

Challenges Facing Assessment of Accident Vehicles in Ghana

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Abstract—In this paper, reports of assessment of accident vehicles over a four-year period for an insurance company in the Western Region of Ghana were analyzed; three of such reports were considered as case studies. General difficulties facing mutual assessors in performing their duties and ignorance on the part of policy holders, engineers and garage managers, about the procedure for claims of accident repairs were outlined. It was observed that of the forty eight cases that were assessed, 64.58% did not follow the right procedure for accident repair works, 77.08% of the total cases had the prices of the damaged items inflated and 43.75% of the cases had other parts not affected by the accident included in the accident repair works. Repair works which were not inspected by mutual assessors before commencement of work were 47.92%. Finally, ways to avoid delays in assessing accident vehicles and payment of indemnity are recommended.

Index Terms— Payment of indemnity; insurance; accident repair claims; mutual assessors; accident vehicles; spare parts; garage managers; compensation; policy holders.

1 INTRODUCTION

In Ghana, there is the perception that any compensation or indemnity is difficult to claim from insurance companies. It is interesting to note that it takes conscientious efforts, time and energy to see these claims through. The question is: is it a deliberate act by the insurance companies to frustrate their clients for what they consider as undue financial gains? Or is it an act of ignorance on the part of policy holders, engineers and garage managers as to how to rightly process accident repair claims, which consequently, affect the degree of difficulty with which mutual assessors execute their work?

Taking cognisance of the problems associated with insurance claims, this paper looks at the challenges faced by mutual assessors in conducting their duties and how these affect the delays in payment of indemnity to policy holders. According to [3], when an insurance claim is made following an accident, an adjuster (mutual surveyor or assessor) typically will be assigned to view the damaged automobile and assess the cost to repair the damage, thus restoring the vehicle to its pre-accident condition. Damaged vehicles are considered as those that have scratches, dents, excessive wear, collision damage, flood damage, fire damage, or any damage that may or may not exceed the value of the vehicle.

Where a vehicle is involved in a collision, the insured, that is the customer, fills an accident claim form obtained from his insurance company. This will detail the nature of the accident and where the vehicle has been taken for repair. Some insurance companies authorize work to proceed immediately but in any case body repairers usually prefer to have their work au-

thorized in writing before commencing any work on the damaged vehicle. When the vehicle is covered by insurance then

However, having submitted the estimate form, the insurance assessor will now visit the workshop to approve or amend the work to be done. Insurance companies are not charity organizations and will only want to pay for the accident damage and not other body works requiring attention. The insurance assessor is usually a trained and qualified mechanical engineer and will know exactly the fair cost of the actual collision repair. On visiting the repair firm the assessor will verify repairs required and at the same time state if the customer is liable for the policy excess payments also referred to as endorsements for policies. In any event, where these exist, the customer will have to pay this amount and the workshop manager will get approval and a signature from the customer to proceed with the work. In a similar manner approval will also be obtained from the insurance assessor. A very careful examination of the vehicle should be made to ensure that nothing is omitted. Having obtained approval all round, the repair can now proceed.

Having gone through the repair shop, the finished vehicle is brought back to the customer. The customer will inspect the work and if satisfied, will sign a completion note, (sometimes referred to as a Satisfaction Note) stating that the work has been done satisfactorily. The Satisfaction Note is vital in every accident insurance repair job report and is required by the insurance company so that a client is unlikely to come back several months later complaining that something was not done or something else has risen as the result of the accident. It is therefore, the responsibility of the customer to indicate satisfaction. This does not mean a customer cannot return with defective paintwork or other faulty work done as part of the repair [2]

It is in everyone's interest that the Satisfaction Note is signed by the customer and the vehicle should not be allowed out of the workshop until the signature of the customer is obtained. Unfortunately, these procedures or methods are not totally followed on cases in Ghana and the main culprits are

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policy holders and workshop managers. The object of this paper is to determine the challenges faced by mutual assessors in conducting their duties and how these affects the delays in payment of indemnity to policy holders and also to recommend ways of preventing the delays.

2 DATA COLLECTION AND ANALYSIS OF RESULTS

2.1 Data Collection and Analysis of Results

Forty eight (48) cases over a four-year period from across the Western Region of the country were collected and analysed. The data collected were categorized under the following situations:

- (i) Variations in prices of spare parts
- (ii) No inspection before commencement of work
- (iii) Inclusion of parts not affected by the accident
- (iv) Wrong estimation(cost) of jobs
- (v) Unavailability of invoices before inspection
- (vi) Procedures not followed

2.2 Variations in prices of spare parts

It was observed that there were variations in prices of spares submitted by some clients. This is due to different price regimes at different locations (Accra, Kumasi, Takoradi from where the prices of spares were obtained) in the country and also some unscrupulous workshop managers inflating prices to make some undue gains from the insurance companies. Fig 1 shows the percentages of both inflated and non inflated prices.

