

Is Motor Third Party Insurance essential?

The statistics for motor accidents are scary and this is why road accidents are national issue in Ghana. According to the National Road Safety Commission (NRSC), the statistics show that four (4) people die daily on Ghanaian roads due to road accident. Estimates show that Ghana loses over 230 million dollars yearly due to road accidents with more than 1600 deaths. The loss correlates to 1.7% of the country's Gross Domestic Product (GDP). The NRSC announced in 2010 that there were 19 fatalities per 10,000 vehicles in Ghana. Statistics showed that 43% of the fatalities involved pedestrians and 53% involved occupants of vehicles. 23% of all pedestrian fatalities involved children below the age of 16 years.

The world we live in is full of uncertainties and risks. Risk has simply been defined as the negative outcome of an event and the variability around the expected outcome. The event of risk brings a loss. This makes most people to equate risk to cost. Occasionally, it is easier to predict the cost of the expected loss. The most difficult cost to predict is the variability around the expected cost. These can exceed our resourcefulness and the budgeted allocation. For instance, the cost of reinstating the building and replacing the plant and machinery at a factory when there is a fire loss can easily be determined. However, it is difficult to calculate the cost surrounding the business operation, loss of profit and business continuity as a result of the same fire loss.



Consequently, there are a lot of risks or uncertainties surrounding the usage of vehicle. Motor vehicles appeared in larger number on road after the First World War. In 1909 there were less than 100,000.00 vehicles in Britain. In 1919 there were

330,000.00 vehicles. In 1929 there were 2,130,000.00. There are a lot of things we buy

in addition to the purchase of a vehicle. And these are additional cost we have to make plans or budgetary allocation to cater for. These risks or costs would have not been there if we did not purchase the vehicle. Kindly permit me to ask these questions. Would you pray about the following if you do not own a vehicle? That you do not use your vehicle to:

- Knock a pedestrian down and injure or kill the person in the process?
- Knock and injure or kill someone's animal
- Hit and destroy someone else's property be it building, vehicle, plant and machinery, kiosk or any other property?
- Be involved in a crash and cause injury and death to the passengers in your vehicle?
- Cause injury or death to any member of your household through vehicle crash?
- Cause injury or death to yourself when there is a crash

The truth is that, when you do not own a vehicle, you do not really care and think so much about these. The moment you purchase vehicle, these questions become your primary concern. You cannot also deny yourself the comfort of owing a vehicle because of these associated risks. Risks will always be with us. We only find the best and appropriate means to manage and control them. Another way to deal with risks transferring them to the right and experienced institutions to manage them. This is where insurance comes in. Insurance is supposed to provide you with security and peace of mind, even though you know the risks are still there and could still happen. The reason is that the cost you will bear for the occurrence of the risk is transferred to another.

By 1929, over 6000 people were killed annually in road accidents. Many of these accident victims and their dependents were unable to recover damages because the motorist concerned in the accident was uninsured and they were also not in the position to compensate the victims. To protect accident victims, many countries acted by making third party liability insurance compulsory or having a security with the Accountant General. In Ghana, the Motor third party act is Act 1958. The following are few of the things you need to know about your motor third insurance Act 1958;

“Subject to the provisions of this Act, it shall not be lawful for any person to use, or cause or permit any other person to use a motor vehicle on a road, unless there is in force in

relation to the user of the vehicle by that person or that other person, as the case may be, such policy of insurance or such a security in respect of third-party risks as complies with the requirements of this Act. If any person acts in contravention of this section he shall be guilty of an offence and shall , on summary conviction thereof before a Resident Magistrate, be liable to a penalty not exceeding two thousand dollars or to imprisonment, with or without hard labour, for a term not exceeding six months or both penalty and imprisonment”.

The third party insurance as most people do not value and respect actually is very necessary and it frees the state, the citizens (passengers and pedestrians), vehicle owners, drivers and drivers' conductors from associated cost of owning a vehicle, boarding a vehicle, using the road and driving a vehicle. The motor third party insurance cover will pay on behalf of the insured or the driver, in respect of legal liability to third parties resulting from an accident caused by his/her vehicle. In simple terms, the third party is any other person except the owner or the driver of the vehicle and the insurer will indemnify:

- Owner or any other person driving, using or in charge of the vehicle with the consent of the owner, or any authorised passenger getting in, on or out of the vehicle for:
 - death of or bodily injury to any person, and/or
 - damage to property belonging to someone other than the insured
 - death of or bodily injury to member of the insured household or any other occupants
- the policy also pays compensation for the driver for bodily injury or death

Without the motor third party insurance in place, all the cost in relation to the above would have been borne by the insured or the driver.

The citizens should come to know and accept that, the primary aim of the motor third party insurance is to help them receive a fair compensation after they have been involved in a vehicle crash. The country could do its part by trying to reduce the rate of the motor crashes, but it is difficult to say there will be total elimination. This is the main reason why we have to stand up as citizens and fight against vehicle owners, drivers and individuals

who engage in fake motor insurance stickers. The one who is printing and selling fake insurance sticker could be knocked down by a vehicle with fake sticker. Where will they receive compensation from?

If a driver purchases a fake motor sticker, where will you receive compensation when there is a crash? If we citizens do not bring these perpetrators who print and sell fake motor insurance stickers to face the law, we might one day find ourselves in a vehicle with fake insurance. People complain of the high cost of insurance. The highest premium one can pay for insuring a vehicle under third party insurance is GHS 1.20 a day. But the risks associated with the use of the vehicle during the day is enormous.

Remember that, 23% of all pedestrian fatalities involve children below the age of 16 years. This means our children are at risk. What do we gain by selling or buying fake stickers and not doing proper insurance? We buy the vehicles, we do not insure them against third party liabilities; we resort to fake motor insurance stickers and the statistics show the number of people who are involve in motor crashes every year - and these victims could not have been any other people than we ourselves.

If we really cherish our industry as we say, let's do it now or never!!!!!!

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https://www.google.com/search?q=why+motor+third+party+insurance+is+necessary&source=lnms&tbn=isch&sa=X&ved=0ahUKEwqhYaTm4LIAhXeVBUIHcwIDYIQ_AUIEygC&biw=1350&bih=640

[Motor Third Party Policy Document](#)

[Motor Third Party Insurance Act 1958](#)

https://en.wikipedia.org/wiki/National_Road_Safety_Commission#Road_accident_statistics