



MTP STUDY REPORT

**A STUDY ON THE FACTORS AFFECTING THE SETTLEMENT OF MOTOR
THIRD PARTY (MTP) INSURANCE CLAIMS IN THE INSURANCE INDUSTRY
OF UGANDA**

2012

TABLE OF CONTENTS

Executive Summary 3

List of Acronyms 5

Definition of terms..... 6

1.0 INTRODUCTION 8

1.1 Motor Third Party Management and Regulation..... 8

1.2 Motor Third Party Coverage 9

1.3 Purpose of the Study 9

2.0 METHODOLOGY 10

2.1 Introduction 10

2.2 Methodology..... 10

2.3 Limitations encountered 10

2.4 Data analysis methods..... 11

3.0 FINDINGS 12

3.1 INSURANCE..... 12

 3.1.1 Motor Third Party insurance Underwriting..... 12

 3.1.2 Motor Third Party claim settlement process 12

 3.1.3 Motor Third Party claims data..... 13

3.2 ACCIDENT STATISTICS 14

 3.2.1 Causes of road accidents 14

 3.2.2 Accidents by type of car..... 14

 3.2.4 Number of casualties (death and injury) of road traffic accidents..... 15

4.1 The Uganda Police (Traffic Department)..... 17

4.2 UTODA, UBOA & Drivers 17

5.0RECOMMENDATIONS 21

Executive Summary

This study report is on the factors affecting the settlement of motor third party claims in Uganda. The study was carried out so as to ascertain the claims settling process for motor third party claims for the various institutions, to find out the institutional factors or challenges that affect motor third party claim settlement, to find out the factors that affect settlement of Motor third party claims but are not attributable to an insurance company.

This report is composed of five (5) chapters as highlighted below:

Chapter 1 of this report is an introductory chapter. It gives an insight of motor third party management in Uganda and its regulation. It also the gives an insight of scope of cover provided by motor third party insurance in Uganda and the purpose of the study.

Chapter 2 is about the research methodology. This chapter gives an insight on the limitations to the study, the data analysis methods and so on.

Chapter 3 is about the findings from the quantitative data we collected from the insurance companies and that from the Uganda police and UBOS. This chapter also gives an insight on motor third party insurance underwriting, claims settlement process and so on.

Chapter 4 is about the findings from the qualitative information we collected from various stakeholders regarding the challenges they face in the motor third party claims settlement process.

Chapter 5 is about the recommendations and conclusions arrived at following the various findings in chapters 3 and 4.

The findings from this study are:

- a) Little information is picked from the insureds at the time of issuing a motor third party sticker.
- b) Insurers ask for different documents in order to settle claims.
- c) Few people claim for motor third party compensation.
- d) Motor cars, Light O/buses and Motor cycles have the highest incidences of claims amongst vehicles.
- e) The highest cause of road accidents is attributable to driver behavior.
- f) Some of the police become victims at accident scenes.
- g) At times there is poor management of the accident scene.
- h) There are fake stickers being sold on the market.
- i) A number of vehicles are not insured.
- j) The populace are not aware of the steps to be taken before obtaining motor third party compensation.
- k) Little effort has been placed towards educating the populace on motor third party.

- l) There are fake tires, car parts and accessories sold on the market which negatively impact on motor third party claims.
- m) The motor third party liability limits are too low.
- n) Undercutting insurance premium is a big concern.
- o) Insureds and accident victims delay in reporting claims.
- p) Accident victims approach the insurers directly without going through the insured.
- q) There is lack of proper communication and follow-up of motor third party claims by the insurers.
- r) There are delays in settlement of claims by some insurers.
- s) Some companies are understaffed in their claims departments.
- t) Most claims staff are not trained in claims investigation.
- u) Some insurers lack proper IT systems to handle motor third party claims.
- v) The accident victims or their representatives were finding it costly to obtain the required documents.
- w) Accident victims incur high transport costs that are not catered for.
- x) Accident victims do not get any assistance from insurers while undertaking treatment.
- y) Motor third party property damage is not covered.
- z) Accident victims of hit and run vehicles do not get compensated etc.

From the findings, we came up with the following recommendations:

- Insurance companies should obtain more information from the Insured when issuing them with stickers (at the point of sale).
- The motor third party claims process be standardized by the Authority in liaison with the UIA.
- More vigorous consumer awareness and education campaigns be carried out by the Authority in order to:
- The practice of hawking of insurance stickers especially around car parks be stopped by insurers.
- The Authority works more closely with the Police to enforce compliance with the motor third party insurance (third party risks) Act.
- The Authority should engage Uganda National Bureau of Standards to ensure that car tires, car parts and car accessories sold on the market are of a good standard..
- The current liability limits of motor third party should be revised.
- At the time of claim intimation, every insurer should record proper contact details of the accident victims and car owner.
- Every insurers should have an adequate number of claims staff.
- The Authority should encourage all insurance companies to have in place proper information technology systems and software in order to enhance claims management.

List of Acronyms

UTODA : Uganda Taxi Operators and Drivers Association

UBOA: Uganda Bus Operators Association

UIA: Uganda Insurers Association

Definition of terms.

