



ACCF

Accident Compensation Commission Fiji



Governor | Ariff Ali

Attorney General's Conference
8 December 2017



Outline

A. Background

- Initial Discussion
- The Case for ACCF

B. Motor Compulsory Third Party (CTP) Class

- Key Statistics

C. The ACCF

- Legislative & Institutional Framework
- Implementation of ACCF Act 2017
- Comparison of Key Features of Old and New Acts

D. Role of the RBF

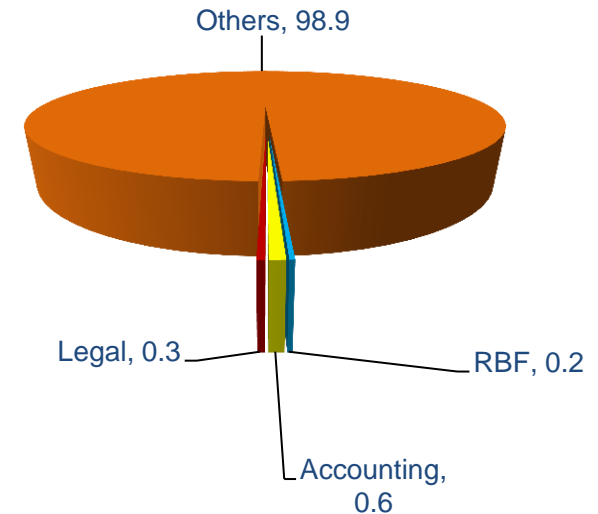
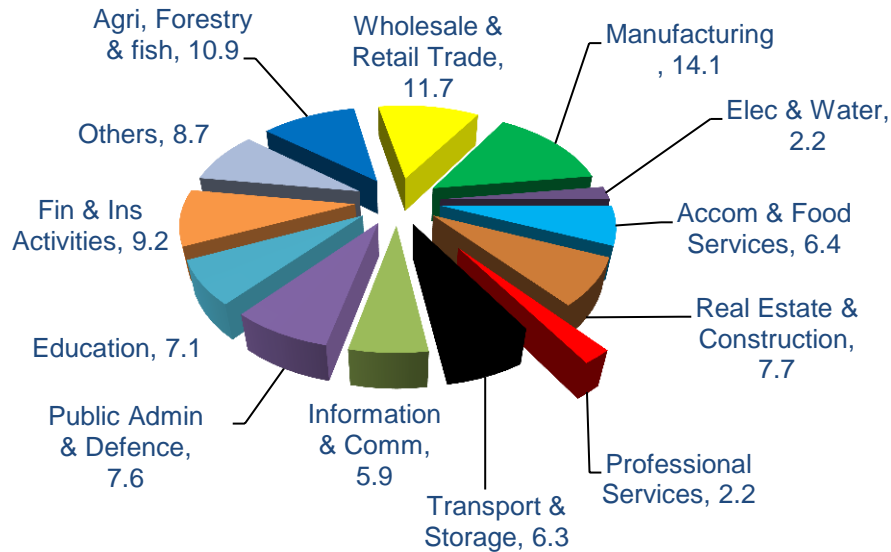
- Regulatory Oversight
- Advisory & Support

E. Key deliverables & next steps

F. Summary



A bit of distraction.....Composition of GDP



A. Background | Initial Discussion

Parliamentary Debate of 22 May 2017

Hon. P. CHAND on the CTP Class of Insurance

- “....the insurance cover is not adequate. *Very archaic laws that were designed well before 1950s* when we had 10 to 12-seater buses ... maximum claim of \$40,000 in totality but per person, it is only \$4,000. Buses are now up to 72 seaters....if the bus ends up in a crash....not even \$500 to \$600 per passenger.
- “We have raised this many times, ...to do *something overall with this archaic Act so that the people of Fiji ...are not just left high and dry.*
- “....the cases go on and on and the legal practitioners will always try to delay the cases so that the witnesses die out, people die out and everyone just forgets about it.”

