

SUMMARY OF THE ACTIVITIES OF ACCIDENT COMMITTEE



Mr. Imran Ahmed
Chairman



Syed Haider Hassan
Vice Chairman



Mr. Muhammad Farooq
Member



Mr. M. Murtuza Kazi
Member



Mr. M. Owais Alam
Member



Mr. M. Waqaruddin Rauf
Member



Mr. Tariq Mushtaq
Member



Mr. Saqib Zeeshan
EC Observer



Mr. N.A. Usmani
Secretary General



Mr. Nabeel W. Sabir
Deputy Secretary General

Summarized below are the major activities of the Committee during the year.

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 2023 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 (2019 to 2023) was reviewed and finalized by the Committee and circulated to member companies for information.

- **Summary of Motor Statistics for the year 2023**

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. Problems faced by motor insurers - a presentation to SECP by IAP

Chairman and Vice Chairman Accident Committee met SECP on 30th August 2023 at SECP Karachi to discuss the below submitted list of problems being faced by insurers.

1. Sum Insured is less than Market value
 - i. Banks are not cooperating to increase the sum insured
 - ii. Insurance companies are facing resistance from banks in applying underinsurance in claims.
 - iii. Legal suits, disputes are arising in claims, for settlement on sum insured where market value is higher than the sum insured.
2. Fraudulent claims
3. Bias towards Complainants (insurance frauds)
 - i. Ombudsman office
 - ii. Insurance Tribunal
 - iii. Small Dispute Resolution Committee
4. Cartelization by 3S car dealerships, and setting up a tariff for customers and insurance companies.
5. Theft recovered vehicles
 - i. No official record of recovered vehicles belonging to insurance companies
 - ii. No centralized database of recovered vehicle-IAP made an attempt through CPLC for setting up an online system of sharing of information.
 - iii. Recovered vehicles, are not handed over to insurance companies, in use of different people.
 - iv. A large number of vehicles stay unrecovered.

3. IAP letter to SECP to Request Excise Departments to add vehicle sale/ purchase data in Vehicle Record Management System and biometric of the bank should be accepted by the excise department

On 18th January 2024 the IAP Accident Committee wrote to Commissioner Insurance on following issues

No provision in the excise system to take the intimation of sale of the car by the seller / insurance companies

Problem

Currently, there is no provision in the Vehicle Record Management System for sellers to update or intimate the Excise Department regarding the sale of their vehicles. This lack of provision has led to numerous instances where sellers are held liable for legal and administrative issues that arise after the sale of their vehicles and subsequent use of the vehicles. In many cases, the buyers do not transfer the vehicles to their names, leaving the sellers vulnerable to potential liabilities and legal action against him.

This issue is problematic for all categories of car owners, besides the insurance companies.

Solution

We, at IAP, believe that the development of such a provision in the Vehicle Record Management System/ Or take intimation from Insurance companies of sale of car, which would greatly benefit all parties involved. It would protect sellers from unwarranted legal liabilities and ensure a smoother and more transparent vehicle sales process.

Biometric of the bank should be accepted by the excise department

Problem

In theft recovered cases, where after the recovery of the vehicle, the car is being sold by the insurance companies. In such cases the biometric of the lessee/user is expired. In such cases If the lessee/user is not available for biometric, then excise department do not transfer the vehicle.

Proposed Solution

In such cases we propose that since the bank is also the owner of the vehicle and the claim payment has been made to the bank by the insurance companies in such cases the biometric from the representative of the bank shall be accepted along with the any letter from the bank as required by the excise department.

We would kindly request the Securities and Exchange Commission of Pakistan (SECP) to assist Insurance Industry, in taking up the matter with Excise Departments for the above two problems. We are confident that with your support and guidance, we can make this much-needed improvement to the system.

4. IAP Accident Committee's recommended proposal for Punjab Excise & Taxation Department for motor third party insurance

On 5th April 2024 the Accident Committee sent the following proposal to SECP to assist them in their discussions with the Excise and Taxation Department Punjab.

The incorporation of mandatory third-party insurance is a pivotal measure in bolstering accountability and safety within the domain of road transport. This mandate underscores a commitment to justice and equity on the nation's roads, ultimately fortifying safety standards and fostering a secure transportation environment for all stakeholders.

Policy issuance Process:

Securing motor insurance from any insurer in Pakistan is attainable through the following methods:

- i. Online via customer mobile apps or web sites of insurance company's, where policies can be obtained directly by vehicle owners. .
- ii. Insurer's dedicated teams can be made available at all excise taxation offices within the province to issue policies on the spot.
- iii. Vehicle owners could buy their desired insurance cover through insurers' branches.

From the perspective operational efficiency and customer ease we propose an alternative process to streamline insurance acquisition in conjunction with the Excise and Taxation Authority, which will boost our penetration. However, implementing this approach demands a collaborative effort from the entire insurance industry and complimenting authorities:

To enhance accessibility and streamline insurance processes through Excise and Taxation offices in Pakistan, integrating insurance options within the taxation portal is the most optimal solution. By providing a field for selection of insurance companies on the portal, for new registering or transferring of vehicle, an individual can choose their preferred insurer. This integration can simplify premium collection and ensure seamless processing, akin to the tax deposit system in banks. Individual will deposit two challan in the bank. One for vehicle tax and other one for premium payment of the insurer in the designated bank account of the insurer.

