

## **Summary of recommendations from the Seminar on ‘Role of Insurance in Road Safety’**

1. In the deliberation during the seminar on **‘Role of Insurance in Road Safety’** held on 12<sup>th</sup> July, 2014, it was brought out by the Insurance Companies that the quantum of third party insurance amounts fixed by IRDA are very low, as compared to the claims perceived and needs upward revision on priority. The Insurance Companies are prepared to collaborate to enhance safety on the road, provided their concerns are addressed. The Insurance Companies highlighted the following difficulties and concerns:
  - The insured does not inform about the accident to the insurer and does not cooperate with the insurer, thereby weakening their position before the Tribunal.
  - Fraudulent and inflated claims are prevalent as a result of nexus between police officials, doctors and insurance officials.
  - Section 158(6) of the MV Act, 1986 mandates that the insurance companies are informed about an accident by the Police authorities. However, this is not being followed.
  - Supporting documents like RC/DL/Permit etc. are not made available to insurance companies for settlement of claims.
  - Premium rates for Third Party motor insurance is very low as fixed by IRDA and this pricing completely mismatches with the claims being paid.
  - Insurers do not have any authority to increase the premium in view of high claim payout. This makes their business unviable and eats into their resources.
  - Average time taken for settlement of claims in MACT/Courts is 3-5 years. The awards are liberal and very high for insurance companies. Awards, up to Rs. 14 crores have been made. There is need to put a ceiling to such claims.
  - There is no provision in MV Act for relief to road accident victims.
  - There is general lack of implementation of road safety measures.
2. The concerns of road users and Trauma Care Specialists, so far as role of insurance companies is concerned were also highlighted by speakers as under:
  - In many other countries, insurance companies carry out a number of activities pertaining to road safety measures, so as to reduce accidents and to reduce claims.

- There is need for increase in the number of trauma care centres, for proper treatment of traffic related injuries. At present the numbers are too little considering the no. of accidents and the spread in the country.
  - First Aid training, with proper emphasis on road accident victims should be imparted very liberally, which will have high impact on reducing the injuries and deaths.
3. Based on the concerns expressed by the Insurance companies, road users and Trauma Care Specialist, the following recommendations emerged at the Seminar for consideration and implementation:

**A. Recommendations to address Concerns of Insurance Companies**

- i) The compliance to third party insurance is reported to be low (about 50%) in India. For ensuring total compliance, it should be made mandatory for all vehicles (private and commercial), to pay one time insurance fee for third party for ten years, in line with one time registration fee of vehicles. A lump sum premium towards third party insurance for 10 years may be charged at the time of purchase of vehicle and along with the RC, an insurance certificate may be handed over to the vehicle owner. To overcome the situation of existing vehicles on the road without third party insurance, the validity of insurance should be checked mandatorily during the annual inspection/maintenance of vehicles for ensuring compliance before issuing fitness certificate. Also this aspect may be taken as 'mandatory check' by Police during any traffic offence related interceptions.
- ii) Presently, there is no time limit for filing of claims after the occurrence date of accident. This leads to a possibility of a frivolous claim even after 10 years from the date of accident. A ceiling of one year for filing of claims should be prescribed in the M.V. Act.
- iii) Wearing of helmets by driver as well as pillion rider of two-wheelers should be made mandatory across all the States in India. Innovative designs of helmets which could be worn even under hot climatic conditions should be evolved for better compliance.
- iv) There should be provision of incentives to drivers who hold valid drivers' training certificate from a list of accredited training schools. Such drivers could be extended a 10% discount on the insurance premium for their vehicles.
- v) At present, relief to affected families take 3 – 5 years due to the lengthy process being followed. The process needs review and corrective actions to be taken to fast track disposal of such cases by setting up of Special Tribunals in large numbers. Detailed Accident Report should be made mandatory which will establish the validity

of the claims and will help screen fake claims. IRF has developed one such application 'RADAR' which is user friendly and can record all data promptly and correctly and could be adopted.

- vi) Limited Liability Concept is followed by the Insurance Companies in case of accidents (excluding death), which means the compensation is not commensurate with the magnitude of the accident/injury. This needs to be reviewed to provide sufficiently for rehabilitation of injured persons.

#### **B. Recommendations to address the Concerns of Trauma Care Specialists**

- i). Training of trainers for Post-crash treatment and Trauma care needs to be organized, as number of qualified persons available in the country is too little.
- ii). Number of institutions for Trauma care in a region may be increased on the basis of accident data in the said area.
- iii). First Aid training including handling of accident victims is necessary to be imparted to the community, especially to heavy duty vehicle drivers and the villagers living on the road side.

#### **C. Recommendations to address the Concerns of Road Users**

- i) Road Safety awareness programme, particularly regarding obeying of traffic rules and reduction of speed should be taken up regularly, as initiatives supported by Insurance Companies.
- ii) There is need for having more organized facilities for driver's training. Insurance companies may help in organising such facilities like Maruti Suzuki Driver Training Programme, which is already spread all over the country, to expand further to enhance their capabilities.
- iii) A formal partnership be put in place between the Insurance Companies, Auto Manufacturers' and Road Safety organizations to evolve and implement appropriate road Safety Programmes to enhance awareness and inculcate good driving culture.