

PM explains aim of Civil Law Act changes

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KUALA LUMPUR, Tues. -- The aim of the amendments to the Civil Law Act is to avoid a litigious society that imposes high premium rates and denies insurance coverage to the poor. **Datuk Seri Dr Mahathir Mohamad** said tonight.

To curb this potentially unhealthy development, the Government decided to impose a limit on the amount paid out in compensation.

"If we are used to large amounts of compensation, it will not be long before insurance companies start increasing their premiums and the low-income group suffers," the Prime Minister said in an interview on the *Ehwal Sc-masa* (Current Affairs) programme over TV Malaysia.

Citing the motor insurance business, he said the large amount of compensation paid by insurance companies for accidents over the years had resulted in motorists paying higher premiums.

He cited the United States as another example where people had to pay outrageous bills for services like simple medical treatment to cover the amount of com-

penetration to be paid out in cases of legal suits.

"Even a host is likely to be sued just because a guest broke his leg through a fall.

"Likewise, doctors there do intensive checks on a patient not because they are necessary but because of fear of being sued."

Compensation

Datuk Seri Dr Mahathir said that this was the experience of a staff member of the Malaysian Embassy in Washington who had to pay a \$80,000 bill for treatment of a small cut on a finger.

The staff member had announced the doctor concerned made intensive checks to cover himself from legal suits.

"So if we want to be a litigious society, the poor will suffer."

Commenting on the sue was debated in the amount of compensation, newspapers or other forums laid out under the Civil Law Act, which has been criticised as too low, Dr

By SABRY SHARIF

Mahathir said the Government could allow it to be as high as \$2 million.

He said this would not be a problem but the poor would end up paying high premiums.

He added that the Government was aware that insurance companies were doing well in their business as evident in the Director-General of Insurance's reports over the last five years.

"But the Government is also aware of the rising trend of large payouts of compensation by insurance companies. This can encourage insurance firms to increase their premiums."

The Prime Minister said the amendments to the Act did not question the credibility of judges to determine the amount of compensation.

It was also not the first time that the Government had imposed limits in the settlement of specific cases.

The Government, for example, had imposed limits on the sentence to be handed down by judges in criminal cases.

"As a Government, we cannot see specific issues in its micro stage. Likewise, we cannot see the amendments in the light of those minority who are potential receivers of compensation but the majority who are paying the premiums."

"For example, compensation is given to an individual but at the expense of Premiums paid by 300 or 400 policy holders."

On criticisms that the Act was hurriedly pushed through Parliament, the Prime Minister said he

The staff member had announced the amendments a year ago. He said MPs were free to debate it during its first, second and third readings if they had been interested.

He added that if the issue was debated in the amount of compensation, newspapers or other forums laid out under the Civil Law Act, which has been criticised as too low, Dr