



Motor Insurance

Motor insurance (MI) is common, but owners of vehicles should understand what MI is all about.

1. To protect others

- a) In Hong Kong, any person driving on the road is required by law to make sure the driven vehicle has valid motor vehicles insurance (third party risks).
- b) Why? If your vehicle accidentally crashed into another vehicle causing death/ injury to the driver and/or passenger and damage to the vehicle hit by you, you may be liable to pay compensation to the injured victims.

2. To protect you

- a) Loss caused by theft, accidental damage to your vehicle can be covered by a comprehensive cover motor insurance policy.
- b) Some insurers offer limited cover for death or injury to the driver. Most insurers offer the following 2 types of motor insurance coverage.

1) Third party risk cover

To indemnify the insured against liability in respect of death of or bodily injury to a third party and third party property damage arising out of an accident caused by or in connection with the insured vehicle

The minimum liability limit required by law is hk\$100,000,000 for any one event resulting in death or bodily injury. Most insurers also cover the liability in respect of third party property damage with a limit of hk\$2,000,000 for private car policy and hk\$1,000,000 for commercial vehicle policy. Some insurers provide options to increase specific limits of liability subject to an additional premium.

2) Comprehensive cover

In addition to the above mentioned third party risk cover, the policy will indemnify the insured against loss of or damage to the insured vehicle.

Limit of indemnity for loss of or damage to the insured vehicle will be the lesser of the sum insured or the market value of the vehicle at the time of loss

The policy also provides indemnity (limit specified in the policy) of medical expenses (for private car policy only) for bodily injuries of the insured or the insured driver in an accident in connection with the insured vehicle.

For the private car comprehensive cover policy, some insurers offer the following additional benefits.

1. No Claims Discount (NCD) Protector

Existing NCD can be maintained at renewal if the total claims within a policy year not exceeding a specified amount

2. Windscreen damage excess waiver

No excess will apply if claim amount not exceeding a specified amount and existing no claim discount will not be affected

3. New for old replacement of vehicle

If your car is less than 1 year old and sustained a total loss in an accident or was stolen, insurer will compensate by paying cash or giving you a new car of the same model and without deducting any depreciation

4. Personal accident

Lump sum compensation (benefit limit specified in the policy) will be paid if the insured driver sustained permanent total disablement or died as a result of an accident while driving the vehicle

5. 24-hour emergency towing service

If your car is immobilized due to an accident or mechanical breakdown, insurer will arrange towing service and pay the towing expense up to the maximum limit specified in the policy

6. 24-hour emergency roadside repair service

If your car is immobilized due to an accident or mechanical breakdown, insurer will arrange and pay for the emergency roadside repair service up to the maximum limit specified in the policy

7. Rental vehicle

If your car is immobilized due to an accident and requires a repair time exceeding 48 repairing hours or if your car was discovered stolen and cannot be found within 48 hours after such discovery, insurer will arrange an alternative vehicle and pay the rental fee up to the maximum limit specified in the policy

Final words of cautions

Most insurers require new policy buyers to complete all the requested information in the proposal form for their acceptance and quotation, if any. However, when renewing a policy with the same insurer, many people forget to disclose changes of material information such as new traffic offence, change of occupation or modification of the car during the last policy period immediately before the renewal. Non-disclosure of material information may cause your claim to be rejected by insurer.