Furthermore, an automated email is generated through the portal and sent to the selected insurer with an online system generated policy number. Upon selection of a insurer, its contact details will be automatically populated on the tax slip.

Subsequently, the insurer can dispatch a hard copy of the policy to the customer or send it via WhatsApp to the number provided in the tax slip issued by Excise and Taxation.

Suggested Process Flow:

Insured	Motor Registration Wing (MRW)	Insurer/ IAP
<p>Before approaching Motor Registration wing vehicle owner opt insurance cover form SECP's authorised insurer with a minimum being Motor Act only liability insurance. This may be obtained through the insurers branch network, or online through their website or through insurers outlet/booth at the excise & registration office.</p> <p>The insured shall receive from an insurance certificate from an insurer to this effect. The certificate will contain elements like, QR code, verification link or a sequence number which can be verified by the E&T for authenticity.</p> <p>After getting insurance certificate the vehicle owner will approach the Motor Registration wing along with Insurance certificate and all other required documents for vehicle registration or</p>	<p>MRW receives request for a new registration or transferring of ownership.</p> <p>MRW representative shall verify the authenticity of the certificate through scanning the QR code or online through the insurers website or through SMS/WhatsApp and check all required documents including an Insurance certificate with minimum insurance cover being Motor Act only liability. If the Insurance cover is in order a MRW representative shall enter all related information and issue a Tax payment slip to make a despatch in bank.</p> <p>If the insurance cover is not available the MWR rep will advise the owner to select an insurer from the list displayed in MRW. After the selection of insurer, the vehicle owner will inform the MRW about insurer's</p>	<p>Interested Insurance companies will ensure that the MTPL cover is available on their website and their representatives are available at the E&T offices to facilitate customers.</p> <p>Once the portal integration is in place the following flow will be ensured.</p> <p>As soon as the email is received by the insurer, a welcome</p> <p>SMS will be sent to the insured through the integrated system, informing him about the policy preparation and its timeline.</p> <p>The insurer will prepare a policy and a hard copy will be dispatch to the provided address along with the insurance certificate.</p> <p>The Insurance Association of Pakistan (IAP) will ensure installation of kiosks of the authorised insurers across all Excise and Taxation</p>

Insured	Motor Registration Wing (MRW)	Insurer/ IAP
<p>transferring ownership.</p> <p>If the vehicle owner has no insurance cover, then the MRW will advise to select an insurer from the options provided at the Excise and Taxation office. This option to be available once integration of E&T portal with insurance companies if finalized.</p> <p>The MWR will issue two payment slips to the vehicle owner: one for exercise and taxation, and the other one for the insurance premium, to be deposited directly into the insurance company's account.</p> <p>After depositing the payment, the vehicle owner will return to the MRW rep to submit the payment slips, enabling MRW to finalize registration and or transferring of ownership process.</p>	<p>name.</p> <p>The MWR will issue two payment slips to the vehicle owner: one for exercise and taxation, and the other one for the insurance premium, to be deposited directly into the insurance company's account.</p> <p>After receiving the Paid Payment Slip MRW representative will input the insurance details into the system and complete the rest of the registration or transfer process.</p> <p>After inputting all details, the integrated system will immediately generate an email for the insurer. This email will include the information about insured and the insured vehicle</p>	<p>Departments. This compilation will encompass detailed instructions on how to claim, Act only Liability policy coverage, as well as contact information for grievance redressal.</p> <p>Furthermore, to foster healthy competition, the premium rates of Act only Liability policy from all insurance companies will be prominently displayed individually. This transparency will empower clients to make informed decisions when selecting an insurance provider based on their premium offerings.</p>

Policy Cancellation and Change of ownership:

The Motor Act Only cover is non-cancellable by both the insurance company and vehicle registered owner. In case of sale / purchase insurance companies may update the name of the new owner subject to provision of all necessary documentation.

Mechanism for Verification of Policies at the time of claim:

Offering access to Excise and Taxation department to the portal of the insurer for the verification of the insurance policy

There is an initiative in process and that is collaboration with the SECP on centralized data repository. Once implemented the consolidated industry data at one location will also greatly facilitate insurance policy verification to the Excise and Taxation department.

Traffic police have two methods for policy verification at their disposal. Firstly, each policy contains a barcode that they can scan to confirm its authenticity. Alternatively, for officers without smartphones, they can send an SMS containing the policy number to our designated number 0000 and receive an automated response indicating the policy's status as active or expired.

Claim Intimation:

Currently, most insurers successfully operate a streamlined claims intimation process through their respective call centers ensuring simplicity and convenience for their customers.

Additionally, some insurers already have claim intimation service via mobile app, enabling customers to conveniently launch their claims directly from their smartphones, enhancing ease and accessibility.

The claims process will be standardized across all the insurers and will be outlined on the reverse side of the Tax payment slip of the Excise and Taxation department, including required documents details.