In this Report, unless the context otherwise requires—

Claim:	a demand by the insured for an indemnity or benefit under the policy.
Gross premium income:	is the total premium before deducting outgoing reinsurance premium.
Incurred claims/ losses:	the total of paid and outstanding claims arising in a given period.
Insurance:	a mechanism whereby the risk of financial loss is transferred from an individual, company, organization or other entity to an insurance company.
Insurance agent:	means a person appointed and authorized by an insurer to solicit applications for insurance or negotiate for insurance coverage on behalf of the insurer and to perform other functions that may be assigned to him by the insurer, and who in consideration for his or her services receives commission from the insurer.
Insurance broker:	an insurance intermediary who advises his clients and arranges their insurances. Although he acts as the agent of his client, he is normally remunerated by a commission (brokerage) from the insurer. An insurance broker is a full-time specialist with professional skills in handling insurance business.
Insured:	the party who has acquired the insurance and will be entitled to enforce a claim under the policy as a party to the contract.
Policy:	this is a written document evidencing the contract between the insurer and the insured.
Policyholder:	the person in whose name the policy is issued.
Premium:	means the consideration paid/payable by the insured in return for the insurance cover provided by the insurer for entering into an insurance contract.
Third Party:	the third party refers to anyone or classes of persons not privy to the policy of motor third party insurance.

DATA SOURCES

- Uganda Bureau of Standards statistical abstracts for the years 2005-2010.
- Uganda Police accident reports for the years 2001-2005.
- Insurance industry data on motor third party.
- UIA database.
- IRA database.

1.0 INTRODUCTION

Motor third party insurance is compulsory insurance in Uganda. Legislation providing for compensation of third parties for injuries and damage resulting from Motor vehicle accidents first came to the scene when it was incorporated in the Traffic and Road Safety Act, 1970. However, in 1988, the Motor Vehicle Insurance (Third Party Risks) Statute was enacted to make provision for compulsory insurance against Third Party Risks in respect of the use of vehicles and to establish Nominal Defendant Council and to provide for other matters connected therewith. As per Section 43 of the Statute, The Minister responsible for Finance made the Motor Vehicle Insurance (Third Party Risks) Regulations 1991 (Statutory Instrument 36 of 1991) wherein, inter alia, insurers were required to furnish monthly returns of their business operations in respect of third party insurance; premium rates were prescribed and liability of an insurer per policy was fixed.

1.1 Motor Third Party Management and Regulation

The Uganda Insurer's Association (UIA), an umbrella body that promotes the interests of insurance companies in Uganda was granted the role of printing and distribution of all motor third party insurance stickers for purposes of uniformity.

Under this structure, individual insurance companies purchase motor insurance stickers from UIA at a fee per sticker, a cost which is passed to the client. During 2010, the UIA reviewed and increased the prices of sticker fees as follows:

- Private and Commercial stickers - from Ushs. 4,000 to Ushs. 6,000
- Bikes - from Ushs. 4,000 to Ushs. 5,000

The four months certificates were phased out and transit stickers for unregistered vehicles in transit to the Inland Car Depot or to neighboring countries were introduced. The transit stickers were to have a maximum validity period of one (1) month. The review of the stickers was attributed to the increasing printing costs.

Before purchasing additional stickers, the insurance companies are required to submit a schedule indicating how the certificates issued earlier have been sold off by way of returns to UIA.

1.2 Motor Third Party Coverage

Motor Third Party insurance indemnifies the owner of a motor vehicle against compensation payable to third parties for personal injury or death. In Uganda, the maximum liability is Ushs. 1,000,000/= per person per accident, and the aggregate liability per accident does not exceed Ushs. 10,000,000/=.

Regulation 3 of the Motor Vehicle Insurance (Third Party Risks) Regulation, Statutory Instrument 214-1, 2000 stipulates that the insurer must settle a claim within sixty (60) days of notification, where there is no dispute between him and the insured, and thirty days after resolution of a dispute where there is one.

If the claimed amount exceeds the above statutory limits, and unless the insured had extra coverage in place, the claimant would have recourse to courts of law against the insured, for the amount over and above the said limits.

1.3 Purpose of the Study

Over the years, it has been noted from the Authority's records that out of the complaints received each year, the majority of complaints stem from motor third party claims. Some of these complaints either regard to the disagreements over the claim amount, delays in settlement of claims, claims being rejected by insurers and so on. This has in a way affected the confidence the claimants/ beneficiaries have in the various insurance companies and the insurance sector. The lack of confidence may have far reaching effects on the insurance sub-sector.

Additionally, time and again, there have been a considerable number of complaints and negative articles in the media regarding delays in settlement of claims amongst insurers. A significant number of articles point towards delays in settlement of motor third party insurance claims. Therefore, this study was carried out with the following objectives:

- i. To ascertain the claims settling process for motor third party claims for the various institutions.
- ii. To find out the institutional factors or challenges that affect motor third party claim settlement.
- iii. To find out those factors that affect settlement of Motor third party claims but are not attributable to an institution.

2.0 METHODOLOGY

2.1 Introduction

In this chapter, the research methodology used in the study is described. The geographical area where the study was conducted, the study design and the stakeholders involved are described. The instruments used to collect the data, including methods implemented to maintain validity are also described.

