Claims, Settlements, and Your Rights: A Malaysian Driver's Handbook

Here's a handy resource for Malaysian motorists on their rights, the claims process, and tips for handling insurance/takaful situations.

Dealing with car accidents can be stressful. Whether it's a minor incident or something more serious, knowing your rights and how to navigate motor insurance/takaful settlements and damages can save you time, stress, and money. Here's a guide to help you understand what to expect and how to protect yourself.

So, what are settlements and damages?

In the world of motor insurance/takaful, *settlements* refer to the compensation provided by your insurer/takaful operator to cover damages or losses resulting from an accident. Meanwhile, *damages* can either mean the harm caused to your vehicle (or another party's) or the compensation awarded for those losses.

Most motor insurance plans in Malaysia offer two main types of coverage:

- **Own Damage (OD):** This covers repairs to your own vehicle, regardless of who caused the accident.
- **Third-Party Liability:** This covers damages caused to other vehicles and property, along with injuries to third parties, in an accident where you're at fault.

Step 1: Filing Your Claim

After an accident, you'll need to file your claim as soon as possible. Here's what you should do:

Document everything

Take clear photos of the damage, the scene, and any injuries. Exchange details with the other driver(s).

Make a police report

This is mandatory within 24 hours of the accident. Without it, your claim could be denied.

Notify your insurer/takaful operator

Submit your claim form along with the police report and supporting documents like proof of damage.

Ot-to Guide 1

Here are some articles to help you better understand accidents and claims:

- Accident? Here's what you must do.
- A guide to managing car troubles
- How to file claims digitally?

Step 2: Settlements

Once your claim is processed, your insurer/takaful operator will assess the damages and determine the settlement amount. Here's what you need to know:

Repair costs

The insurer/takaful operator will either approve repairs at their authorised repairers or reimburse you based on approved estimates.

Depreciation

Do note that for older cars (usually above 5 years old), you might encounter "betterment deductions". This means you might receive a slightly lower payout to reflect the car's pre-accident value.

Excess

This is the portion of the repair cost you have to pay before the insurance/ takaful kicks in. The amount depends on your policy/certificate.

CART (Compensation for Assessed Repair Time)

If your car is being repaired and you need alternate transportation, you might be eligible for CART. This daily allowance helps cover your taxi or car rental expenses. Check with your insurer/takaful operator for details.

Total Loss Settlement

If repair costs exceed the car's insured value, the insurer/takaful operator may declare it a total loss and compensate you based on the car's market or agreed value.

Ot-to Guide 2

How long does it take to get my claim settled?
It depends on the complexity of your claim. On average, own damage claims take two months to be paid from the point of notification. Third-party property damage claims often take longer to be paid.

Source: BNM

Step 3: Know Your Rights

As a policyholder/certificate holder, you have rights to ensure fair treatment during the claims process. These include:

Timely claim processing (insurers/takaful operators must adhere to specific timelines).

Transparency about your coverage and exclusions.

The right to appeal if you feel your claim has been unfairly denied.

Ot-to Guide 3

Always read and understand your insurance policy/takaful certificate. It's better to know what's covered in the unfortunate event an accident happens!

Common challenges in settlements

Navigating claims isn't always smooth sailing. Here are some common hiccups you might face:

1. **Claim denials:** Often due to incomplete documents, late reporting, or lack of coverage for the incident.
2. **Dispute over valuation:** You and your insurer/takaful operator may disagree on the compensation amount.
3. **Repair delays:** Sometimes, workshops take longer than expected to complete repairs.

Ot-to Guide 4

If disputes arise, you can escalate your case to Bank Negara Malaysia or seek help from the Ombudsman for Financial Services (OFS).

More quick tips

1. **Towing coverage:** Many policies include towing services for accident-damaged vehicles. Always contact your insurer or takaful operator to avoid unnecessary charges! Use the digital roadside assistance app, messenger apps, hotline, or website to get in touch with them.
2. **Authorised repairers:** Using an authorised repairer ensures quality repairs and smooth claim processing.

Understanding your rights and the claims process can make a world of difference when dealing with motor insurance/takaful settlements in Malaysia. Be proactive—know your policy, document everything after an accident, and don't hesitate to ask questions!

Jom LEVEL UP
Your Motor Insurance & Takaful Knowledge

This article is part of a 'Jom, Level Up' campaign under Phased Liberalisation 2.0, Consumer Education Programme (CEP), by Persatuan Insurans Am Malaysia (PIAM) and Malaysian Takaful Association (MTA).

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