Hon A. SAYED-KHAIYUM on the CTP Class of Insurance

- “whilst it is compulsory... the moment you want to make a claim.....it can drag on in the court system for years.... so the actual ordinary citizen does not get justice ... and....compensation.

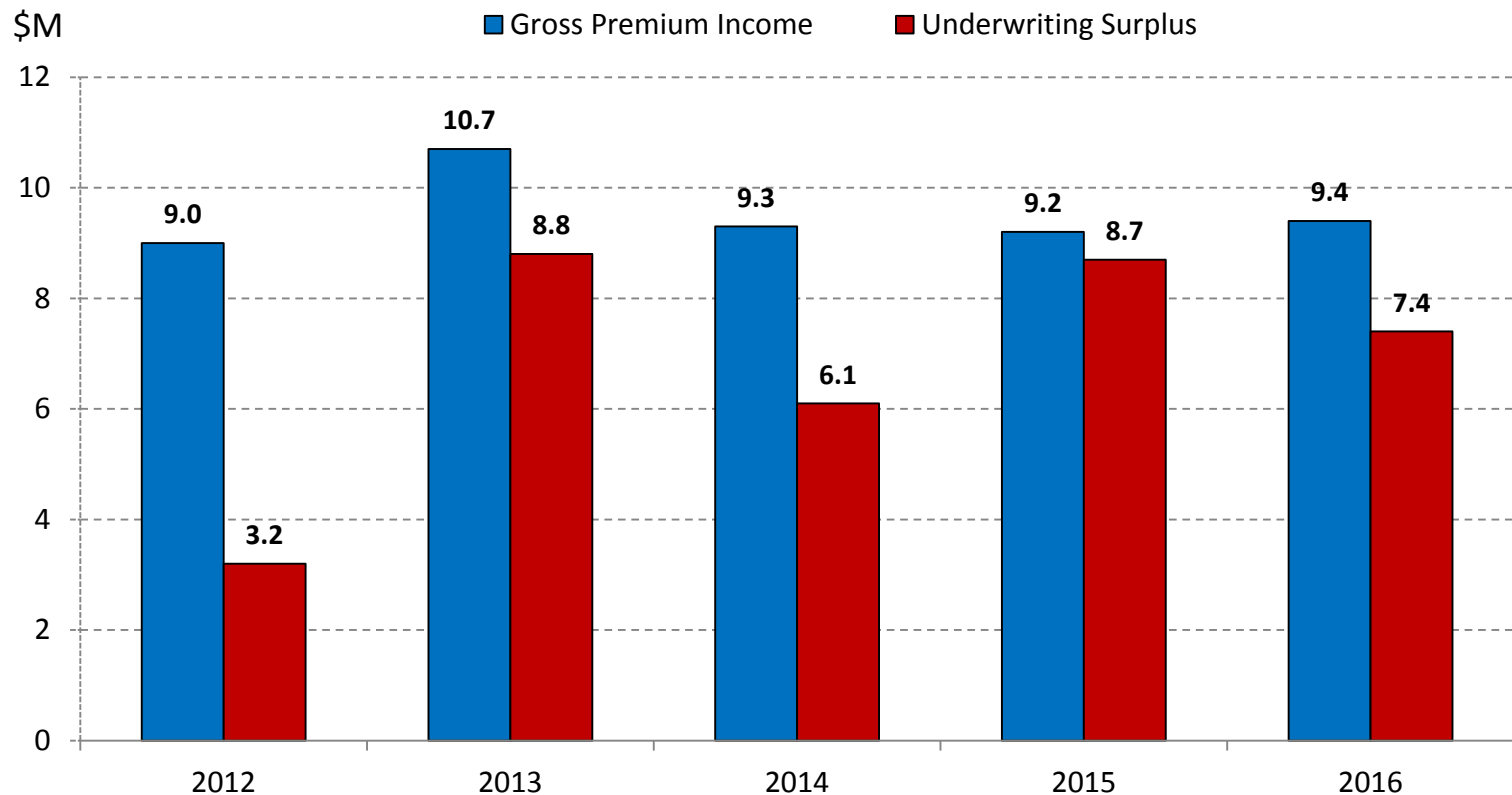


A. Background | The Case for ACCF

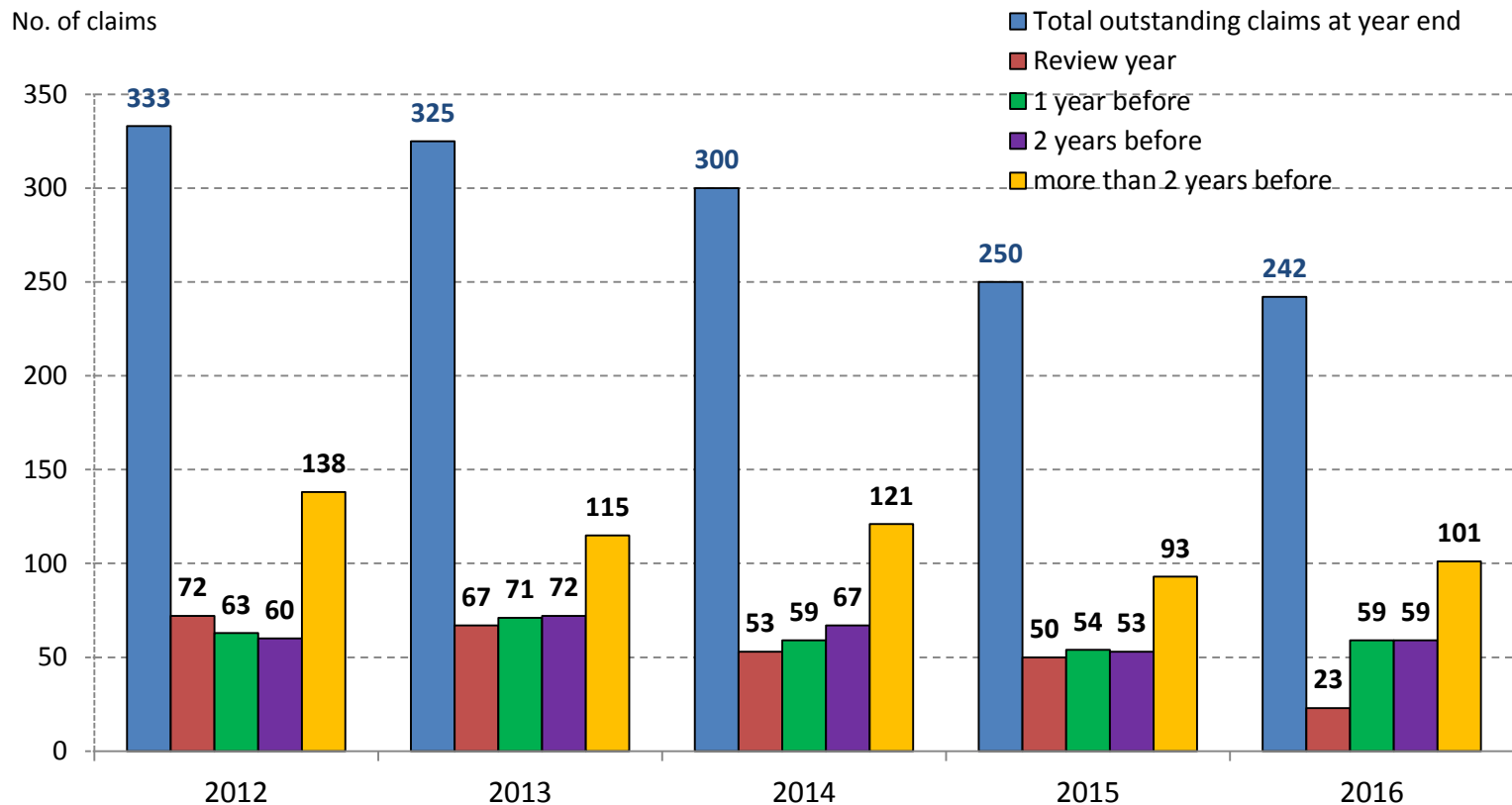
- **Fiji has a thriving CTP insurance market – growth has been driven by the significant increase in the number of vehicles on Fiji’s roads.**
- **Compulsory insurance means the premium pool continues to grow.**
- **While market has been thriving, consumer protection issues have been highlighted as being not as effective as they should be:**
 - Archaic legislation
 - Significant delays in settling claims due to long court process
 - Interpretation of exclusions not in favour of policyholders interests
 - Limited “fault-basis” scheme
 - Passenger liability in buses limited to an amount considered not adequate in today’s dollar (\$40k for each accident; \$4k for each passenger)
 - Complaints from consumer watchdog to regulator