2.2 Methodology

In this study, we adopted both quantitative and qualitative approaches to obtaining necessary information. This information was collected through questionnaires distributed to stakeholders such as non-life insurance companies, the Uganda Police (Traffic Police Department), Uganda Taxi Operators and Drivers Association (UTODA), Uganda Bus Operators Association (UBOA), hospitals, motor fleet companies, etc. The questionnaires were designed to meet the objectives of the study, including but not limited to finding out the factors or challenges that affect motor third party claim settlement.

Additionally, a number of interviews and on-site visits of the stakeholders were made as a way of collecting more information from the insurers, the UIA, UTODA, Uganda Police, hospitals etc. Regarding the insurers, we sampled fifty (50) motor third partyclaim files for each insurer chosen, for purposes of ascertaining the claims procedures, challenges faced in settling motor third partyclaims and so on.

2.3 Limitations encountered

In the process of collecting information for this study, we encountered a number of challenges. Some of these included:

- Delays or non response to our questionnaires by a number of stakeholders including insurers. For instance, we received responses from fifteen (15) insurance companies out of the nineteen (19) we sent questionnaires to.
- Some of the data provided by the insurers to the Authority through the questionnaires was inconsistent with that provided to the UIA.
- Delays in obtaining necessary information whilst on on-site visits of insurers.
- Some stakeholders such as the hospitals were quite un-cooperative and requested for a fee.
- Incomplete data provided by some insurers.

2.4 Data analysis methods

We used the following methods in carrying out analysis of the data from this research

- Simple trend analysis.
- Ratio analysis.

3.0 FINDINGS

3.1 INSURANCE

3.1.1 Motor Third Party insurance Underwriting

It was noted that at the underwriting stage, most insurers only ask for the owners log book before issuing them with a sticker for motor third party insurance. In most cases, the clients are not even enlightened about the features of motor third party insurance cover. Therefore, it is quite apparent that insurers do request for limited information at this stage yet underwriting has a significant impact on insurance claims.

Additionally, most companies do avail their clients with the motor third party claims procedures at the time of issuing the policy. This was evidenced in the responses received from the questionnaires sent out whereby, twelve (12) non-life insurance companies out of the fifteen (15) insurance companies that responded, did not issue the motor third party claims procedures at the points of sale.

3.1.2 Motor Third Party claim settlement process

From the responses we received from insurance companies, it was noted that all the insurance companies had motor third party claims manuals in place. The following are some of the documents required before settling motor third party claims.

- Police report Form 37 which, among others, indicates the particulars of the insurance company, the certificate of insurance and the particulars of the accident victim.
- Medical examination reports.
- Medical receipts: In respect of expenses incurred during treatment.
- Third party identification documents
- Inspector of Vehicles Report
- Introduction Letter from a Local Council 1 Official
- Discharge letters
- Demand letters
- Birth certificate
- Death certificates

- Copy of log book
- Driving permit for driver who caused accident.
- If a minor, proof of percentage of disability.

The onus is placed on the accident victim or his representative to avail most of the documents mentioned above. However, obtaining each of the documents above involves costs.

3.1.3 Motor Third Party claims data

Data on motor third party insurance was collected through the questionnaires sent out to the insurance companies and cross checked with that submitted to the Uganda Insurers Association for purposes of ascertaining correctness of information submitted to the Authority. We noted a number of differences but these were later corrected. Our aim was to collect statistics on motor third party premium and claims data for the years 2005 to 2010. However, the information from 2005 to 2007 was incomplete and we thus disregarded it. Table 1 below shows the trend in premium and claims data for the years 2008 to 2010, respectively.

Table 1: Trend in premiums and claims 2008-2010

Year	2008	2009	2010
Premium	5,985,100,326	7,483,586,696	7,948,022,226
Claims	444,653,280	408,175,620	408,260,600
Claims as a percentage of premium income	7.43%	5.45%	5.14%

From the statistics in table 1 above, we observed that there has generally been a declining trend in the ratio of claims to premiums collected over the years 2008 to 2010. Additionally, the ratio has been quite low averaging 6.01% over the years 2008 to 2010.

3.2 ACCIDENT STATISTICS

3.2.1 Causes of road accidents

Information collected from the Uganda Police (Traffic Department) indicates that over 80% of the road accidents in Uganda are attributable to driver behaviour. Careless driving is the highest cause of road accidents as indicated in Table 2 herebelow.

Table 2: causes of road accidents

Description	2009	2010	% age of total causes
Careless driving	9,112	9,316	43.7
Reckless /Dangerous driving	6,148	6,579	30.8
Over speeding	973	839	3.9
Overloading	202	240	1.1
Under the influence of drugs/alcohol	249	194	0.9
Careless pedestrian	889	881	4.1
Passenger falls from vehicle	228	238	1.1
Mechanical Defects	738	720	3.4
Dazzled by lights of another vehicle	85	114	0.5
Obstacles on carriage way	96	76	0.4
Unknown causes	2,057	2,129	10.0
Other causes	1,122	1,135	5.3
Total	21,899	21,326	100

Source: Uganda Police Force

From the table above, it can be noted that the behaviour of drivers has an effect on road accidents. However, it should be noted that at the time of issuing a motor third party sticker, there is no assessment carried out by the insurance companies on the drivers yet most accidents have a lot to do with the drivers.

