

SUMMARY OF THE ACTIVITIES OF ACCIDENT COMMITTEE

ACCIDENT COMMITTEE



Sitting from Left to Right:

Syed Haider Hassan (Vice-Chairman), Mr. Imran Ahmed (Chairman), Ms. Huma Waheed and Mr. Murtaza Barristor

Standing from Left to Right:

Mr. Faisal Arshad, Mr. Tariq Mushtaq, Mr. N.A. Usmani (Secretary General), Mr. M. Numan Shaikh (Suptt. Accident & Life) and Mr. Kashif Qayyum

- To update the member companies on the important periodical reports generated by the IAP online claims management system, graphical presentations of the reports (make wise, make & sub make wise and city wise) highlighting the top-5 for the period January to December 2017 were shared with members.
- Summary of data of snatched/stolen vehicles fitted with tracking devices for the last five years (2013 to 2017) was reviewed and finalized by the Committee and circulated to member companies for information.
- Summary of Motor Insurance business extracted/compiled from member companies' annual reports was reviewed and finalized by the Committee and posted on IAP website.
- As per market practice total loss claim is settled on market value or sum insured whichever is less. Previously the basis of settlement was not clearly mentioned in the Market Value Clause which created ambiguity/difficulty at the time of settlement of claims with the clients.

In view of above the Accident Committee with

the concurrence of the Executive Committee proposed amendments in the Clause for members' feedback. Further to this the amended Clause was adopted by the Committee with slight modification and made available at IAP offices.

- The Committee was informed that the cars insured under private car insurance policy being used commercially as taxis with 'rent-a-car' mobile App based services. The Committee was of the view that if the owner/insured intends to use the car for commercial/taxi purposes, this material fact should be shared with the underwriter/insurance company enabling underwriters to do the risk pricing accordingly.

The Committee therefore proposed a draft warranty namely (rent a car) Mobile Application Based Service Warranty for Attaching in Motor Policy to address the matter. Later it was adopted and its copies made available at IAP offices.

- The SECP in July 2017 informed IAP that the Ministry of Law has made observations on the amendments proposed by the IAP in Section 95 of Saved Chapter VIII of the Motor Vehicle Act, 1939, are difficult to comprehend. The Ministry had requested to re-draft the proposed amendments afresh.

In this regard two meetings of IAP representatives the Chairman, Vice Chairman and Ex-Chairman Accident Committee were held with SECP officials on 16th August 2017 wherein SECP officials explained Ministry's observations. In the second meeting on 11th September 2017, IAP legal advisor who previously had drafted

the Amendment Act was also invited and requested to redraft the act segregating clearly the fault based (existing law) and No-Fault (proposed Scheme). He accordingly redrafted the Act. There being no material change in the scheme approved earlier by the IAP the same was submitted to SECP.

- The Committee's attention was drawn that SECP Circular No. 14 of 2013 clarifies in respect to the Customer Due Diligence/Know Your Customer (CDD/KYC) and risk profiling of existing and new policyholders for the purpose of establishing their identity, directive as under:

"For the purposes of establishing the identity and proof of address of a potential policyholder consistent with the risk profile by the insurers, while the procurement of the CNIC of policyholder shall remain the bare minimum mandatory requirement, other documents as mentioned in the Annexure-I of the subject Directive may be construed as indicative. It is clarified that no further documentation is necessary for proof of residence where the document of identity submitted also gives the proof of residence. However, an additional document for proof of address/residence is required in case the address mentioned on NIC is not the actual/present address. Moreover, the requirement of procuring NTN shall not be applicable in-case of non-tax paying policyholders."

The Committee suggests the insurance companies should comply with this bare minimum mandatory requirement for establishing customer's identity.