



MOTOR INSURANCE REVIEW AD HOC COMMITTEE

Ragunath Kesavan (Co-Chairperson) | Jude Raj (Co-Chairperson) | Abdul Rahim Rajudin | Adrian Thambyrajah s/o Chandrasekaran | Alice George | Brijnandan Singh Bhar s/o Gurcharan Singh | Davinia Rajadurai | Edwin Rajasooria s/o Jayaratnam | G Balakrishnan | Gerald John | Gnasegaran s/o Egamparam | Ian Lawrence Pereira | Khutubul Zaman Bukhari | Mohd Aimi Zaini b Mohd Azhar | M Ravendran s/o Muthiah | Navdeep Singh | Shailender Bhar s/o Brijnandan Singh | Silvaraju s/o Velu | S Mureli Sandrakasan | Suresh G Sreedharan | Zainuritha-Alfa bt Abu Hassan | Janet Nathan (Officer-in-charge)

Protecting the public from being taken for a ride

Since its inception in January 2010, the Motor Insurance Review Ad Hoc Committee (“MIRA”) has met on 10 occasions.

MIRA was set up when the Prime Minister, YAB Dato’ Sri Mohd Najib b Tun Abdul Razak, announced in his budget speech in 2009, that BNM had been tasked to revamp the scheme to cover third party bodily injury and death.

BC, after obtaining feedback from Members and stakeholders, voiced its opposition to the new scheme, for the changes would adversely alter the landscape of the motor insurance scheme to the detriment of motor accident victims, their families and dependants. BC was of the view that, instead of introducing a new scheme, the focus should be on further improving the existing system to increase its effectiveness and efficiency.

In addition, BC was disappointed over the lack of transparency and accountability on the part of BNM, evidenced by its failure to reveal the mechanics, funding and operation of the proposed scheme. This major revamp of the existing motor insurance scheme was being proposed without any consultation with the relevant stakeholders, such as BC and public interest groups, or the public at large.

BC called for a press conference on 6 Mar 2010 where these concerns were highlighted, in a press release entitled “Malaysian Bar opposes the proposed scheme by BNM to cover third party bodily injury and death”.

BC circulated a memorandum, drafted by MIRA at the press conference, attended by representatives of various media organisations and Members of the Bar. BC also submitted the memorandum to Cabinet Ministers, Members of Parliament and the major political parties.

On 14 Apr 2010, MIRA organised a closed-door discussion, headed by Ragunath Kesavan and Jude Raj, with public interest groups and consumer bodies. The session, attended by representatives of 20 NGOs, taxi companies, Federation of Malaysian Consumers Associations (“FOMCA”), Consumers Association of Penang (“CAP”) and other consumer bodies, aimed to brief various stakeholders on the scheme proposed by BNM.

BC was invited to a dialogue with BNM on 19 Apr 2010, wherein BNM presented its proposal to revamp the motor insurance scheme. Following the dialogue, the BC released a press statement entitled “Bank Negara Malaysia’s proposed scheme is detrimental to public interest” dated 21 Apr 2010, in which BC expressed its reservations towards, in particular, the RM2 million

ceiling amount and the establishment of a “Newco” to manage the scheme.

MIRA submitted a second memorandum dated 14 May 2010 to BNM, and amongst the recommendations are:

- (1) BNM to give detailed explanation on issues raised by all parties; and
- (2) BNM to set up a cross-industry working committee to study all problems faced, not only by the industry but also by the public and to conduct comprehensive consultations extensively with all stakeholders before any revamp is carried out.

Assuring BNM of BC’s commitment and support for any scheme that prioritises the public interest as the paramount objective and driving factor for reform, BC also reiterated its willingness to participate in the cross-industry working committee, should one be set up. A press conference was held on 21 May 2010 to publicise the memorandum to BNM.

In their intensive efforts to advocate against, and raise awareness about, BNM’s proposal, members of MIRA held dialogue sessions with Dato’ Seri Tiong King Sing (Barisan Nasional Backbenchers Council), YB Dato’ Seri Mohamed Nazri b Abdul Aziz (Minister in the Prime Minister’s Department), Datuk Seri Dr Chua Soi Lek (President, Malaysian Chinese Association (“MCA”)), representatives from *Parti Islam Semalaysia* (“PAS”), Democratic Action Party (“DAP”) and *Parti Keadilan Rakyat* (“PKR”), and many others. Other activities included giving media interviews, including a live interview on NTV7’s Breakfast Show on 7 June 2010 with Co-Chairperson Ragnath Kesavan and Jude Raj.

As part of an initiative to educate lawyers in other states, Jude Raj and the committee members conducted state-level briefing sessions in collaboration with various State Bar Committees.

At its recent meeting with BNM on 6 Jan 2011, BC was informed that BNM’s proposed scheme, including the capping of damages, has been scrapped, and the current structure will be retained through adjudication in the courts. Moreover, BNM is proposing to set up a joint working committee comprising all stakeholders, including BC. We welcome this new and will continue to monitor the developments in this area.

Acknowledgment

MIRA’s success in organising the abovementioned events, and in its advocacy initiatives overall, would not have been possible without the support and tireless efforts of the committee members. We wish to personally record our appreciation to each of them. Our gratitude also goes to Janet Nathan, officer-in-charge of MIRA, for her cooperation.

Ragnath Kesavan and Jude Raj
Co-Chairpersons

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For any enquiries, please email:
janet@malaysianbar.org.my