




# **INSURANCE COMPENSATION OF STAKEHOLDERS INVOLVED IN ACCIDENTS**

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# **MOTOR VEHICLES ACT** **PROVISIONS**

- MV Act has preventive provisions for accidents like :
  - Drivers to be licensed according to the type of vehicles he drives, compulsory fitness certificate for commercial vehicles etc. to avoid accidents.
  - Apart from these, the Act also provides for compulsory insurance for all vehicles plying on road so that victims of accidents get 'JUST' compensation.



**DUTIES**  
**AND**  
**OBLIGATIONS**  
**OF**  
**VARIOUS AGENCIES**

# **POLICE AUTHORITIES**

Police Authorities have to provide information to the Insurance Companies as well as the Claims Tribunal within 30 days of accident with vehicular documents after investigating the accident as per Section 158 (6) of the MV Act, 1988.

# **TRANSPORT AUTHORITIES**

Transport Authorities have to ensure :

- Only duly licensed Drivers permitted to drive the vehicle according to the type of vehicle as per Driving License.
- Licensing of conductor of stage carriages
- Registration of vehicles by RTO.
- Fitness Certificate, Route permit etc. for commercial vehicles.

# **INSURANCE COMPANIES**

- Section 146 / 147 provides for the compulsory insurance for all vehicles so that victims are adequately compensated
- Unlimited liability
- Premium as per tariff

# COURTS

- The Motor Accident Claim Tribunal created under Section 175, to pass 'JUST' awards on merit of the case and not going by procedure of the Court provided for in common law.
- MACT adopts summary procedure
- Award to be complied within 30 days by Insurance Companies.

# **METHOD OF CLAIMING COMPENSATION**

- Victims file compensation claims in the MACT through a Lawyer.
- Notice sent to Insurance Companies and Witnesses.
- Insurance Companies file their view point through a lawyer.
- MACT hears both the sides and awards the compensation.



# **LEGAL AID FOR POOR AND ILLETERATE VICTIMS**

- Legal Aid scheme was introduced in 1971 under Legal Aid Committee.
- Those victims who are illiterate can approach Legal Aid Committee for getting legal aid for filing their case.

# APPEALS

- Appeals can be made to High Court either by the victim or by the Insurance Companies when not satisfied with the award. However, no new facts can be raised.
- Appeal to Supreme Court is also permitted.
- Claims can be lodged by the victims anywhere in India and also the limitation period not applicable.

# **DEFENSES AVAILABLE FOR INSURANCE COMPANIES**

- Only defense available for insurance companies is the driver driving the vehicle without appropriate license.
- Sometimes claims are lodged without appropriate insurance policies

# **PENDENCY OF CLAIMS IN MACT**

- Due to large number of cases as well as lack of adequate number of Claims Tribunals, huge number of claims are pending in MACT as well as in High Courts. The number of cases pending as on 31.3.2009 with all PSUs are 9,41,892.

# LOK ADALAT

- New mechanism provided to expedite cases outside the Court. Some States conducting regular Lok Adalats.
- Good success – large clearance of cases – however not adequate to clear all pending cases.

# **COMPANY'S INHOUSE** **CONCILIATION**

Apart from Lok Adalats, PSU Companies have set up In-house Conciliation Committees who welcome settlement of compensation by calling the victim and his lawyer to the Company's Office for discussion and arriving at mutually agreed compensation amount. The Conciliation Committee consists of medical expert / legal expert to expedite the matter.

# MV ACT - AMENDMENT PROPOSED

- The existing MV Act being amended after considering the suggestions from various stakeholders. Amendments include Table of compensation as an option
- Once introduced can go a long way reducing the pending cases.
- Details of Third Party Claims for the last 3 years :

<u>YEAR</u>	<u>TOTAL TP PREMIUM</u> (IN CRORES)	<u>TOTAL TP CLAIMS</u> (IN CRORES)
<b>2005-06</b>	414.76	747.02
<b>2006-07</b>	420.67	887.18
<b>2007-08</b>	529.55	892.69

# CONCLUSION

- Compulsory Insurance provides best protection with unlimited liabilities to the victims.
- Act Amendments, Lok Adalats, Conciliation Committees strive to expedite pending cases.
- With active involvement of all stakeholders including victims and lawyers it is possible to settle all the claims faster as insurance companies are truly willing to settle the claims.





**THANK YOU**