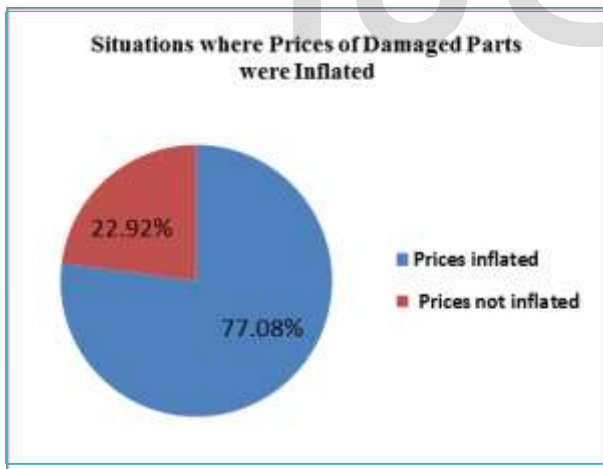


Fig 1 Inflated Prices of Damaged Parts

2.2 No Inspection before Commencement of Work

Due to the failure of some clients to follow the right procedures for repair works to be done, repairs are commenced before inspection by the mutual assessor. This makes it difficult for the assessor to make any proper assessment on the accident vehicle. Fig 2 gives the break down on inspection.

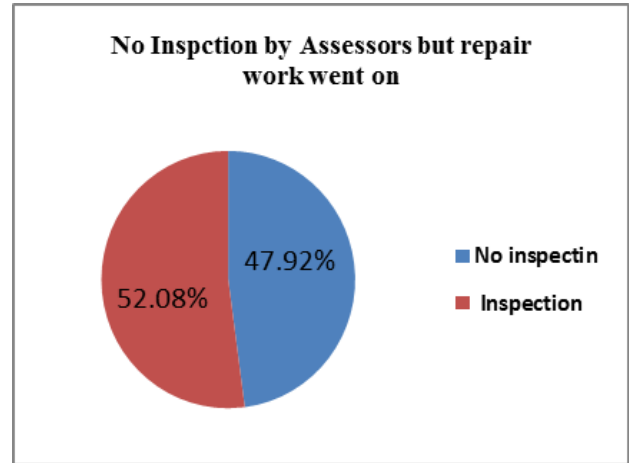


Fig 2 Repair Works without Inspection

2.3 Inclusion of parts not affected by the accident

As part of accident repair works, parts of vehicle that are damaged are either replaced or repaired depending upon the extent of damage during the accident. However, there are situations where parts that were not affected by the accident are included in the list of damaged parts for claims, the percentage of which is shown in Fig 3.

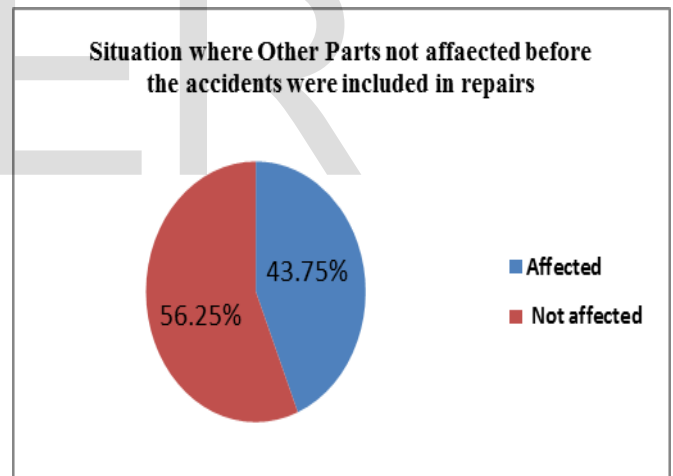


Fig 3 Parts not Affected by the Accident

2.4 Wrong Estimation of Cost for Jobs

Some crooked workshop managers inflate prices to make some undue gains from the insurance companies. More so, parts that are not affected by the accident are included in the lists of damaged parts for claims. There are situations where established companies carried out accident repair works at their workshops and did not add the cost of labour and spraying. It was observed that in some cases there were errors in summing up various costs of repairs works. Fig 4 shows the percentage breakdown of wrong estimates presented for claims during the four year period.

