

## Press Release

April 8, 2015

*For immediate release*

### **SECP recommends to provinces to amend the Motor Third Party Liability Insurance Schemes**

ISLAMABAD, April 8: On the SECP's suggestion, the Ministry of Finance has written all the provincial governments to consider amending the Motor Third Party Liability Insurance Scheme in accordance with the recommendations of the Securities and Exchange Commission of Pakistan (SECP).

The SECP is of the view that the said insurance law needs revision to bring it into consonance with the present day requirements and laws being followed in other countries.

The SECP has recommended that in the proposed law the insured compensation limit to the victims of the road traffic accidents or their legal heirs should be increased from Rs20,000 to Rs200,000.

The SECP has pointed out that the existing compensation limit of Rs20,000 prescribed for death or bodily injury under the saved Chapter VIII of the repealed Motor Vehicles Act, 1939 is meager and not in consonance with the present day requirements. The amount which needs to be enhanced as it was last revised in 1949.

Also, the existing procedure for the determination of the liability through courts is so lengthy, costly and cumbersome which cannot be afforded by the claimants. The SECP has recommended to introduce a new clause "No fault option" whereby the claim for death or bodily injury shall be payable to the victims of the road accidents or their legal heirs without obtaining any court order and irrespective of the fact as to whether or not the insured person was at fault. The SECP has also asked for introduction of compensation limits separately for bodily injuries.

SECP believes that by having the motor third party compulsory insurance law, our people will get rid of unpleasant disputes and altercations between parties often seen after road accidents. It should be noted that in all advanced countries the third party insurance laws are in operation and consequently, the affected people get their insurance claims accepted without any hassle. This culture should also be adopted in Pakistan.