

Part 1: Motor Insurance – Explaining the Scope of Cover of Third Party, Third Party, Fire & Theft, and Comprehensive Covers

If you are parked in front of a restaurant and have just left the restaurant after paying your bill, due to lack of space you have to reverse onto the main road in order to leave, and while doing so a car on the road damages your left taillight, how would your insurance company settle the claim? If you left your car parked close to the house, and someone came in the night and stole a tyre, would it be covered or not? This article will briefly explain the legislation requiring insurance for vehicles as well as different motor insurance covers and focus only on what is covered by the main covers. Part 2 of the article will provide information on excesses, exclusions and limits which also form an integral part of the motor policy.

Motor Insurance is mandatory by law for Third Party Liability for Death and Bodily Injury

As per the Road Traffic Act, 1973, it is illegal to use a motor vehicle on a public road unless there is insurance against third-party risks.

Third party risks comprise of the following:

- Bodily Injury
- Death
- Property Damage



Third Party covers the client for any liabilities towards third parties as a result of a motor accident

For example, the client is driving Vehicle A on a busy road in the city. As a result of a quickly taken turn without looking in both directions,

Vehicle A crashes into Vehicle B who had the right of way. As the turn was made at high speed, not only was Vehicle B damaged, but the driver, also the owner, was also injured as a result. The owner of Vehicle B thus held the driver of Vehicle A responsible for damages to his property and the bodily injury. The quantity claimed shall be advised to the insurer of Vehicle A following court proceedings and they will pay the owner of Vehicle B the damages for bodily injury and property damage.



Third Party, Fire and Theft adds cover for loss caused by Fire and Theft only

For example, vehicle A is parked on the road close to a residential apartment. A thief manages to break into the car and drives away with vehicle A. The client will have to purchase a replacement vehicle. The insurer of the Third Party, Fire and Theft cover would compensate the owner of vehicle up to the

client's estimated value or the market value of the vehicle less depreciation, whichever is lesser.



Comprehensive covers Third Party and Own Damage. It is an all risks policy.

If we were to use the same example as given for the explanation of Third Party, the insurer will compensate the owner of Vehicle A for damages to his vehicle as a result of the accident. The comprehensive cover is an all risks policy, i.e. everything is covered except what is specifically excluded. The exclusions, excesses and limits shall follow in Part 2 of this article.

For more information, please visit our office or give us a call.