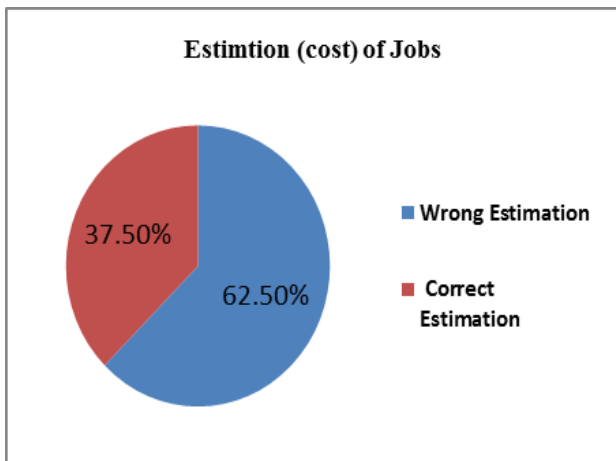


Fig 4 Wrong Cost Estimates

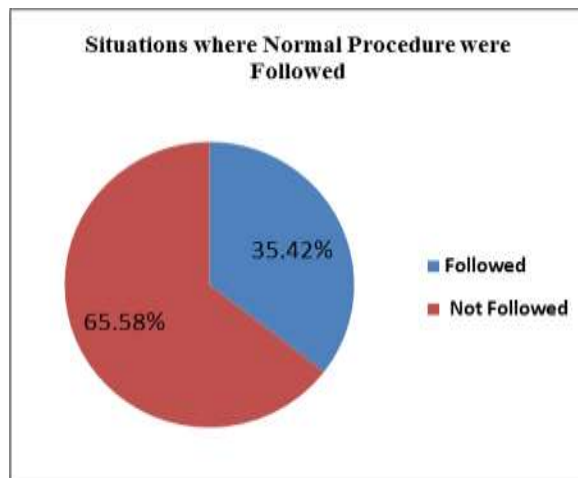


Fig 6 Normal Procedures not followed

2.5 Unavailability of invoices before inspection

Usually there is undue pressure on the insurance company to pay claims to their clients, therefore they send mutual surveyors on inspection without invoices from the workshop where the vehicle has been sent for repairs. Shown in Fig 5 is the percentages of cases where invoices were available or not available at time of inspection.

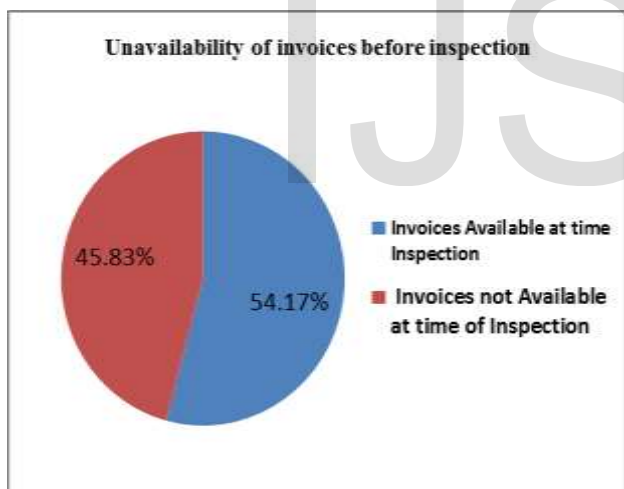


Fig 5 Unavailability of Invoice before Inspection

2.6 Normal Procedures not followed

Majority of the work studied did not follow the normal procedure of processing accident claims. Fig 6 shows the percentages of such cases.

It was again observed that, the insurance companies, to a large extent; do not give good remuneration to their assessors. Consequently, there is little or no motivation on the side of the assessors to complete jobs on time.

3 Analysis of Sample Results

Three accident cases were analyzed to determine the challenges of assessors and the causes for delays in payment of claims taking into consideration all recommended procedures.

3.1 Case Study 1

A saloon car, Honda Accord, as shown in Fig 7 was driven into a gutter when the driver avoided hitting some kids playing on the street. The car was insured and road worthy, the conditions of brakes were satisfactory and tyres were 15% worn. Offside front fender and rear right of the vehicle body were damaged. Both the radiator and the engine also got damaged (engine seizure). Engine seizure occurred when the driver was sending the accident vehicle to the garage. Unknown to the driver, the radiator was leaking and short of water, consequently, the engine got overheated and finally got seized. The vehicle in question was inspected at the garage in the presence of the workshop manager, the insurer and the managing director of the insurance company. The entire alleged damaged items were checked. In addition, it was found that the driving mirror Right Hand (RH) though not physically damaged, was not functioning (could not change positions) when tested.



