

MOTOR THIRD PARTY CLAIMS MANAGEMENT



**Committee on Insurance and Pension
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
NEW DELHI**

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Foreword

Motor Insurance contract is a personal contract. It is based on statutory requirements of the Motor Vehicle Act 1988 and various terms and conditions formulated for covering the risks emanating from the use of motor vehicles. Insurance of motor vehicle is unique as it combines in itself damage to insured motor vehicle and insurance against liability towards damage to third party property/or any personal injury/death sustained by third party or passengers or persons in employment as described in the policy or arising out of the use of the insured property.

The Motor Insurance Industry is growing at very fast pace and complete knowledge about legal and procedural issues related to third party claims have become need of the hour. Our Institute, being acclaimed as the Partner in Nation building, has been always raised to provide technical inputs to intricate Macro and Micro economic issues. This publication is a laudable effort and a step in the right direction as it attempts to provide guidance on critical issues relating to third party claims management to our members, stakeholders and others involved. I am confident that users of this publication will find it very useful while carrying out their assignments.

I appreciate the efforts put in by Shri Govind Johri, Associate Professor and Chief Manager, National Insurance Academy, Pune and his entire team for associating in the endeavors of the Institute. I also complement the Committee on Insurance and Pension and its Chairman, CA. Pankaj I. Jain, his colleagues in the Committee and the officials of the Committee's secretariat for doing a valuable work in bringing out this publication.

New Delhi
29th January, 2009

Ved Jain
President

Preface

Motor Insurance is a branch of Miscellaneous (Property and Casualty) insurance and like any other contract should satisfy some fundamentals and also the implied principles of a contract of Insurance such as utmost good faith, insurable interest, indemnity and its corollaries i.e., subrogation and contribution. The third party liability claims for compensation are made in respect of accidents involving the death of or bodily injury to persons arising out of the use of vehicles, or damage to property of third party, or both.

The instant publication is a maiden initiative on Third Party Claims Management in Motor Insurance and it attempts to bring out technical issues in a succulent form, which is easy and understandable by all the stakeholders. I am sure, it would be received well by the Members of our Institute willing to develop their competencies in this area.

This publication is intended to cover General principles of Motor Insurance Contracts, Proposal and Policy Forms, Legal Aspects of Third Party Claims, etc. apart from areas like Jurisdiction of Civil courts, Internal Audit, Principles of Damages, etc. Case studies and case laws have been included so that the readers would get practical side of the Third Party Claims Management.

I place on record my sincere gratitude to Shri Govind Johri of National Insurance Academy and his team for preparing the basic draft of this publication. I am thankful to CA. M. Ramadoss, CMD, Oriental Insurance Company and Mr. S. Gridharan, Regional Manager, Oriental Insurance Co. for their valuable contribution in finalising this publication.

I am thankful to the President of ICAI, CA. Ved Jain and other members and special invitees of the Committee on Insurance and

Pension for their valuable guidance and cooperation in bringing out this publication. I appreciate the efforts put in by the officials of Secretariat of the Committee for their contribution in timely releasing this publication.

New Delhi
29th January, 2009

CA. Pankaj Inderchand Jain
Chairman,
Committee on Insurance and Pension

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