3.2.2 Accidents by type of car

From the accident records obtained, it was noted that the accidents caused by type of car were majorly by motor cars, light Omni buses and motor cycles at 46%, 21% and 20%, respectively as shown in the table below:

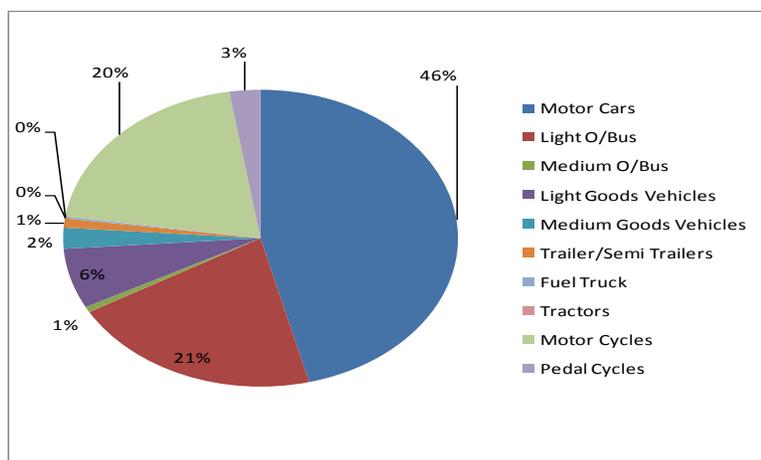
Table 3: accidents by type of car

Description	2006	2007	2008	2009	2010
Motor Cars	6,490	8,285	7,749	8,971	8,711
Light O/Bus	3,231	3,231	3,302	3,540	3,924
Medium O/Bus	142	151	109	193	114
Light Goods Vehicles	1,078	1,189	1,018	1,243	1,234
Medium Goods Vehicles	437	371	325	521	429
Trailer/Semi Trailers	175	193	198	192	190
Fuel Truck	34	27	18	38	39
Tractors	3	1	6	14	1
Motor Cycles	2,032	2,842	3,033	3,979	3,806
Pedal Cycles	528	602	599	515	483
Total	14,150	16,892	16,357	19,206	18,931

Source: Uganda Police Force

Chart 1 below shows the percentages of accidents caused by type of car during the year 2010.

Chart 1: Accidents by type of car



3.2.4 Number of casualties (death and injury) of road traffic accidents.

Casualty statistics obtained from Uganda Traffic Police Department indicates that the trend of casualties from road traffic accidents has generally been increasing from the years 2008 to 2010 as shows in table 4 herebelow.

Table 4: Reported road traffic accidents 2006-2010

Description	2006	2007	2008	2009	2010
Killed	2,171	2,334	2,035	2,734	2,954
Serious injury	9,503	9,277	9,328	13,392	14,148
Minor injury	2,655	2,779	2,069	2,437	1,706
Total	14,329	14,390	13,432	18,563	18,808

Source: Uganda Police Force

From the trend in the table above, one would expect the claims ratio to increase.

4.0 CHALLENGES RAISED BY VARIOUS STAKEHOLDERS

4.1 The Uganda Police (Traffic Department)

The Uganda Police is a key stakeholder in the motor third party claims process. The Police, among others, visit the accident scene, carry out an investigation on the cause of accident, find out the party in fault, liaise with the Inspector of Vehicles in coming up with the Police Accident Report on which the insurers base on deciding whether to settle a claim or not. However, a number of traffic police officers cited the following challenges in execution of their roles:

- i. At some accident scenes, the police investigation officers become victims as they are at times beaten up by rowdy and angry crowds. This affects the entire investigation process which may thus result in an inconclusive accident report being given to claimants or their representatives;
- ii. There is poor management of the accident scene. In most cases the accident scene is not cordoned off due to rowdy crowds, some roads being too busy and so on. The police often find that vehicles have been moved off scene and thus cannot carry out proper investigations about the accident. This may also result in inconclusive police accident reports;
- iii. The police in most cases also lend a helping hand to the accident victims by way of transporting them to medical centers or hospitals after accidents. However, at times they lack adequate fuel to transport the accident victim;
- iv. At the accident scene, the police record the insurance sticker details say the insurance company where the sticker is obtained, the sticker number, period of cover and so on. However, at times they may not easily identify the fake insurance stickers. The identification of fake stickers is only discovered much later in the claims process by the insurers; and
- v. Some of the vehicles involved in accidents are not insured and there is no fund to cater for hit and run vehicles.

4.2 UTODA, UBOA & Drivers

UTODA and UBOA are associations that bring together taxi and bus operators in Uganda. We visited these associations to obtain information on their challenges with regards to the motor third party claims process in Uganda. The following challenges were raised:

- i. Many drivers are not aware of the steps to be taken once they are involved in accidents. Out of 200 drivers interviewed, over 70% did not know the claims process, the benefits of taking out motor third party insurance and viewed it as a government tax.

