

SUMMARY OF THE ACTIVITIES OF ACCIDENT COMMITTEE



Mr. M. Waqaruddin Rauf
Chairman



Mr. Muhammad Farooq
Vice Chairman



Mr. Imran Ahmed
Member



Mr. Nabeel Turabi
Member



Mr. Nasir M. Iqbal
Member



Syed Haider Hassan
Member



Mr. Tariq Mushtaq
Member



Mr. M. Faisal Siddiqui
EC Observer



Mr. N.A. Usmani
Secretary General



Mr. Nabeel W. Sabir
Deputy Secretary General

1. Statistics

Recognizing the importance of data for meaningful analysis of risks, and overall portfolio management, the Committee engaged in the following areas of statistical work:

- *Graphical Presentation of the Reports of Private Cars*

To update the member companies on the important periodical reports generated by the IAP online Claims Management System, graphical presentations of the claim reports (make wise, make & sub make wise and city wise) highlighting the top-5 claims for the period January to December 2021 were shared with members.

- *Summary of Snatched/Stolen Vehicles with Tracking Devices*

Summarized data of snatched/stolen vehicles fitted with tracking devices for the last five years (2017 to 2021) was reviewed and finalized by the Committee and circulated to member companies for information.

- *Summary of Motor Statistics for the year 2021*

Summary of Motor Insurance business extracted/compiled from member companies' annual reports was reviewed and finalized by the Committee and posted on IAP website.

2. Meeting with SSP AVLC CIA Mr. Bashir Ahmed Brohi

The Accident Committee met SSP AVLC CIA Mr. Bashir Ahmed Brohi on 13th October 2021 at his office in Karachi, where he was briefed on the AVLC letter dated 6th September 2021 whereby issuance of Final Report from AVLC on theft/ snatched motor cases has been discontinued, and the copy of the FIR and report under section 173 of CrPC is to be deemed sufficient for insurance claim.

IAP wrote to Mr. Brohi on 6th October 2021 with a request to roll-back the notification since without AVLC's Final Report, claims are prone to insurance fraud as 14 days are insufficient to conduct a thorough investigation. It is highly likely that the investigation officer in order to meet the deadline of 14 days will issue the A class report to all untraced vehicles, even though a detailed investigation could have resulted in a no loss (fake claim) report.

Increased investigation as a result of required Final Report would not only curtail insurance losses (for fake reported cases) but also improve the AVLC's performance indicators, reducing the number of theft/ snatch crimes actually committed.

Some of the investigation steps taken before issuing the Final Report involve the following which cannot be completed within 14 days.

- Evidence /statements from witnesses,
- Collect Tracking report, and confirm location /movement from tracking report.
- Call /voice recording between, applicant and tracking company.
- Analysis of mobile phone call data record, to confirm the location, according to the statement of the fraudster/applicant.
- Statement and verification of applicant claim

Mr. Brohi explained that the Final Report requirement was being misused and was bringing a bad name to the Cell when some cases were unearthed where AVLC staff had taken kickbacks to issue the Final Report. The requirement was revisited and since the Final Report is not specified in CrPC or governing laws therefore it was decided to discontinue it.

He further stated that fake FIRs are discovered by his Cell and he plans to report all such cases to prosecute such individuals. However, motor theft/ snatch crimes cannot be ignored, most of the cases are true theft/ snatch cases caused by rising economic disparity in the country and lack of country wide crackdown on stolen vehicles, markets such as Makran costal belt remain target destinations for stolen vehicles where people prefer to buy stolen vehicles available at less than 50% of their actual value.

In light of the insurance industry's apprehensions and concerns Mr. Brohi was kind enough to agree and discuss the matter with his team, study past correspondences which led to the Final Report's introduction / its discontinuation and reevaluate the need for AVLC's issuance of Final Report.

The IAP delegation expressed their trust in Mr. Brohi to examine the merits of IAP's request for increased investigation of fake claims, utilization of insurance surveyor's findings before issuance of Final Report (which has been in use since 2002 which was later digitized in 2011).

3. CDC's Proposed Motor/ Auto Insurance Repository

SECP at the meeting with IAP on 20th October 2021 presented the idea of developing auto insurance repository with CDC (or any other technology partner) for linking customers/ insurers and authorities.

On EC's advice the presentation and concept paper shared by SECP was circulated among the Accident Committee for review and to share their recommendations with the EC.