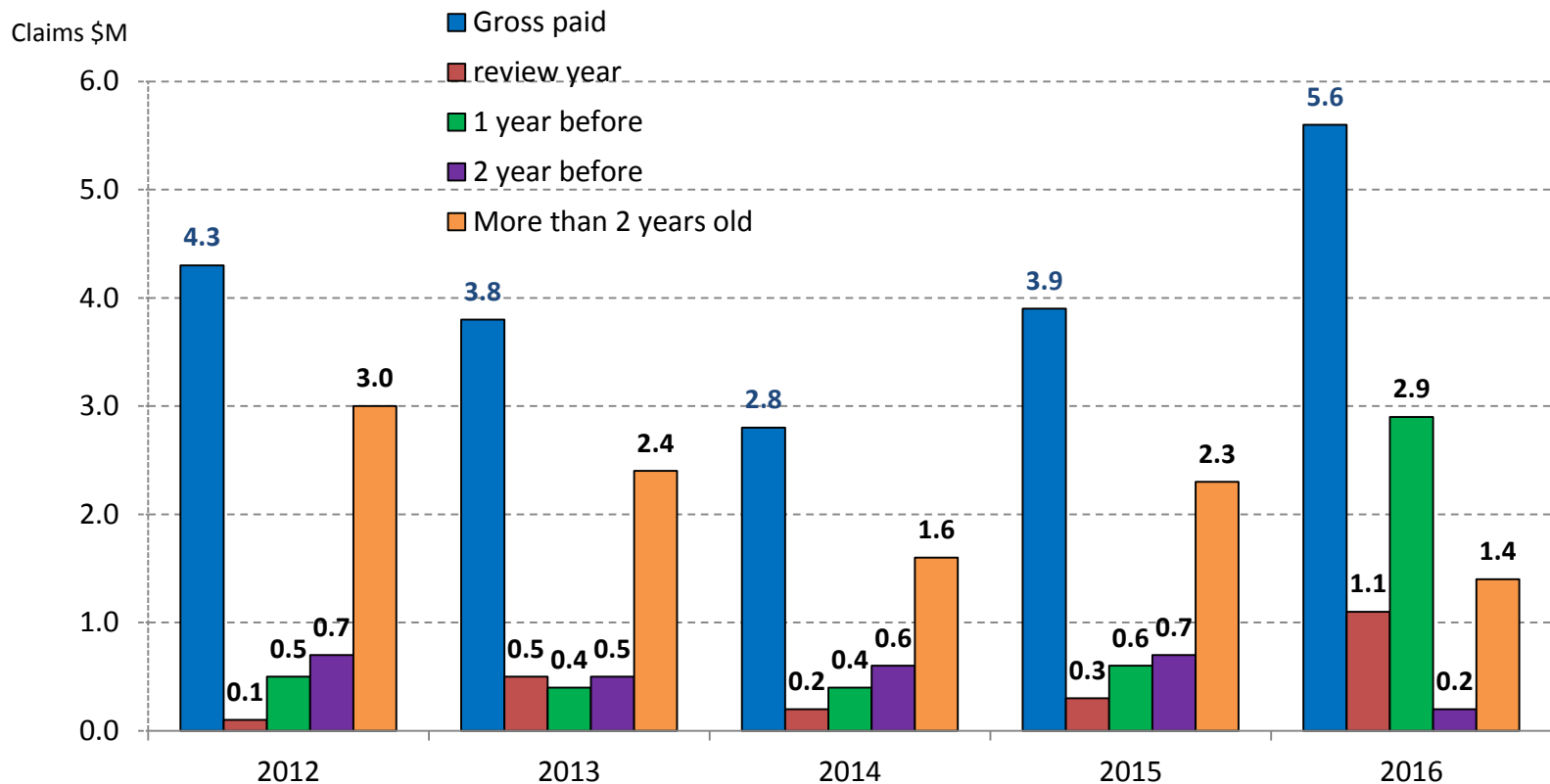
B. Motor CTP Class | Viability



B. Motor CTP | Outstanding Claims Numbers & Age



B. Motor CTP | Claim Payments



C. The Accident Compensation Commission Fiji

Legislative Framework

- **Accident Compensation Act 2017**
 - Effective 01 January 2017
- **Regulations**
 - Accident Compensation Regulations 2017
 - Accident Compensation (Levies) Regulations 2017
 - Accident Compensation (Medical Assessment) Regulations 2017
 - Accident Compensation (Transitional) Regulations 2017

Institutional Framework

- **Board**
- **CEO & Staff**
- **Key stakeholders**
 - Vehicle owners
 - Government
 - LTA
 - Insurance Industry
 - Reinsurer(s)
 - General public



C. Implementation of the Accident Compensation Act 2017

- All accidents after 1 January 2018 will be covered under the Accident Compensation Act
- Act provides for a '*no fault compensation scheme*' through which victims of accidents will be compensated without having to prove fault or negligence
- Coverage extends beyond *third parties* i.e. any personal injury or death suffered by any person as a result of an accident in Fiji is eligible for compensation under the Act
- Motor Vehicle Accident (MVA) Levies will be paid to the Land Transport Authority



D. Comparison of Key Features

	Motor Vehicles (Third Party Insurance) Act	Accident Compensation Act
Payment for Service	CTP premium paid to Insurers	Levy paid through LTA
Cover Provided	Policy exclusions made system unfair for victims	“No fault” based scheme for victims with minimal exclusions
Claim for Injury Suffered or Death	Claim made to the insurer, some are paid and some end up in court	Claim made to ACCF, paid based on pre-determined amounts. Option to take legal action
Compensation	Paid out only to third parties	Paid to any person who suffers injury or death
Passengers of PSV vehicles	Total cover limited to \$40,000 or \$4,000 per person	Removed. Compensation paid on per person basis limited to prescribed amounts.