(a) Offside Front Fender Buckled



(b) Rear Right Side Damaged
Fig 7 Damaged Honda Accord Saloon car

When the estimated cost of repair was submitted, it was detected that rear bumper had been added and so was the cost for total spraying of the vehicle, when indeed it was only the rear right side of the bumper that got damaged as could be seen in Fig 7 (b) and could also be easily repaired. It was only the right side that should have been sprayed.

Investigations were conducted as to why the rear bumper had been replaced and the vehicle totally sprayed. After cross-examining the workshop manager and the insurer and inspecting the vehicle again, it was found that the rear bumper had a crack in it before the crush and the owner (insurer) wanted to replace it and spray the whole vehicle instead of the affected portion at the expense of the insurance company. Finally, the insurer was made to pay for two-thirds of the cost of both the spraying and the rear bumper. Consequently, the payment of indemnity was delayed.

3.2 Case Study 2

In this case a MAN truck (articulator) was involved in an accident and the bonnet got damaged to some extent as can be seen in Fig 8(a), (c), (d) and (e). Also, the stepwell left as shown in Figure 8(b), and the headlight left were damaged (Fig 8(e)).



(b) Damaged Stepwell Left



(c) Damaged Bonnet Right Side



(d) Damaged Bonnet Left Side



(a) Newly Installed Bumper and Headlight



(e) Damaged Front Bumper

Fig 8 Damaged MAN truck articulator

The repair works were carried out at the insurer's workshop without any survey by a mutual assessor (engineer). A bill was presented to the insurer for payment of repair works. The insurance company then sent an engineer to carry out a survey on the vehicle, only to find out that the truck had already been repaired. He observed that the truck was in good condition and the state of brakes were satisfactory and the tyres were in good condition (5%). It should be noted that the procedure for accident repair works was not followed.

Fortunately, the insurer bought the parts which were used for the repairs from the sole agent for MAN trucks in Ghana, so the prices were normal (not inflated). The bone of contention here was what would have happened if the damaged items were not purchased from the sole agent of MAN and the prices were exorbitant? The bill could have been rejected or reduced to reflect the prevailing market prices, and if the insurer did not consent to it then it could have led to legal settlement of the issue and consequently, delay in payment of insurance claims.

After scrutinizing the bill it was observed that the insurer did not add the cost of labour and spraying. Subsequently, the insurance company was made to pay for the omitted costs.

3.3 Case Study 3

The assessing engineer of the insurance company was called upon to survey a Swaraj Mazda truck which belongs to a telecommunication company. Together with the manager of the insurance company, the engineer found the said vehicle already repaired and sprayed as shown in Fig 9 and that a bill of GH¢11,485.05 had been prepared to be sent to the insurance company. It was learnt that the mechanical engineer of the telecommunication company instructed the automobile workshop to carry out the repair work which indicated that both the mechanical engineer of the telecommunication company and the workshop manager did not follow the process and method for accident repair works.



(a) Front View of Vehicle



(b) Left Side View
Fig 9 Swaraj Mazda truck

It should be stated that the conducts of both the mechanical engineer of the telecommunication company and the workshop manager were highly unacceptable with respect to the accident repair work and insurance claims. They were questioned on their behavior and upon further interrogation the workshop manager showed the remains of the crushed truck as shown in Fig 10.



Fig 10 Remains of Damaged Swaraj Mazda Truck

Finally, the summation of costs of items, work done and labour submitted for claims were found to be less by GH¢115.00. In conclusion, the report simply stated that the vehicle was found already repaired and sprayed. The problem here is that there could have been serious legal implications with what the mechanical engineer of the telecommunication company and

the workshop manager did because it was difficult to determine that the remains of damaged Swaraj Mazda truck as shown in Fig 10 was the real state of the truck just after the accident. This situation could have delayed or nullified the payment of insurance claim to the insurer which in this case is the telecommunication company.

4 CONCLUSIONS AND RECOMMENDATIONS

In conclusion, it could be stated that out of the forty eight cases that were assessed, 64.58% did not follow the right procedures for accident or collision repair works. Also 77.08% of the total cases had the prices of the damaged items inflated, 43.75% of the cases had other parts not affected by the accident (parts which were already damaged before the accident) included in the accident repair works. Repair works which were not inspected by mutual assessors or engineers before commencement of work were 47.92%. As these anomalies keep occurring a simple assessment of accident vehicle could become very complicated and result in prolonged litigation.

The following are recommended for easy assessment of accident vehicles and prompt payment of indemnities.

1. Development of a common website (database) where prices of spare part will be listed for easy assess.
2. Educating the insurers about the procedure of claiming insurance indemnity
3. Organising short courses to garage managers and engineers of companies to enlighten them on the right procedure to follow when dealing with accident repair works and claims.
4. Payment of right remuneration to assessors.

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