

48 hours to assess damage in third-party motor claims



Source: The Straits Times

Author: Christopher Tan

10/5/2011

MOTORISTS who file third-party insurance claims after an accident now have to contact the other driver's insurer before getting their vehicle repaired.

The new rule by the Motor Insurance Taskforce is another attempt to clamp down on inflated and fraudulent claims.

The other driver's insurer will have 48 hours to inspect the damaged vehicle. If it fails to do so, it automatically waives its right to contest the claim.

This rule applies only to third-party claims, under which a motorist claims against another person's insurance policy, rather than his own. The bulk of the money paid out by vehicle insurers comes from third-party claims.

The scheme addresses a shortcoming in the current system, where insurers are sometimes informed of claims weeks or even months after an accident. It is also expected to cut the waiting time before repairs can take place, as it forces the other party's insurer to inspect the vehicle promptly.

But mechanics are unhappy because they fear small workshops will end up being the ones that have to spend time and effort tracking down insurers' details.

The pre-inspection protocol was announced yesterday by Mr Derek Teo, president of the General Insurance Association of Singapore, a member of the task force. The other members are the Consumers Association of Singapore (Case), the Automobile Association of Singapore, the Land Transport Authority (LTA), the Traffic Police and the Monetary Authority of Singapore.

For added teeth, the new scheme has the backing of the Subordinate Court.

'If an insurer chooses to do nothing, it will have to indemnify the other party,' said Mr Teo, referring to the fact that the insurer loses its right to contest the claim. He added that the court can also penalise whoever does not comply with the new protocol.

Currently, claimants are not obliged to inform the other party's insurer before repairs take place. In fact, Mr Teo said, one common practice is for a claimant's workshop to hire a loss assessor, prepare a loss estimate on repairs, submit it to the workshop, and commence repairs.

Only then are a bill and supporting documents sent to the negligent party and his insurer - usually accompanied by a lawyer's letter. The defending party will then appoint its own lawyer.

Under the new protocol, which came into effect on May 1, the responsibility to contact the other party's insurer lies with the motorist, although in practice this is likely to be done by his insurer or the workshop.

Mr Teo said it is hoped that the move will mean fewer drivers need to resort to costly legal action.

Asked about the new protocol, Singapore Motor Workshop Association president Joey Lim said: 'We're not happy with it because the task force did not engage us even though we are a key stakeholder. Smaller workshops will have to go all the way to the LTA to obtain information on the other party's insurer.'

But lawyer Vijai Parwani said the protocol 'is a good initiative' that should settle clear-cut cases speedily.

Motor insurers have in recent years been trying to tackle the scourge of inflated and fraudulent claims, which have been blamed for rising premiums. Their efforts include requiring motorists to file an accident report - no matter how minor - within 24 hours, and to submit on-site photos of the vehicles involved.

They have met with some success. Last year, motor claims amounted to \$767 million. If the \$11.6 million attributed to flood damage was excluded, the sum would have been close to the \$742 million posted three years ago - even though there are now more cars on the road.

The task force is preparing to announce several other measures to put a stop to doubtful claims.

Case president Yeo Guat Kwang said task force members are due to meet again soon to finalise recommendations.

Elsewhere, insurers have worked with the law to prosecute several people involved in motor insurance scams.

In a recent case, Hamzah Karim, 45, a freelance insurance claims adviser, was jailed for three years for his role in trying to cheat three insurance agencies of \$266,830.