 2nd Reading debate on the Automated Vehicles Bill held on 28 November, I am writing to provide further clarity and detail on the points you raised in the debate and address questions where through time constraints and volume of issues, I could not respond directly in my closing speech.

Insurance - Captives

You raised a point concerning captives. At the Autumn Statement 2023, the Government announced that it will consult on the design of a new framework for encouraging the establishment and growth of captive insurance companies in the UK, to ensure the UK insurance market remains a world-leading location for risk management services.

The purpose of the consultation is to gather views on proposals to deliver the right reforms to introduce an attractive and competitive new UK captive insurance regime that works for businesses. Key to this will be proportionate regulation that maintains the UK's high regulatory standards. The Treasury will continue to engage closely with the Prudential Regulatory Authority, the Financial Conduct Authority as well as industry stakeholders and other Government departments on these reforms.

Captives were not raised with the Law Commissions during their consultations as part of the Automated Vehicles Review, and we have not spoken with the Prudential Regulation Authority on the matter. We will consider with interest the evidence provided further to the Spring 2024 consultation on captives announced by HMT. We think to take a view on the matter now would be premature.

Insurance - Data Sharing and Transition Demands

You also asked a question on data sharing with insurers following claims related to transition demands.

Following a road incident, a claimant would notify the insurer. The insurer would first need access to data recorded by the vehicle to determine how the claim will be handled – i.e. whether the claimant has liability or should be treated as a victim. They would then follow the usual process for settling the claim by assigning liabilities between the parties involved and providing compensation to the victims.

The Secretary of State has the powers to create provisions in secondary legislation for the vehicle to record and retain data to determine liabilities, to ensure the insurer has access to that data (clauses 5 and 14), and to control the purposes for which that data may be used (clause 42). The scope of the data that will be required to be transferred under the regulations, rather than by arrangements in private law, will be subject to consultation. This will include the question of whether the relevant data will go beyond that necessary to settle individual claims. It would therefore be premature to consider what, if any, compensation may be appropriate.

Insurance - Access to Data

You asked the question of access to data for insurance purposes and commercial rights.

Data may need to be shared to ensure safety is maintained and operations such as insurance continue to function efficiently. However, data must remain properly protected. Self-driving vehicles will be subject to existing data protection laws in the UK, so manufacturers and government will have to ensure that data handling is compliant.

The Bill allows data to be requested for the defined investigative purposes, including the monitoring of self-driving vehicle safety and for investigation of incidents. The Secretary of State may make regulations authorising information gathered to be shared with other persons. These regulations will be subject to consultation and scrutiny by Parliament. It will be an offence for persons to share data or use it for other purposes unless authorised by those regulations.

The breadth of provisions under clause 42(7) means it is helpful to reflect on the right balance of safety, commercial interests, and personal data protection.

Proof of Safety Statistics

You also raised a question around proof of safety statistics for self-driving vehicles. We recognise that relying only on road tests to demonstrate the safety of a self-driving vehicle is insufficient, so alternative approaches, such as scenario-based testing and simulation, are required to supplement road-based testing.

In developing their recommendations, which now underpin the Bill, the Law Commissions also considered the work of the RAND Corporation, for example, the 2016 paper by N Kaira and M Paddock, titled “Driving to Safety: How many miles of driving would it take to demonstrate autonomous vehicle reliability?” [Driving to safety: How many miles of driving would it take to demonstrate autonomous vehicle reliability? - ScienceDirect](#) and several publications building on this.

Not all vehicle miles and scenarios are equal in terms of their complexity and risk. By focusing on the driving scenarios that are more challenging and pose a greater risk of harm, through intelligent selection of such scenarios, the number of miles needed to be accumulated to make an informed assessment is greatly reduced.

New assessment methods also have the potential to support our work in this area, such as simulation testing. Simulation in a virtual environment allows the vehicle to be tested against many challenging scenarios and conditions which may be encountered whilst driving on our roads.

Such scenarios can include those involving collisions, as well as events that are incredibly rare in the real-world and unlikely to be encountered during on-road testing. Simulation potentially allows for testing at greater than real time speed which again accelerates the accumulation of miles and the assessment process.

We also recognise the need to consider the choice of metrics when demonstrating safety, and not simply focus on a single metric such as the number of serious collisions. For example, where metrics can be a predictor of unsafe behaviour, demonstrating a reduction in these metrics can support an argument that a self-driving vehicle is safe.

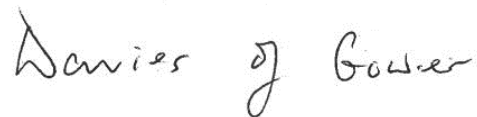
Where relevant and appropriate to do so, evidence gathered in other countries may also be accepted in support of an argument that a self-driving vehicle is safe for use on our roads. We will also look to take international learnings and safety trends into account.

The monitoring duty in clause 38 of the Bill requires the Secretary of State to put in place arrangements for effective and proportionate monitoring and

assessment of the future self-driving fleet. It also requires a report outlining the conclusions of the above.

Once again, I thank you for your interest on these issues and for their participation in the debate. Please do not hesitate to get in touch with my office to request further information.

I will place a copy of this letter in the Library of the House.

A handwritten signature in cursive script that reads "Davies of Gower". The ink is dark and the handwriting is fluid and legible.

LORD DAVIES OF GOWER