In case of an accident the Insured will immediately intimate the loss to CALL CENTRE(S) or TOLL FREE NUMBER or any provided method for claims intimation to their respective insurers and will provide relevant brief information.

This information may be comprised of:

- Police Report (Mandatory, without police report no claim will be entertained)
- Policy number
- Vehicle Particulars
- Date of accident
- Place of accident
- Brief Circumstances of loss (e.g. Death & bodily injury)
- Details of Third-party & contact number.

Police Information Report:

Immediate action is imperative. The police Information report provides a crucial snapshot of the accident scene before any alterations occur. Its contents are indispensable for substantiating an insurance claim. Failure to secure this report may result in the claim not being considered.

Appointment of Licensed Loss adjuster/Surveyor:

Following the police report, a survey company may be engaged for assessment or settlement of the claim. If the insurer's representative is authorized to settle the claim, they can proceed accordingly. However, if a survey appointment is necessary, the insurer will arrange for it. If no survey is required, the claim can be settled directly by the insurer's representative.

Alternatively, the Securities and Exchange Commission of Pakistan (SECP) could establish a threshold for insurers, specifying that surveys are not required for claim amounts below a certain limit. However, for claims exceeding this threshold, the appointment of a licensed surveyor would be mandatory. However, the discretion to appoint a licensed surveyor to settle the claim or resolve it through the insurer's representative should lie with the insurer.

Claims Assessment & Settlement:

The appointed surveyor will immediately contact the insured/claimant and decide time and place for survey with the client and/or third party.

On the basis of Police report, statements of driver(s) and witnesses (if any), the surveyor will evaluate and assess the liability as per terms and condition of policy.

Insured:	3rd party Core Documents:
1. Police report - Original 2. Registration book - copy 3. Driving License - copy 4. Insurance certificate - copy	1. Registration book - copy 2. Driving License - copy 3. Insurance certificate - copy

3rd Party Bodily Injury Claim	3rd Party Death Claim
1. Injured person(s) CNIC copy(s). 2. "B"Form & Parents CNIC (In case of minor). 3. Statement. 4. Compromise Deed on bond paper incase if limit defined in policy. 5. Complete Medical Bills & Discharge Certificate. 6. Proof of Payment to Hospital or Rehabilitation by 3rd Party. 7. Acceptance/Satisfaction Note.	1. Death Certificate. 2. Victim CNIC copy. 3. Nadra B Form & Parents CNIC (In case of minor). 4. Legal Heirs Declaration. 5. FIR/Police Report. 6. Statement. 7. Proof of Burial or Cremation. 8. Court Order for Compensation (if honorable court involvement). 9. Compromise Deed on Bond Paper (if any).

Important Note:

In case of a dispute arising at the time of settlement of any claim, Insured and Third-party have the right to take it to the honorable court of Law.

List of Required Documents:

The following information/ documents are immediately required from the Insured & third-party:

Claims Payment:

Upon fulfilling all requirements and formalities, insurers are obligated to disburse compensation within 15 days, contingent upon the final survey report. This report must include acceptance from the third party (either the individual or their legal heirs) to ensure prompt settlement.

Tentative Pricing:

While pricing decisions should generally be left to individual insurer, if the SECP intends to introduce regulatory changes and amendments to the Motor vehicle Act 1939, establishing minimum pricing guidelines could enhance clarity and convenience for end users.

Awareness on Motor Third Party Insurance

The IAP will ensure to promote Act only liability policy, by leveraging social media, effecting advertisement and workshops / conferences, each insurer to have the right to market and promote Act only liability policy according to the defined framework.

5. Other matters discussed during the year

- Motor Insurance Fraud/ Fraudulent Motor Theft Claims
- CDC/ IT Minds Proposal for Auto Repository
- Password auto reset function in IAPCMS

Motorcycles	upto 125cc	750
	upto 500cc	3,000
	above 500cc	5,250
Cars/ Sedans	upto 1000cc	3,000
	above 1000cc	5,250
Cars - SUV and 4x4	below 2000cc	7,500
	above 2000cc	11,250
Cab/ Taxi	Cab/ Taxi including rent a car/ mobile application based service and similar services	7,500
	Multi passenger vans	11,250
Tractors		1,500
Busses	upto 30 seats	30,000
	31-52 seats	37,500
	Over 52 seats	45,000
Rickshaws		2,250
Pulled carrier		3,750
Van/Pickup	Van/Pick ups used for business purpose	7,500
	Van/Pick ups used for commercial purpose	11,250
Trucks	trucks	27,000
	Long wheel trucks	37,500
Trucks - dangerous goods/ POL product carriers		75,000
Others	Rated separately on the basis of usage	

- iv. Dealerships cartelization to charge minimum amount per panel paint job/ labour
- v. Information of Tracking Devices/ performance & recovery rates
- vi. Predefined list of Police Stations in IAP CMS
- vii. API connectivity for IAP CMS

- **Circulars**

The following Circular was issued by the Committee during the year (2023-2024).

- I. IAP online Claims Management System, Graphical Presentation of the Reports of Private Cars for the period from 1st January to 31st December, 2023