The Accident Committee met CDC on 2nd December 2021, 3rd February 2022 and 10th March 2022 to understand the proposed auto repository. The matter was deliberated at length and was also discussed with SECP at the 29th March 2022 meeting with Commissioner Insurance.

On 13th May 2022 the following IAP's views on the proposal were shared with CDC

- i. For optimal utilization of the Auto Repository SECP / CDC should encourage all stake holders (provincial excise departments/ traffic police/ FBR/ NADRA/Insurance companies) to come on-board simultaneously (at least through MoUs). The expected benefits for the industry such as effective enforcement of Motor Third Party Liability(Act Only Insurance) should be set as goals.
- ii. The Auto repository needs to have regulatory cover of SECP, the solution will only be beneficial if real time data submission by all insurers is available. The IAP strongly feels that the regulations should not be limited to only on-boarding of insurers (as in CISSII health register) rather they should ensure mandatory data submission by all insurers.
- iii. A cost of Rs. 30,000/- per year and Rs. 1 per fetch is recommended by the industry, for the first 1-3 years before the benefits of the service can be reevaluated.
- iv. CDC and IAP can together may also request the Commission to consider supporting the project

financially.

- v. While the system is under testing and development, change requests should not be charged. (expected time 1 year)
- vi. A working group to be formed to coordinate with CDC, comprising of IAP Accident Committee members and IT subject matter experts.

Further meeting/s with CDC is expected to complete proposal feasibility study and evaluation.

4. Meeting with NICL in Context of Motor Third Party Liability Insurance for Foreign Vehicles under CMR

In context of the Ministry of Communications meeting of the CMR Implementation Committee where one of the agenda items was "3rd Party Liability Insurance for Foreign Vehicles" NICL has submitted a proposal to offer this product to CMR vehicles entering Pakistan.

On Marine Committee's recommendation the matter was brought to the EC's attention who advised the Accident Committee to evaluate and if needed share a proposal from the private sector on CMR 1978 MTPL insurance for EC's review.

The Committee advised to meet NICL and understand their submitted MTPL for CMR 1978 proposal, volume assumptions they have taken and determination of premium. The NICL team accepted IAP's invitation and attended the Accident Committee 2021-22 Meeting No.5

The NICL team updated the Committee that CMR 1978 convention does not include Motor Third Party Liability (MTPL) insurance, and NICL has not offered such a product to the Government. NICL

has signed a contract with NLC to cover cargo liability under CMR 1978 for 50 trucks, out of which 5 have been sent so far and successfully completed their round trip from Turkey. NICL further stated that MTPL is covered under TIR arrangements and is not part of the discussion at the Ministry of Communications led meetings.

Answering a question on how do these trucks carrying goods under CMR obtain MTPL in different countries NICL said that they have recommended NLC to take yearly MTPL for their trucks in countries used for CMR to save cost. Otherwise the trucks need to purchase MTPL at the border of each country upon entry.

A goods guarantee is also given under TIR by NICL for the cargo (which is believed to be the guarantee for applicable custom duties if the cargo fails to complete its destined market and is sold in the local market while in transit).

NICL has not signed any agreement with private transporters/ contractors up till now (just NLC). TCS did a CMR route test with empty containers with cargo cover from Alpha Insurance.

NICL agreed that IAP (insurance industry) should be a part of the discussions on CMR 1978 being organized by the Ministry of Communications. NICL offered to bring the matter to Mr. Shahbaz Latif Mirza's attention Director (Road Transport),

Ministry of Communications and advised IAP to also write to him with nominations to participate in the discussions.

In the meantime, NICL agreed to share the CMR wording they have developed, draft CMR rules and FBR notifications for IAP's information.

In light of these new findings the Accident Committee noted that an industry proposal on MTPL for CMR is not necessitated, the same should be communicated to the EC in response their request for proposal evaluation.

5. Draft Road Safety Act, 2022

The amendments to Motor Vehicle Act 1939 remain with the Law Ministry while the Ministry of Communications has drafted a separate Act being called the Road Safety Act 2022. The Act has introduced new enhanced limits (200k increased to 500k) with maximum restricted to Rs. 20 million (combined). IAP supported the revision and suggested increasing combined limit to Rs. 50 million. As recommended earlier the limits should also be revised every two years in line with CPI.

The Act however did not revise the MTP No Fault insurance tariff/ premium to match the increased limits, IAP recommended a suitable tariff to be used under Schedule V to match the estimated claims.