

MOTOR INSURANCE & CAR ACCIDENTS: WHAT HAPPENS TODAY

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WHY MOTOR INSURANCE?

Everyone who owns a car would know that motor insurance or motor takaful is required as part of the annual vehicle registration renewal process. But not many would know why it is necessary? In Brunei Darussalam, according to Motor Vehicles Insurance (Third Party Risks) Act, Chapter 90, it is against the law for a motor vehicle to be on the road without the motor insurance coverage. There are two types of coverage offered in Brunei Darussalam:

Type of policy / scheme	Coverage	Endorsement
Third party	a) Third party bodily injury and death b) Third party property damage	
Comprehensive	a) Third party bodily injury and death b) Third party property damage c) Loss / damage to your own vehicle due to fire, theft or accidental collision or overturning or whilst in transit excluding any sea route.	<ul style="list-style-type: none"> • Windscreen damages • Flood, storm • Excess protector • Passengers' risks in your own vehicle • Personal accident

Note: Please check with your insurance/takaful provider regarding your coverage and the endorsements available to you

Have you ever wondered, what would happen if you were involved in an accident without insurance or takaful coverage? As of Q1 2015, there

“What would happen if you were in an accident and had no coverage?”

were 286 vehicles found without a valid road tax, and thus were not covered by a valid motor insurance policy or Takaful plan, according to Road Traffic Accident Report by Road Safety and Research Unit (RSRU), Traffic Control and Investigation Department, Royal Brunei Police Force.

Accidents are bound to happen, but can become more complicated if one of the parties involved does not have motor insurance/Takaful. It is a question that some drivers that are not covered by motor insurance should ask themselves- "Can I bear the cost myself if I involved in accident?" According to a Q1 2015 report by RSRU, 38% out of the total car accidents involved were caused by, self-accidents and resulted in 2 fatalities. Being involved in a car accident with no insurance can be a costly mistake, however, when you have insurance, you will have options.

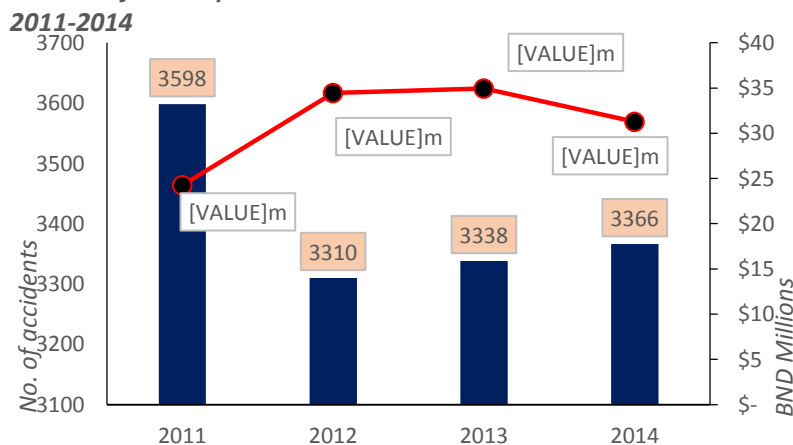
For example, you can make a claim with your insurance company for payment of damages and injuries if you carry the right motor insurance coverage. Also, with at least a third party liability cover, you may not have to repay the damage to the property from your own pocket and your insurance company will bear the cost. If you have an additional personal accident coverage, you may claim your medical bills to your insurance company provided your coverage is not lapsed.

RECENT TRENDS ON CAR ACCIDENTS AND CLAIMS

In 2014, insurance companies and Takaful operators received 3,954 claims on motor, of which 94% were coming from claims involving private vehicles. These statistics, although falls within 1% of the total vehicles registered, the amount of claims paid is significantly high at BND31.3 Million. Since Q1 2013, insurance companies and Takaful operators have paid claims of up to BND11 Million each quarter. The data for 2013-2015 suggests, therefore, approximately 600 claims paid per quarter.

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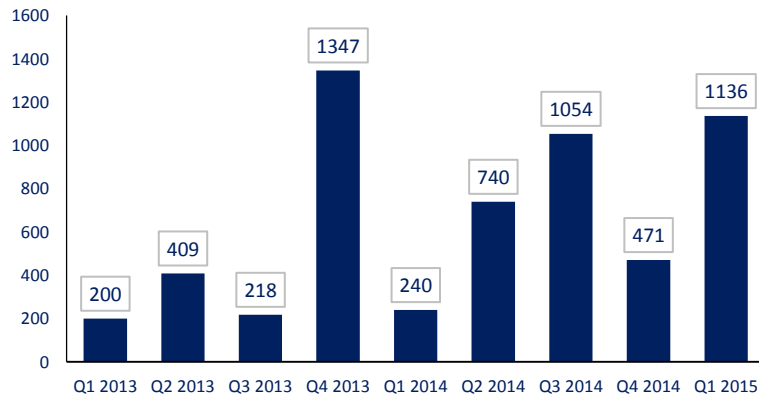
No. of accidents reported to Royal Brunei Police Force and amount of claims paid



For the past 4 years, more than 3,000 cases of total accidents were reported each year. From 2013 to 2014, there was a 1.35% reduction in self-accident, there was a 4.3% increase in

collision between cars. Meanwhile, in Q1 2015 alone, total accidents reported stood at 1,307, including cars, heavy vehicles, motorcycles and bicycles.

**No. of Claims paid
Q1 2013-Q1 2015**



If these cost of high claims are not addressed, it would result in an increase to the cost of motor insurance/Takaful. Thus, all drivers and car owners are urged to drive safely and most importantly, to have motor insurance/Takaful cover.

You may find out more by reading the “My Takaful and Insurance Book”, available for download at www.ambd.gov.bn or collect a complimentary copy at Level 7, Autoriti Monetari Brunei Darussalam, Ministry of Finance Building, Commonwealth Drive, BB3910.