- ii. The drivers also expressed concern that little efforts had been put in place by insurance industry players in educating them about motor third party insurance and its benefits.
- iii. Before an insurer pays motor third party claims, they request for a report from the Inspector of Vehicles which indicates among others whether the vehicle was roadworthy or not. Once the vehicle is deemed to have been in a dangerous mechanical condition, the insurers do not pay. However, the drivers attribute the poor conditions of their vehicles to the poor state of roads, in addition to the fact that a number of car accessories they genuinely buy from traders not being good. Several tires, car accessories and parts being imported are substandard.

4.3 Insurance Industry

During this study, we visited a number of stakeholders in the insurance industry including the UIA, non-life insurance companies and insurance brokers etc. We noted a number of challenges which impact on motor third party claims. Some of the challenges include:

- i. Scanty data is picked from the insured yet underwriting has a direct impact on claims. Therefore when little information is obtained from the insured, the claims process would delay as the insurers ask for some of the necessary underwriting documents at the claims stage. For instance, a copy of the driving permit is requested for at the claims stage and not underwriting.
- ii. The level of appreciation and understanding of motor third party is very low amongst the insureds and the population at large. A number of people including the literate do not appear to know the importance of having motor third party on their vehicles.
- iii. A number of accident victims or their representatives always have high expectations in terms of the compensation amounts they expect from insurers. However, a number of them get disappointed by the final payout amounts because the liability limits are low i.e. a maximum of Ushs. 1,000,000/= is paid out per person per accident, and an aggregate per accident of Ushs. 10,000,000/=.
- iv. Some insurers pointed out that when they compare some of the sticker numbers quoted on the police accident reports with the copies in their databases, they find that they are not liable to settle some of the claims because the stickers are fake. The sale of fake stickers has been aided by insurance companies that have allowed hawking of their stickers especially in car parks. By hawking, the sellers are mobile and cannot be traced after the sale transactions, which has aided the sale of fake stickers.
- v. A number of stakeholders in the insurance industry mentioned that undercutting or charging premiums below the approved statutory rates was widespread. With continued undercutting, the insurers would be unable to meet motor third party claims when they fall due.

- vi. Reporting delays were noted on a number of claim files we sampled out. It was therefore difficult for the insurance companies to carry out investigations where some claims were reported long after the accident occurred. The delays in reporting could be attributable to the fact that most claimants are ignorant on the importance of early reporting, they lack adequate information on the procedure of claims settlement.
- vii. Most of the outstanding motor third party claims were as a result of delays in obtaining the necessary documents from the claimants. Claimants take quite long to avail the necessary documents.
- viii. At times individuals approach insurance companies directly without going through the insured, making it difficult for the insurers to settle such claims. In most cases such claims were fraudulent.
- ix. Lack of proper communication and follow-up of motor third party outstanding claims was also noted, this is partly attributable to the fact that some victims do not have proper addresses let alone phone contacts.
- x. Delays in settlement of claims was noted in some of the claims files we reviewed. Even in cases where the claimants submitted the necessary documents on time, internal processing of claims of some insurers was quite slow.
- xi. It was also noted that some of the companies visited were understaffed in their claims department. Therefore, given the volume of claims they handle, it would be difficult to effectively execute the claims function.
- xii. Most of the staff handling insurance claims also lacked training in insurance claims investigation. This in itself affects the ability of the insurance companies to properly investigate and ultimately settle their claims.
- xiii. Lack of proper IT systems to handle motor third party claims was also a significant challenge. This affects the timely processing of motor third party claims.

4.4 Accident Victims or Their representatives

We also contacted a number of accident victims or their representatives regarding the challenges they were facing with regards to their motor third party claims with insurance companies. They raised the following challenges.

- i. A number of accident victims or their representatives mentioned that they were finding it quite costly to obtain a number of documents requested. This was attributable to the fact that they are requested to pay for each document and there is a lot of bureaucracy in the offices they visit. They said it was costly to obtain Letters of Administration, they also had pay Uganda Police charges 80,500/= for a police report for each accident victim. At the end of the day, they spend more than they actually would be compensated.
- ii. For the accident victims or their representatives who live up country, a number of them said that they incur high transport costs in following up on their claims in from the insurers head offices. These costs are not catered for while compensating them. Additionally, they said that most of the agency offices they visit for assistance are not quite vigilant when it comes to helping them in processing their claims.
- iii. A number of accident victims did not know the claims process and each insurer requests for different documents before settling motor third party claims.
- iv. The accident victims also mentioned that they do not get any assistance from the insurers during the times they are admitted to hospitals. They only get compensated way long after they have recovered and presented medical reports and medical receipts. Some accident victims mentioned that they did not have adequate fund to cater for the medical expenses.
- v. Police accident report (victim should not await the case to be pronounced) delay.
- vi. Some of the accident victims mentioned that their properties were destroyed during accidents but could not obtain any compensation from the insurers.
- vii. Accident victims where a hit and run vehicle was involved, would not get any kind of compensation. Therefore, the public is currently not appreciating the value of insurance.
- viii. In most companies, cash payments to the claimants are no longer made. Most of the payments go through bank accounts of the claimants. This requirement means that the claimants must open up and meet the costs of maintaining an account in anticipation of the motor third party claims payment. Some of the costs may include account opening fees, monthly account management fees/deductions, cheque processing fees etc. These reduce on the payout made to the claimants.

