

MEDIA RELEASE

For immediate release

GIA announces improvements to motor insurance practices

Review addresses customer concerns; consults widely over new initiatives

Singapore, November 5, 2004 - The General Insurance Association of Singapore (GIA) today unveiled new initiatives aimed at making motor insurance more efficient, fairer and easier to understand.

The initiatives are the result of a major review of motor insurance processes and practices by the GIA – the industry standards body of all 29 direct general insurance companies in Singapore.

Announcing the new initiatives, GIA President Terence Tan said the aim of the review was to improve standards across the board, and to make motor insurance as fair, transparent and efficient as possible.

“The review and improvement of motor insurance practices is an ongoing process. As markets change and consumers grow more sophisticated, the industry has to keep up with increasing demands,” Mr Tan said.

“During the review, we consulted widely, with customers, the industry and other interested parties, and systematically identified and addressed key motor insurance issues that have caused concern or misunderstanding,” Mr Tan said.

“Based on this feedback, we developed new initiatives that will help customers better understand motor insurance and choose a policy that best suits their needs. In addition, we have recommended measures that will help streamline the claims process so it is fairer and clearer for both customers and insurers,” Mr Tan said.

In late 2000, the GIA formed the Motor Insurance Task Force (MITF) to enhance standards and address motor insurance issues. In July 2001, MITF made 10 key recommendations based on best practices for sales and service. They included the introduction of a risk-based premium rating system, the establishment of the Independent Damage Assessment Centre (Idac) network and a Code of Practice for customer service.

In August 2003, the GIA set up the Motor Insurance Review Work Group (MIRWG) to monitor the progress made by the industry in implementing the MITF’s recommendations, and to build on the work of the MITF by addressing further issues of interest to consumers and stakeholders.

The MIRWG comprised senior practitioners from the general insurance industry experienced in motor insurance, along with observers from the Monetary Authority of Singapore (MAS) and a representative of the Automobile Association of Singapore (AAS).

The Work Group recommended three key initiatives. They are:

a) The Singapore Accident Statement – Making claims fairer and more efficient

The Singapore Accident Statement is a booklet that contains two statements for policyholders to complete in the event of them being involved in a motor accident. Based on a European model that has been used successfully for 31 years, it is designed to help insurers understand what happened in the accident and enable them to process claims more fairly and efficiently.

The Accident Statement (Part I) should be filled in and signed by both parties at the scene of the accident and submitted to their insurer, Idac or authorised workshop within 24 hours. The statement is carbonised so both parties can take a copy.

The second statement, Individual Statement (Part II), can be filled in away from the scene of the accident and submitted to the policyholder's insurer, Idac or authorised workshop within 24 hours of the accident.

From Friday, November 12, 2004, the Singapore Accident Statement replaces existing motor accident report forms. If policyholders complete the Singapore Accident Statement they will not need to submit any other accident reporting forms to their insurer in most cases. It is not an additional form. All motor policyholders will be sent a copy of the Singapore Accident Statement, which they should keep in their vehicles.

A 24-hour telephone hotline will be available to offer assistance and advice on the Singapore Accident Statement.

Mr Tan said the Singapore Accident Statement was developed in response to customer feedback about motor insurance claims.

"In the past, some motorists have expressed concern about the time it took to process their claims and the fact that responsibility for the accident did not appear to be apportioned fairly," he said.

"We want to make insurance fairer and more efficient for everyone. The Singapore Accident Statement will help your insurer understand what happened in the accident and, in many cases, eliminate the need for a lengthy investigation caused by conflicting accounts," Mr Tan said.

b) Consumer Guides – Providing clear, relevant information

The GIA today launched two motor insurance consumer guides to help motorists better understand motor insurance.

"Insuring Your Motor Vehicle" contains information on what motorists should look for when buying motor insurance and gives advice on how to choose a policy that best suits their needs.

The second guide, “What to Do After a Motor Accident”, offers tips on how to lodge a motor insurance claim.

“The guides address some of the most frequently asked questions by motor policyholders,” said Mr Tan.

“It’s important that Singapore motorists have clear information to help them make informed decisions when buying a motor insurance policy. When customers buy insurance they should know what will be covered, how much it will cost and what they’ll be paid out in the event of a claim,” Mr Tan said.

“Every motorist in Singapore should get a copy of the new GIA motor insurance guides.”

The guides will be available from insurers and the GIA. More detailed versions can also be viewed on the GIA website at www.gia.org.sg. “What to Do After a Motor Accident” will also be sent to all motor policyholders.

The guides are publications under the MoneySENSE national financial education programme.

c) Exploring enhanced Idac services

The MIRWG has recommended that the basic accident assessment function of the Idac network be enhanced to offer an expanded range of services to motorists.

The Idac network was set up by the GIA in August 2002 to provide a fast, independent accident damage assessment service. There are now 13 Idac serving the policyholders of 22 motor insurers in Singapore.

Mr Tan said that while Idac had been successful in helping to contain claims costs, the business model should evolve if it is to continue to add value to insurers and customers.

“We see Idac going beyond providing just a preliminary damage assessment and form-filling function, and becoming a true one-stop service centre for claims processing,” Mr Tan said.

“Idac assessors should be able to quantify the extent of damage in dollar terms, as well as make arrangements with insurers’ chosen workshops for the damaged vehicle to be transferred to the latter’s premises for repair. In this way, the policyholder need only approach Idac for both claims reporting and repair of his vehicle, and only one visit would be required,” he said.

Streamlining of the claims process would also reduce the number of days a vehicle was out of commission by eliminating repetition in the work done by the different parties in the claims processing chain.

The GIA will be encouraging Idac operators to talk to customers and partners to identify which additional services they should offer.



General Insurance Association
of Singapore

About the General Insurance Association of Singapore

The General Insurance Association of Singapore (GIA) is the industry representative body of all 29 general insurance companies transacting business in Singapore.

In addition to fostering public confidence in, and respect for, the general insurance industry, the GIA also represents its members' interests to government, trade bodies and associations in other industries.

For more information, visit our website at www.gia.org.sg

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