

Feedback sought on basic motor insurance
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Bank Negara is seeking public feedback on the new basic motor insurance coverage for third-party bodily injury and death.

The central bank placed advertisements in several newspapers yesterday, urging readers to download a copy of the consultation paper on the proposed policy at its website.

The central bank is working with relevant authorities to formulate the scheme following the government's announcement in Budget 2010 on the need to provide adequate access to reasonably priced basic motor insurance coverage.

Bank Negara said in the advertisement that it was also in consultations with consumer and transport associations, Bar Council and the insurance industry to obtain first round feedback on the guiding principles, objectives and proposed features under consideration.

The move by the central bank to seek public feedback is reflective of the government's 1Malaysia concept with the "People First Performance Now" principle.

The issue had even caught the attention of Prime Minister Najib Razak who last month directed Bank Negara to take into consideration the people's plight when proposing the new basic motor insurance coverage for third-party bodily injury and death (TPBID) just like enacting any other policy.

Insurance industry increasingly selective

It is understood that insurance players have become increasingly selective in providing the TPBID coverage as premiums have not changed for the past 30 years, resulting in the industry losing RM1 billion since 2008.

Therefore, the central bank had late last month put in a proposal to restructure the country's motor insurance policy to allow adequate protection for all motorists and public at reasonable prices including a TPBID and a third-party property damage.

In the proposal, a basic cover will be made available through insurance companies and takaful operators, their agents and other existing intermediaries, and no motorist will be denied purchase of the basic cover.

Thus, the proposed scheme will be able to reduce cost and address leakages, and the government will remain committed to provide a social safety net for exceptional cases.

- Bernama