5.0 RECOMMENDATIONS

This study has given an account of the motor third party underwriting process, motor third party claims settlement process, accident statistics, challenges raised by various stakeholders and the reasons for the existence of such challenges.

The purpose of the study was to:

- i. Ascertain the claims settling process for motor third party claims for the various institutions.
- ii. Find out the institutional factors or challenges that affect motor third party claim settlement.
- iii. Find out those factors that affect settlement of Motor third party claims but are not attributable to an institution.

The findings from this study have shown that:

1. Little information is picked from the insureds at the time of issuing a motor third party sticker.
2. Insurers ask for different documents in order to settle claims.
3. Few people claim for motor third party compensation.
4. Motor cars, Light O/buses and Motor cycles have the highest incidences of claims amongst vehicles.
5. The highest cause of road accidents is attributable to driver behaviour.
6. Some of the police become victims at accident scenes.
7. At times there is poor management of the accident scene.
8. There are fake stickers being sold on the market.
9. A number of vehicles are not insured.
10. The populace are not aware of the steps to be taken before obtaining motor third party compensation.
11. Little effort has been placed towards educating the populace on motor third party.
12. There are fake tires, car parts and accessories sold on the market which negatively impact on motor third party claims.
13. The motor third party liability limits are too low.
14. Undercutting insurance premium is a big concern.
15. Insureds and accident victims delay in reporting claims.
16. Accident victims approach the insurers directly without going through the insured.
17. There is lack of proper communication and follow-up of motor third party claims by the insurers.
18. There are delays in settlement of claims by some insurers.
19. Some companies are understaffed in their claims departments.
20. Most claims staff are not trained in claims investigation.
21. Some insurers lack proper IT systems to handle motor third party claims.
22. The accident victims or their representatives were finding it costly to obtain the required documents.

23. Accident victims incur high transport costs that are not catered for.
24. Accident victims do not get any assistance from insurers while undertaking treatment.
25. Motor third party property damage is not covered.
26. Accident victims of hit and run vehicles do not get compensated etc.

From the findings highlighted above, we recommend the following:

Insurance companies should obtain more information from the insureds when issuing them with stickers (at the point of sale). Some of the documents that could be requested for include a copy of the driver's valid permit, birth certificate etc. Insurers should also obtain information regarding the drivers claims history, their accident history, previous criminal record, driving experience, age etc. This would help to ensure that:

- Proper underwriting/risk assessment is done at this stage.
- Stickers are sold only to persons who are qualified to drive. This would reduce on the number of rejected claims as a result of accidents caused by drivers who are not qualified to drive on the roads either as a result of being under aged or not having a valid driving permit at a given point in time etc.
- The documents mentioned above are not requested for at the claims stage as well as they would have been availed to the insurers. This would reduce on the required documentation at the claims stage and thus fasten the claims process.

The motor third party claims process be standardised by the Authority in liaison with the UIA in order to ensure that the documents required by all non-life insurance companies before settling the motor third party bodily injury or death claims are the same. This would enable the populace clearly know the process to be followed to have their claims settled and also make the claims process more simplified.

More vigorous consumer awareness and education campaigns be carried out by the Authority in order to:

- Enlighten the public on the benefits of motor third party insurance cover and their rights.
- Inform the public on the motor third party claims settling process, the various stakeholders in the claims settling process and their roles.
- Educate the populace on the importance of proper management of the accident scenes.
- Advise the populace to co-operate with the Police officers carrying out investigations.
- Educate the public on the importance of early reporting so as to reduce on the number of claims reported late. This would enable the insurers to be able to carry out timely and early investigations and for the accident victims, it would make getting proper documents easier.
- Inform the public on the dispute resolution mechanism at the Authority (the Complaints bureau).
-

The practice of hawking of insurance stickers especially around car parks be stopped by insurers. By stopping hawking of insurance stickers, the following would be achieved.

- The sale of fake stickers would reduce, given the fact that hawkers are mobile and cannot be easily traced, the practice of hawking aids the sale of fake stickers.

- When a fake sticker is issued, the issuing agency office can be identified and proper investigations can be carried out.

The Authority works more closely with the Police to enforce compliance with the motor third party insurance (third party risks) Act so as to reduce on the number of uninsured motor vehicles on the roads. This is important because there is no fund to provide compensation for uninsured vehicles.

The Authority should engage Uganda National Bureau of Standards to ensure that car tires, car parts and car accessories sold on the market are of a good standard. Some of the accidents on the roads are caused by car failure resulting from the use of fake car parts. Insurers would not pay when the Inspector of Vehicles confirms that the vehicle was in a dangerous mechanical condition.

The current liability limits of motor third party should be revised. The revision of these liability limits is premised on the fact that the current liability limit of Ushs. 1 million per victim being too low and in effect discouraging individuals from proceeding to insurance companies for compensation. At times the individuals incur higher costs for obtaining the necessary documentation and going through the claims process than the compensation they obtain.

At the time of claim intimation, every insurer should record proper contact details of the accident victims and car owner. This would enable proper communication between the insurer and the accident victims to take place.

