

## Critical Issues on Motor Insurance Claims

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Insurance acts as an important tool providing security to the society. As the premium paid by people are part of their savings, insurance acts in promoting savings and investments. This paper is focused on motor insurance and its critical issues in settling claims of road accidents victims. The deficiencies in transport related insurance claims, particularly, the fatal accidents, accidents at road construction sites and the growing problem of hit and run accidents are being discussed.

The aim of this paper is to educate the victims of road accidents and the general public that they need not silently suffer the damages/injuries caused due to someone else's negligence as they can always be compensated for such losses/damages through insurance claims. At the same time it creates an opportunity for insurers too, to expand their services to cover many important areas that are being highlighted.

A motor vehicle accident can disrupt one's life on many ways. This will create financial problems and emotional strain for the victim of motor accident and his/her family members. The paper identifies problems in motor insurance claims, such as;

- The stress of dealing with the insurance companies responsible for covering damages
- The insurer's attitude to pay the minimum when settling claims
- Non availability of specific guide lines in settling claims among the insurers
- Denying policy holders' claims
- Obtaining insurance policies only to satisfy the legal requirement under Motor Traffic Act
- People are unaware that claims have to be filed within the specified time if not, they have no claims
- The victims of road accidents at construction sites and hit and run accidents could also make claims against the parties responsible, though, this is not happening in practice.

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The paper will also discuss the critical issues in insurance claims such as disputes between the Insurer and the Insured, obligations of the Insurer - to explain the main benefits /before the contract is entered into, exclusion of claims treatment of policy holders, legal action required to recover damage, rigid litigation procedures, responsibility of road construction contractors and safety violations, deficiencies in Hit & Run Accident Claims and benefits for victims of pain and mental sufferings.

The following recommendations are identified as vital in promoting motor insurance not only among people live in urban areas but also among people in rural areas.

- Awareness programs to educate the motorists. Consumer education is also important to provide the motorists with the correct state of mind for careful driving to prevent accidents. The public should also be educated on how they should report traffic accidents and also be educated on insurance matters.
- Driver training and testing programs
- Introduction of New Laws and Regulations
- Proper guide lines and procedures in settlement of claims
- Consideration of claims for pain and mental sufferings
- Awareness programs regarding insurance claims for victims at road construction sites
- New Payment plan for road accident victims younger than 18 years and over 65 years of age. This is a serious issue since these groups of people are not covered as they have no earning capacity.
- Keep in view the no-fault claims – No fault claim should be kept in view as it has its merits and drawbacks.
- On line information to minimize delays in obtaining insurance claims and to find information for people who are interested in insurance.
- The successful implementation of the above recommendations depends on the cooperation of all stakeholders to play their part responsibly to deal with the issues.