



# Securities and Exchange Commission of Pakistan

## Press Release

August 10, 2018  
For immediate release

### **SECP for increasing claim amount for road accident victims**

**Islamabad, August 10:** The Securities and Exchange Commission of Pakistan aims to make necessary amendments to the Motor Vehicles Act, 1939, for smooth implementation of the motor third party liability insurance scheme.

As per the provisions of the said law, it is mandatory for all the motor vehicle owners to have the motor third party liability insurance cover, which is meant for compensating the road accident victims or their legal heirs. The compensation limit of Rs20,000 provided under the existing provisions of the law, in cases of bodily injury and death, needs to be enhanced.

Furthermore, the existing procedure for determination of the liability through courts is too lengthy, costly and cumbersome to be afforded by the claimants. Moreover, due to non-enforcement of the existing laws coupled with unattractive limits of compensation in case of road accidents as provided under the existing legislation, the said compulsory motor third party insurance is either not purchased, or purchased from bogus insurance entities offering third party insurance certificates on cheaper rates on the roadsides. Consequently, the victims of the road accidents or their legal heirs are either not compensated or get a very little compensation for accident.

In order to address such issues, the proposed amendments aim at introducing “no fault option” whereby a claim for death or bodily injury shall be payable to the victims of road accidents or their legal heirs without obtaining any court order and regardless of whether or not the insured person was at fault. The compensation amount of Rs20,000 for legal heirs in case of accidents resulting in death, has also been enhanced to Rs500,000 through a proposed amendment to the law. Furthermore, a schedule has been proposed to be inserted in the law to prescribe the enhanced limits for bodily injuries. To address the issue of bogus policies, the SECP has also proposed to impose heavy penalties.

For the purpose of public consultations, a draft of the proposed amendments has been posted on the SECP’s website. The feedback or comments received from all concerned on the proposed amendments within 30 days would be taken into account while finalizing the draft. The said draft would also be shared with IAP, non-life insurers and insurance brokers to seek their valued feedback and comments before finalizing the amendments.

NIC Building, 63 Jinnah Avenue,  
Islamabad, Pakistan

PABX: +92-51-9207091-4 Fax: +92-51-9218592, 9204915, Email: [webmaster@secp.gov.pk](mailto:webmaster@secp.gov.pk), Website: [www.secp.gov.pk](http://www.secp.gov.pk)