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MEDIA RELEASE

MOTOR INSURANCE TASKFORCE'S RECOMMENDATIONS TO ADDRESS ESCALATING PREMIUMS ISSUE

Nine recommendations were put up by the Motor Insurance Taskforce ("the Taskforce") to address the issues of escalating motor insurance premiums.

The Taskforce formed by the Consumers Association of Singapore (CASE) and Automobile Association of Singapore (AA Singapore), has met over the last six months to review the current motor insurance regime in Singapore and to recommend possible measures that can be taken to address the critical issues in the industry.

The recommendations are as follows:

1) Third Party Property Damage (TPPD) claims

The issue of inflated TPPD claims has been an ongoing problem faced by insurers. Hence, the Taskforce recommends introducing legislation to require third party claimants to allow the insurer being claimed against the opportunity to send its surveyor to perform an independent pre-repair assessment of damage. The surveyor should be registered and regulated as per Recommendation No. 6 below.

2) Accidents involving personal injuries

Accidents involving personal injuries should be dealt by the insurer as expeditiously as possible. To ensure the parties involved have enough time to investigate the matter and encourage them to settle it amicably, the Taskforce recommends a Pre-Action Protocol to govern personal injury claims similar to the one already put in place by the Subordinate Courts for non-injury motor accident claims.

As for Grade 1 whiplash injury which is difficult to diagnose and yet easy to be faked due to its subjective symptomatic nature, the Taskforce recommends legislative changes for compulsory rehabilitation for non-hospitalisation injury claims. In addition, the Taskforce is of the view that the Singapore Medical Council could look into listing designated medical specialists who can diagnose whiplash and assess such claims. Another possibility is for the Singapore Medical Council and the courts to explore developing a simplified compensation scale for minor neck injuries.

3) Accident reporting

From 1 May 1999 onwards, reporting to Traffic Police is not required if road traffic accidents do not involve injury. Nevertheless, it is a policy condition in Motor Insurance Policy which requires an Insured to lodge a report with his insurer when the insured vehicle is involved in an accident. Hence, there could be cases of dishonest accident reports put up by drivers to discharge themselves of liability and to protect their No Claims Discount (NCD).

To prevent such incident from happening, the Taskforce is in favour of legislative changes to require the accident reports made to insurers to be deemed Statutory Declarations under an

Act. Alternatively, the Taskforce suggests making false accident reports a criminal offence. These recommendations will make motorists liable for criminal prosecution if false reports are submitted, and will deter motorists from doing so.

4) Touting and staging of accidents

The Taskforce recommends that touting on the road be made a criminal offence. Motorists found to be staging accidents should also be taken to task by the authorities.

5) FIDReC-NIMA Protocol Claims Limit

The industry average amount for TPPD claims is approximately \$4,000. The Taskforce recommends that the FIDReC-NIMA Protocol limit be increased from the current level of \$1,000 to \$10,000. This will reduce the number of disputes brought to the courts and allow more consumers access to an alternative and affordable avenue of redress.

6) Registration of surveyors

Currently the surveyors enlisted to assess property damage are not required to register with the Inland Revenue Authority of Singapore (IRAS). Moreover, there is a conflict of interest involved as the surveyors' fees are tied to the repair amount.

The Taskforce feels that in order to ensure the professionalism of surveyors, an organisation to register and regulate surveyors could be set up. Alternatively, we also suggest looking into an accreditation scheme to certify surveyors for their competency. In addition, the Taskforce is of the view that surveyors should be remunerated on a flat rate basis.

7) Increase transparency in billings

To enhance transparency in billings, the Taskforce is of the view that workshops should display a price list at a prominent spot of the workshop for common repair works and issue a quotation with a detailed breakdown of repair works. The workshop should be required to issue an itemised bill listing all the parts and services rendered.

8) Consumer education

The Taskforce is also of the view that consumer education is important to equip the motorists with the correct mindset of careful driving to prevent accidents. The public should also be educated on the role of Traffic Police in matters relating to when and how they should report traffic accidents.

Besides road and vehicle safety, motorists should also be educated on motor insurance matters. With better knowledge of their rights, obligations, options and pricings, motorists would be able to make a better judgment.

9) Keep in view the no-fault claim regime

The Taskforce is of the view that the proposal to introduce the no-fault claim should be kept in view. We recognise that it is a drastic step and it has its merits and drawbacks. The no-fault system requires further studies and evaluation on its impact on our local motor industry.

Mr Yeo Guat Kwang, Co-chairman of the Motor Insurance Taskforce, gave his comments on the recommendations put up by the Taskforce, "I am pleased that after six months of

consultation and deliberations with various stakeholders, we have come up with practical measures to minimise fraudulent claims. We trust that the government authorities and relevant agencies will accept and implement these measures. With the measures in place, we like to see a containment or reduction in cost that can be translated into a lowering in motor insurance premiums.”

Mr Bernard Tay, Co-chairman of the Taskforce said, “As Singapore’s leading motoring association, it is our mission to safeguard the interests of our members as well as the motoring community. I am pleased that for the very first time, the various stakeholders have come together to address this issue on rising motor insurance premiums. With the involvement of all the parties concerned, we can now address the issue in totality in a more efficient and effective manner, and put in place a system that is transparent and sustainable.”

President of the General Insurance Association of Singapore, Derek Teo, said, “We want to thank CASE and AA Singapore for leading the Taskforce to review the motor insurance regime and address motorists’ concerns in Singapore. This is indeed a positive step forward in collaboration with major stakeholders to stem unsustainable motor underwriting losses incurred over the years. We are confident that the industry will see improved results with cooperation, commitment and support from all interested stakeholders, to enhance motorists’ claims experience.”

Conclusion

The successful implementations of the above recommendations depend greatly on the cooperation of all stakeholders to play their part to deal with the issues. Most importantly, we look forward to the acceptance and implementation of our recommendations by the government authorities and agencies.

Mr Yeo Guat Kwang
Co-chairman

Mr Bernard Tay
Co-chairman