

# Passing the buck

The Dubai Police and insurance companies are at odds regarding the Dubai Police's recent proposal for insurance companies to take the responsibility of examining minor road accidents. **Amir Elalfy** investigates.

**A**t a time when the insurance sector is still healing from its wounds caused by the ongoing financial crisis, the Dubai Police's recent proposal for insurance companies to handle minor road accidents has caused another blow to the ailing financial health of these companies.

According to the Dubai Police, there is at least one minor accident in Dubai every three minutes and around 260,000 minor accidents throughout the year. Every accident takes a minimum of 10 minutes on average to check papers and determine who is at fault. Consequently, an approximate 2,600,000 minutes get wasted every year on these minor accidents.

Even more time is wasted for those involved in the accidents, as they must wait at least another 15 minutes for police to arrive at the location of the accident. If all of this waiting time is avoided, up to 5,200,000 minutes can be saved each year, says Dubai Police.

Dubai Police feels that these minor accidents do not necessarily demand the presence of police, as it is a waste of effort from the police and waste of time for the public. If at least one of the two parties involved in the accident heads to an insurance company and fills up the necessary form created for this purpose, it will save an enormous amount of time.

Insurance companies, on the other hand, do not see the logic in this proposal, although employee opinions are divided on the issue. Some perceive the initiative as a way of enhancing trust between insurance companies and customers. Others see it as a greater financial burden for insurance companies, as it involves the time and cost of examining minor accidents. This initiative might also encourage manipulation

and foul play in the system, some say. Hence, many suggest that examination should be given to an independent company established with the approval of the insurance authority and traffic administration.

Omar Al Amin, head of insurance at the Dubai Chamber of Trade and Commerce, stresses the importance of a discussion between insurance companies and the Dubai Police about establishing a specialised company, such as 'Saed Aid' in Al Ain and Abu Dhabi, that prepares the necessary reports needed for examining minor accidents. Otherwise, this new practice is likely to become a heavy burden on insurance companies, as they are not prepared to handle the financial and legal burdens of such a task.

## Voices from insurance sector

Emirates Insurance Association has rejected the Dubai Police proposal, saying that it is the duty of police to examine an accident, get the driver's licence number and vehicle registration and decide who is responsible for the accident.

"The police ought to be the only one authority that can neutrally determine the cause of the accident between two parties involved," says the association.

The association also questions how to determine whether there has been manipulation or an understanding between the involved parties and the investigating officials. It is difficult to find out what actually happened – for instance, whether the person concerned actually jumped a red light or was driving under the influence of alcohol.

"Referring the task of examining minor traffic accidents to the insurance companies means the absence of any independent investigative authority

and hence the chance of increased manipulation. The financial burden for these insurance companies will also be doubled," Al Amin points out.

Abdul Mutaleb Mustafa, chief executive of Oman Insurance, is also not in favour of the new proposal. "Insurance companies are not against the decision as such, but they are asking for fair implementation of the process to avoid any manipulation within the system in the future," he says.

According to Mustafa, if customers cover the cost of the accident, they won't





be able take advantage of the insurance papers.

“Insurance companies want this decision to be executed in such a way that it denies any misuse. Otherwise, it will be detrimental to those who benefit from insurance companies, as this will increase the cost of insurance for them subsequently,” Mustafa points out.

Insurance companies experienced a further shock when Dubai Police also proposed that the person who causes an accident be exempt and that the insurance company should bear the

financial burden of AED400, which is more than the tariff insurance companies pay now. According to guidelines issued by the ministry of economy for civil liability, insurance companies are supposed to pay only AED300 as a tariff to the police for minor accidents. Fifty per cent of automobile insurance holders do not have comprehensive insurance (i.e. if a person hits another person’s car, then he or she bears the cost, but if the opposite happens, the person does not pay).

Insurance companies also feel that the new proposal will not stop frequent

accidents. A driver is likely to continue driving carelessly knowing that the burden will not be on him or her in a minor accident.

The practice of having insurance companies handle minor accidents is already in vogue in a number of European countries. In the GCC, Kuwait is the first country that has started gradually experimenting with the practice. However, it is not yet known whether the experiment will meet the needs of individuals and companies or whether it will be an additional burden for them. 