Every insurers should have an adequate number of claims staff and also have proper training for the staff as this would ensure that there is more effective claims settlement.

The Authority should encourage all insurance companies to have in place proper information technology systems and software in order to enhance claims management. This can be done by say allowing for software insurance programs as admissible assets as this encourages companies to purchase proper systems that would be used in claims management.

STATISTICAL TABLES

Insurers premium and claims statistics-2008

COMPANY	PREMIUM	CLAIMS
AIG	325,818,430	89,696,245
EAGEN	212,250,813	3,000,000
E. A. UNDERWRITERS	51,833,822	9,918,000
EXCEL	1,154,156,937	-
FIRST INSURANCE	933,539,938	75,060,000
GOLDSTAR	97,887,006	-
ICEA	26,203,000	-
JUBILEE	258,787,946	70,500,000
LEADS	250,489,769	-
LION	78,177,850	-
NIC	599,099,287	27,265,140
NICO	186,865,930	3,394,600
PARAMOUNT	112,665,850	8,500,000
PAX	37,861,550	-
PHOENIX	225,647,465	-
RIO	556,427,100	28,504,000
STATEWIDE	338,478,393	25,000,000
TRANSAFRICA	103,326,445	-
UAP	435,582,795	103,815,295
TOTAL	5,985,100,326	444,653,280

Insurers premium and claims statistics-2009

COMPANY	PREMIUM	CLAIMS
APA	68,995,578	-
CHARTIS (AIG)	243,398,452	66,919,127
EAGEN	218,031,320	6,400,000
E. A. UNDERWRITERS	53,604,067	-
EXCEL	1,543,619,193	31,010,000
FIRST INSURANCE	931,058,650	70,700,000
GOLDSTAR	121,613,365	2,500,000
ICEA	45,263,550	17,523,480
JUBILEE	341,088,337	42,850,000
LEADS	440,259,082	-
LION	107,231,471	-
NIC	646,978,173	22,949,616
NIKO	599,754,477	19,225,000
PARAMOUNT	130,237,460	1,895,000
PAX	140,668,420	-
PHOENIX	258,826,110	-
RIO	530,497,650	6,000,000
STATEWIDE	403,446,241	17,500,000
TRANSAFRICA	185,010,075	-
UAP	474,005,025	102,703,397
TOTAL	7,483,586,696	408,175,620

Insurers premium and claims statistics-2010

COMPANY	PREMIUM	CLAIMS
APA	129,073,276	-
CHARTIS (AIG)	384,541,812	-
EAGEN	189,959,650	17,500,000
E. A. UNDERWRITERS	49,051,824	5,000,000
EXCEL	1,797,094,203	14,972,500
FIRST INSURANCE	939,109,400	52,200,000
GOLDSTAR	105,787,383	74,000
ICEA	100,813,500	55,553,700
JUBILEE	345,311,840	92,700,000
LEADS	476,901,341	-
LION	88,230,136	-
NIC	693,737,174	42,737,800
NIKO	554,362,797	9,260,000
PARAMOUNT	41,080,500	3,600,000
PAX	186,368,350	-
PHOENIX	226,437,715	-
RIO	531,248,100	13,010,000
STATEWIDE	414,870,786	8,577,500
TRANSAFRICA	184,930,070	-
UAP	509,112,369	93,075,100
TOTAL	7,948,022,226	408,260,600

Appendix (Questionnaire)

Insurers Questionnaire

1. Company name?.....

2. Is the motor third partyclaims settling procedure laid down in the claims manual? Yes No

3. Is the motor third partyclaims procedure issued to policyholders at the time of issuing a sticker?
Yes No

4. In the event of an accident resulting in bodily injury of an accident victim, which of the following information would be required from the accident victim before a motor third partyclaim is settled. (please tick were appropriate)
 - a) Police accident report
 - b) Medical Examination report
 - c) Medical receipts
 - d) Third party identification documents
 - e) Others

5. If you ticked e) in question 4 above, please list the other documents that are required before settling motor third partybodily injury accident victims.
 - i).....
 - ii).....
 - iii).....
 - iv).....

6. In the event of an accident resulting in death of an accident victim, which of the following information would be required from the victim's representative before a motor third partyclaim is settled. (please tick appropriate)
 - a) Police accident report
 - b) A Post Mortem Report
 - c) Letters of Administration
 - d) LC 1 introduction letter
 - e) Others

7. If you ticked (e) in question 6 above, please list the other documents that are required before settling motor third partydeath victims.
 - i).....
 - ii).....

iii).....
iv).....

8. Does your organisation face the following challenges in settling motor third partyclaims. (please tick appropriate).

- a) Lack of an IT system to handle motor third partyclaims
- b) High staff turnover.
- c) Lack of adequately trained personnel
- d) Few claims staff.
- e) Lack of training in claims investigation
- f) Others

9. If you ticked (f) in question 8 above, please list the other challenges your organisation faces in settling motor third partyclaims.

i).....
ii).....
iii).....
iv).....