D. Role of the Reserve Bank of Fiji

Regulatory Oversight

- **Supervisory authority of insurance industry**
 - Safety and soundness of insurance companies
 - Protection of policyholders
 - Stability of insurance industry
- **Specific role for ACCF**
 - Reinsurance
 - Investment

Advisory & Support

- Perspective of “Looking Beyond”
- Look at insurance industry from a broader angle of economic development
- Beyond issues of safety and soundness, have a keen interest in the development of an effective and efficient insurance market
- Supports the achievement of broader goals; from the provision of healthcare, to building resilience against natural disasters, supporting trade, enhancing social security and providing the opportunity for people to improve their livelihoods.



E. Key Achievements to Date & Next Steps

- Board:- Established
- Appointment of CEO:- In process. To be concluded shortly
- Consultation:-
 - Insurance Council - on-going. Transfer of outstanding CTP on 1 Jan 2018 to ACCF
 - Bus companies – positive feedback
- Motor vehicle levy:- Approved by ACCF Board
- LTA:- discussion on-going on readiness
- Regulations:- ACCF (Transitional) Regulations 2017 in place
- Funding: Announced in the 2017/2018 National Budget (\$1m)
- Awareness – to commence next week



F. Summary

- Insurance is a great invention, one of those that touches people's lives. The concept of pooling funds to assist the unfortunate and those faced with adverse situations is a very noble idea
- Objective is to move from “fault” to “no fault”
- Some insurance companies earnings will be affected but they remain solvent
- Stakeholders agree that certain provisions of the CTP legislation are outdated
- Impact the legal profession
- Legislation affects everyone
- Learnings from NZ ACC
- Potential to include Workmen’s Compensation



Thank You

