

Insurers have paid under claims for indemnification almost 40% more than last year

According to data of the Latvian Motor Insurer's Bureau (LTAB) in the first six months of 2006 claims for indemnification due to be paid off by insurance agencies made up 9,5 Mio lats, i.e. 39% more than in the same period last year. But within the same period MTPL policies were issued to the tune of 12,2 Mio lats.

Juris Stengrevics, LTAB Director - General: *„Yet there continues a trend, observed in previous years, of increase of sums of indemnifications paid off by insurers quicker than the amount of gained incomes. If to compare data of these six months to the first six months of last year, it is evident that the amount of gained premiums has been increased by 4%, still the increase of paid off indemnifications has been considerably higher – almost 40%. Besides, there has been increased also an average value of payments by 4%, attaining 479,89 lats.*

Evaluating the first six months, one can say that MTPL market is gradually developing. Despite increasing inflation, insurers have managed to reduce their administrative costs by over million lats, improving operation of policies distribution network, reducing means for client attraction.

Still data furnished by insurers proves that this year the MTPL sector works at a loss. Since joining the EU a compulsory requirement to insurers is reinsurance of each policy, which already make up 12,03% of the quantity of all sold MTPL policies. Insurers must consider also greater payments and greater average indemnification due to inflation and the existing trend that more and more people choose to buy new cars, which repair and spare parts costs are considerably higher.”

Application of concerted statements considerably increased

In the first half of 2006 47% of all registered road accidents were registered filling out concerted statements. Comparing to figures of the first half of 2005, the number of application of concerted statements has increased 7,9 times.

Juris Stengrevics: *„More and more actively vehicle drivers fill out concerted statements in insignificant road accident cases. Statistics proves that already since autumn of last year road accidents recorded on the grounds of concerted statements are within the range of 44-50%. They are very important results attained within a short period of time. In fact, at present the number of concerted statements has attained a level, when their proportion in the balance of all accidents cannot specifically increase any more.”*

Application of concerted statements is designed only in cases, when two vehicles are involved in a road accident, there are no aggrieved parties, there haven't been incurred damages to property of third parties, also if there haven't been incurred damages to the vehicles through which it would be impossible or prohibited to drive the vehicles.

Number of complaints is insignificant

The number of complaints received by LTAB has a trend of decreasing from year to year. This year there were received 92 complaints that make up to now the lowest proportion of the total number of insured cases – only 0,5%. Of all complaints only in 14 cases it was acknowledged that decisions of insurance agencies were unjustified.

Juris Stengrevics: *„Assessing the number of complaints per years it is evident that the proportion of considered complaints, when it was acknowledged that a decision made by insurance agencies was unjustified, were ranging within 0,2% to 0,4%. This is an*

insignificant number of all insurance cases, which speaks that at the whole the situation in this sector can be assessed as positive.”

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