

Why everyone else pays for uninsured drivers, and what you can do about it

14 April 2021: If you own a car and have insurance, then the problems caused by uninsured drivers in the form of accidents they can't pay for – are being passed to you. According to a recent study, with South African roads being among the most dangerous globally, the likelihood of an accident occurring that you will have to fork out for as an insured driver is extremely high.

This is according to Christelle Colman, spokesperson for Old Mutual Insure, who says that accidents with uninsured drivers add to the financial burden of those who are responsible and do pay for car insurance.

"Of the 12 million-odd cars on our roads, approximately only one third are insured. This means that you have an almost 70% chance that if you are in an accident, it will be with an uninsured driver," says Colman. "The high percentage of motorists without any form of motor insurance means that the minority who do insure their vehicles are being forced to subsidise others through higher premiums."

She adds that this issue should irk every insured driver because paying from your pocket for someone else's bad behaviour, especially if you comply with the rules of the road, does not work in your favour. Not only does it affect you financially, but it also adversely affects your claim record.

"Keeping insurance affordable becomes difficult to do when a large number of drivers do not carry their fair share of costs," says Colman. "We need to increase the number of insured drivers on our roads because ultimately, this will translate into a reduction in the cost of motor insurance."

She adds that with a bigger pool of paid insurance contributions, the insurance industry can pass on lower premiums and excesses to consumers. This is because the contributions of many will compensate the losses of the few.

"We need car insurance to be mandatory for every car owner before the driver signs on the dotted line to purchase their car. This is standard practice the world over. Our view is that if you can't afford insurance, you shouldn't be driving a car because this means that you cannot adequately protect your or someone else's asset in the event of an accident," says Colman, adding that in South Africa, the risk is very high that something can go wrong when you are on the road.

Colman is calling for legislation on compulsory third-party vehicle insurance to be re-introduced in South Africa, the idea of which was mooted by Finance Minister Tito Mboweni during his 2020 Budget Speech.

Compulsory third party insurance was enforced in South Africa from 1942 until 1997, which covered bodily injury and damage to motor vehicles when it was replaced with the Road Accident Fund (RAF). "Whilst the RAF has provided financial aid for death and bodily injuries sustained in motor vehicle accidents, the cost of the damage to the vehicles is usually left to the consumer and the insurer."

Colman says that while it may be some time before compulsory third-party vehicle insurance is reinstated, consumers should understand the ins and outs of their policy. If you are in an accident caused by another uninsured individual, your insurer will usually action third party recovery on your behalf if you are the policyholder. Colman suggests you take these extra steps to increase your chances of recouping the costs of the accident:

- Always contact the police so that you have a case number, as your insurer will need the details of the case number to have evidence that an accident occurred.
- It is vital to get all the information at the accident scene, including photographs of the accident scene and vehicle. This can significantly assist insurers in making a successful

recovery of damages caused by a third party. You will need to know if the third party has insurance and, if so, the insurer and policy number, the driver's ID, name and surname and contact details to assist you in lodging your claim and case.

- Make sure you know what your excess structures are of your policy. In some cases, it can be more cost-effective to have a higher monthly premium that allows you not to pay an excess if you are in an accident with an uninsured third party. You will have to ask your insurer if they offer this. Also, bear in mind that many policyholders only find out about hefty excesses due at the time of a loss when they are ill-prepared to afford the payments, so it pays to know what your policy pays and what you are expected to pay.

"Until such time that compulsory third-party insurance is introduced again, all motorists are encouraged to take out a proper insurance policy, even if it is only third-party cover. This is a cost-effective option that will, at the very least, ensure that you are covered if there is financial recovery against you for causing an accident," concludes Colman.

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(Old Mutual Insure Media Release)