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JUSTICE EXPEDITED: HOW AUTO INSURANCE REFORMS BENEFIT CLAIMANTS, COURTS



POWER
POINT
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Every year, countless Indians find themselves entangled in the complexities of third-party motor insurance claims. Unfortunately, the current system relies on the judicial process for settlement, and cases often drag on for four years on average before they are resolved in a Motor Accident Claims Tribunal (MACT). This prolonged process not only delays justice but also exacerbates the challenges faced by victims and their families.

Understanding the root causes: A significant reason is the legal proceedings where advocates of both parties present their cases before the MACT. The sheer volume of cases creates a massive backlog that the judicial system struggles to manage.

At its core, a third-party loss aims to compensate affected parties for property damage or injury, and in tragic cases, loss of life. If the fault and liability are established, the assessment becomes straightforward, especially for death claims where the Supreme Court has provided clear guidelines. Injury claims are more com-

plex depend factors such as nature of the injuries, treatment, etc. **Reducing the burden on courts:** The courts often get cases solely for assessing compensation—a task more mathematical than legal. But why should courts be tasked with what is essentially accounting work? The delay is compounded by non-availability of required documents. Comparatively, other countries have more efficient systems, with judicial resources allocated in proportion to population and caseload. In India, 95% of third-party motor insurance cases are filed against insurers, creating an overwhelming load for both the courts and insurers.

As an insurance company, we face the challenge of not receiving early intimation of claims and non-availability of documents, which add to the delays. Despite these challenges, the insurance industry has settled 55% to 60% of the cases through amicable negotiations, reducing the burden on MACT. Yet, there is potential to do more.

The 2019 Motor Vehicles Act: The Motor Vehicles (Amendment) Act, 2019, which came into force on 1 April 2022, offers a legal framework that allows claimants to approach insurance companies directly. If the claimant is not satisfied with the insurer's offer, they can escalate the matter to the MACT. This process, upheld by the Supreme Court, provides a more streamlined approach to handling claims, reserving the courts for disputes where there is no agreement on compensation.

A key element of this new process is the Detailed Accident Report (DAR), incorporated under the Central Motor Vehicles Rules. The DAR process places the responsibility of document



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collection on the police, who are required to provide a complete report within 90 days. This helps insurers review and settle claims faster. In fact, some claims were settled within a few hours.

Faster settlements: The new Motor Vehicles Act represents a significant step forward. By enabling claimants to directly approach insurers with a DAR, we can expedite the settlement

process, reducing the load on the judiciary and providing quicker relief to victims.

This approach benefits everyone—the claimants, who receive compensation faster; the judiciary, which can focus on more complex cases; and the insurance companies, which can manage their resources more effectively.

The precedent is already set. We have seen instances of third-party claims settled within days, or even hours. By empowering insurers to handle the calculation and compensation process, we can significantly reduce the time frame for settling claims. This not only makes the process fairer but also restores hope to the claimants who might otherwise lose faith in the system.

Under the new Act, victims benefit from faster claim settlements and quicker justice

In conclusion, this reform is beneficial for everyone involved. The judiciary can focus on cases that truly require their expertise, while insurers can leverage their extensive experience and resources to expedite the settlement process. For the victims, the benefit is clear—faster compensation means quicker relief and justice. The time has come to make this change and ensure that justice is not just served but served swiftly. Let us work together to make our citizens' lives easier, reduce the judiciary's workload, and ensure that justice delayed is no longer justice denied.

(The author is MD & CEO at Bajaj Allianz General Insurance)