10. Do you face the following challenges in settling motor third partyclaims. (please tick appropriate).

- a) Delays in reporting by the insured.
- b) Delays in processing payments.
- c) Delays in submission of the pertinent claims documents
- d) Others

11. If you ticked (d) in question 10 above, please list the other challenges you face in settling motor third party claims.

i).....
ii).....
iii).....
iv).....

Regarding questions 12 and 13, please respond as follows: 1=most difficult to avail, 2 =moderately availed, 3= easily availed

12. How promptly are the documents for motor third partybodily injury claims availed

- a) Police accident report
- b) Medical Examination report
- c) Medical receipts

- d) Third party identification documents
- e) Others

13. How promptly are the documents for motor third party death claims availed

- a) Police accident report
- b) A Post Mortem Report
- c) Letters of Administration
- d) LC 1 introduction letter
- e) Others

14. In your view, are reporting delays attributable to the following

- a) Ignorance of the claimants on the importance of early reporting. Yes No
- b) Lack of information on the procedure of claims settlement. Yes No
- c) Lack of confidence that their claims will be settled. Yes No
- d) Others issues. Yes No

15. If your response to Qn 14 is (d) please list the other factors that lead to reporting delays.

- i).....
- ii).....
- iii).....
- iv).....
-

Questionnaire for Accident Victims (Third Parties)

1. Is the medical care you are receiving a result of a motor accident? Yes No

2. If yes, when did the accident occur and at what time?

.....
.....
.....

3. Did the Police investigate this accident? Yes No

4. If Yes, have you secured a Police report. Yes No

5. Was it easy to obtain a copy of the Police accident report? Yes No

6. Was another person or organisation responsible for the accident? Yes No

7. Have you made a claim against the responsible party? Yes No

8. If no, why not?.....

.....
.....
.....

9. Have you received any type of settlement from the responsible party? Yes No

10. If yes, please provide a copy of the settlement documents

11. Did you receive any payments from the insurance company? Yes No

12. If yes, which one and how much

.....
.....
.....
.....

13. Were you requested to submit any other documents in addition to the Police report?

Yes No

14. If yes, what other documents were you requested to submit

.....
.....
.....

15. Was it easy to obtain the additional documents requested for?

Yes No

16. If no, which documents did you have difficulty in obtaining

.....
.....
.....
.....

17. If your response to 15 is yes, were you provided with any reasons for the delay?

Yes No

18. If yes, what were the reasons.

.....
.....
.....
.....

19. Did the settlement of your claim by the insurance company take long?

Yes No

20. Generally, comment on your experience with the insurance company

.....
.....
.....
.....
.....
.....

Appendix (Interview Guide)

Questionnaire for the Police

1. What challenges does the Police face in as far as road accidents are concerned?

.....
.....
.....
.....
.....

2. What information should a police accident report have?

.....
.....
.....

3. How much is the Police Accident Report?

.....
.....
.....

4. What is the Police's role in as far as motor third party claims are concerned?

.....
.....
.....
.....
.....

5. Could you provide us with road accident statistics for the years 2005 to 2010.

- number of road accidents
- number of motor vehicles involved
- number of accident victims
- number of deaths
- number of uninsured vehicles involved in accidents, etc.

6. In case of insurance claims how do you assist the accident victims?

.....

Questionnaire for UTODA

1. What challenges do your drivers face in as far as road accidents are concerned?

.....
.....
.....
.....

2. Does UTODA provide any assistance to its drivers during and after road accidents?

Yes No

3. If yes, please explain.....

.....
.....
.....
.....

4. Has your car ever been involved in an accident? Yes No

5. If yes, how did you handle the claim with an insurance company?

.....
.....
.....
.....

6. Are your drivers aware of the MOTOR THIRD PARTY claims procedures?

Yes No

7. Do/did you find any challenges while dealing with insurance companies with regard to Motor third party claims?

Yes No

8. If yes, please explain

.....
.....
.....
.....
.....

9. What do you think should be done to resolve such challenges in the future?

.....

.....

.....

.....

Questionnaire for UBOA

1. What challenges do your drivers face in as far as road accidents are concerned?

.....
.....
.....
.....

2. Does UBOA provide any assistance to its drivers during and after road accidents?

Yes No

3. If yes, please explain.....

.....
.....
.....
.....

5. If yes, how did you handle the claim with an insurance company?

.....
.....
.....
.....

6. Are your drivers aware of the Motor third party claims procedures?

Yes No

7. Do/did you find any challenges while dealing with insurance companies with regard to Motor third party claims?

Yes No

8. If yes, please explain

.....
.....
.....
.....

9. What do you think should be done to resolve such challenges in the future?

.....

.....
.....
.....

Questionnaire for Companies with motor fleets

1. Have any of your cars been involved in road accidents ? Yes No

2. If yes, how many road accidents have your cars been involved in during the following years?

2010

2009

2008

2007

3. How did you handle some of these claims with the insurance company?

.....
.....
.....
.....
.....

4. Are you aware of the Motor third party claim procedures? Yes No

7. Do/did you find any challenges while dealing with insurance companies with regard to Motor third party claims?

Yes No

8. If yes, please explain

.....
.....
.....
.....
.....
.....

9. What do you think should be done to resolve such challenges in the future?

.....
.....
.....
.....